

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Cheryl Ivey, individually and on behalf of her IRA

Case Number: 04-00065

Name of the Respondent
Citigroup Global Markets, Inc., and
Michael K. Rhodes

Hearing Site: Chicago, IL

NATURE OF THE DISPUTE

Customer v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Robert A. Chapman, Esq., with Law Offices located in Chicago, Illinois represented Claimant Cheryl Ivey, hereinafter referred to as "Claimant."

Jerry Santangelo, Esq., Neal Gerber & Eisenberg, LLP, located in Chicago, Illinois represented Respondents Citigroup Global Markets, Inc., hereinafter collectively referred to as "Respondents."

CASE INFORMATION

Claimant filed the Statement of Claim on or about January 6, 2004. Claimant Ivey signed the Uniform Submission Agreement on December 29, 2003.

Respondents filed a Joint Statement of Answer on March 23, 2004. Respondent Citigroup signed the Uniform Submission Agreement: April 16, 2004, and Respondent Rhodes signed the Uniform Submission Agreement on April 7, 2004.

CASE SUMMARY

Claimant Ivey asserted the following causes of action: violation of NYSE Rules 342, 401 and 405 and NASD Rules of Fair Practice; negligent misrepresentation; breach of contract, negligence, breach of fiduciary duty, negligence, and fraud.

The causes of action relate to transactions in Converse Technology, Inc., American International Petroleum, Immunomedics, Deere, Intervisual Books, and E4L stocks.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: failure to state a claim upon

which relief can be granted; Respondents did not make a misstatement or omission of material facts upon which Claimant reasonably and detrimentally relied; Claimant failed to mitigate damages; Claimant ratified, approved and acquiesced in transactions in the account, and is barred by laches, waiver, and estoppel; Respondents did not act with scienter; the losses complained of were the result of market forces and not culpable conduct by Respondents; Claimant controlled her account; the damage calculation is speculative; Respondents did not breach their limited duties to Claimant; and Respondents did not recommend the transactions complained of.

RELIEF REQUESTED

Claimant Ivey requested compensatory damages in the amount of \$5,000,000.00, punitive damages in the amount of \$1,000,000.00, prejudgment interest, attorney's fees, costs, and any such relief the Panel deems just and equitable.

Respondents requested denial and dismissal of claims.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Rhodes did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Any and all claims asserted by Cheryl Ivey against Citigroup Global Markets, Inc., are denied in their entirety.
2. Except for the forum fees associated with this matter, which are specified herein, the parties shall bear their own costs, including attorney's fees.
3. Any and all relief not specifically addressed herein, including punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee

= \$ 600.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Citigroup, as a party, is assessed the following fees:

Member surcharge	= \$ 3,350.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$ 5,500.00</u>
Total	= \$ 9,600.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with a single arbitrator at \$450.00	= \$ 1,350.00
Pre-hearing conferences: December 15, 2004	1 session
January 14, 2005	1 session
January 21, 2005	1 session
One (1) Pre-hearing sessions with Panel at \$1,200.00	= \$ 1,200.00
Pre-hearing conference: August 24, 2004	1 session
Six (6) Hearing sessions at \$1,200.00	= \$ 7,200.00
Hearing Dates: February 22, 2005	2 sessions
February 23, 2005	2 sessions
February 24, 2005	2 sessions
Total Forum Fees	= \$ 9,750.00

The Panel assessed \$4,875.00 of the forum fees to Cheryl Ivey and assessed \$4,875.00 of the forum fees to Citigroup Global Markets, Inc., and Michael K. Rhodes, jointly and severally.

FEE SUMMARY

Claimant Cheryl Ivey is solely liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 4,875.00
Total Fees	= \$ 5,475.00
<u>Less payments</u>	<u>= \$ 2,200.00</u>
Balance Due NASD Dispute Resolution	= \$ 3,275.00

Respondent Citigroup Markets, Inc., is solely liable for:

Member Fees	= \$ 9,600.00
Total Fees	= \$ 9,600.00
Less payments	= \$ 9,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup Markets, Inc., and Michael K. Rhodes are jointly and severally solely liable for:

Member Fees	= \$ 4,875.00
Total Fees	= \$ 4,875.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 4,875.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

David Muschler, Esq.	-	Public Arbitrator, Presiding Chairperson
Jerome F. Crotty, Esq.	-	Public Arbitrator
Ronald A. Lavery	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/ David Muschler

3/15/05

David Muschler, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

/s/ Jerome F. Crotty

3/14/05

Jerome F. Crotty, Esq.
Public Arbitrator

Signature Date

/s/ Ronald A. Lavery

3/14/05

Ronald A. Lavery
Non-Public Arbitrator

Signature Date

3/16/05

Date of Service (For NASD Dispute Resolution office use only)

Respondent Citigroup Markets, Inc., is solely liable for:

Member Fees	= \$ 9,600.00
Total Fees	= \$ 9,600.00
Less payments	= \$ 9,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup Markets, Inc., and Michael K. Rhodes are jointly and severally solely liable for:

Member Fees	= \$ 4,875.00
Total Fees	= \$ 4,875.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 4,875.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

David Muschler, Esq.

Jerome F. Crotty, Esq.

Ronald A. Lavery

Public Arbitrator, Presiding Chairperson

Public Arbitrator

Non-Public Arbitrator

Concurring Arbitrators' Signatures



David Muschler, Esq.

Public Arbitrator, Presiding Chairperson

March 15, 2005

Signature Date

Jerome F. Crotty, Esq.

Public Arbitrator

Signature Date

Ronald A. Lavery

Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Respondent Citigroup Markets, Inc., is solely liable for:

<u>Member Fees</u>	= \$ 9,600.00
<u>Total Fees</u>	= \$ 9,600.00
<u>Less payments</u>	= \$ 9,600.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondent Citigroup Markets, Inc., and Michael K. Rhodes are jointly and severally solely liable for:

<u>Member Fees</u>	= \$ 4,875.00
<u>Total Fees</u>	= \$ 4,875.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 4,875.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

David Muschler, Esq.	-	Public Arbitrator, Presiding Chairperson
Jerome F. Crotty, Esq.	-	Public Arbitrator
Ronald A. Lavery	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

David Muschler, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



Jerome F. Crotty, Esq.
Public Arbitrator

3-14-05

Signature Date

Ronald A. Lavery
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Respondent Citigroup Markets, Inc., is solely liable for:

Member Fees	= \$ 8,600.00
Total Fees	= \$ 8,600.00
Less payments	= \$ 8,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup Markets, Inc., and Michael K. Rhodes are jointly and severally solely liable for:

Member Fees	= \$ 4,875.00
Total Fees	= \$ 4,875.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 4,875.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

David Muschler, Esq.	-	Public Arbitrator, Presiding Chairperson
Jerome F. Crotty, Esq.	-	Public Arbitrator
Ronald A. Lavery	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

David Muschler, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Jerome F. Crotty, Esq.
Public Arbitrator

Signature Date



Ronald A. Lavery
Non-Public Arbitrator

3-14-05

Signature Date

Date of Service (For NASD Dispute Resolution office use only)