

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Ione M. Kjelstrom, IRA, Ione Kjelstrom Revocable Living Trust, and Ione Kjelstrom Irrevocable Trust c/o Ione Kjelstrom, Trustee, Claimants v. Citigroup Global Markets Inc., Respondent

Case Number: 04-00253

Hearing Site: Seattle, Washington

Nature of the Dispute: Customers v. Member

REPRESENTATION OF PARTIES

For Claimants:

Thomas A. Hargett, Esq.
Maddox Hargett & Caruso,
P.C.
Fishers, Indiana

Jason R. Doss, Esq.
Page Perry, LLC
Atlanta, Georgia

For Respondent:

Joseph B. Genster, Esq.
Hillis Clark Martin &
Peterson
Seattle, Washington

CASE INFORMATION

Statement of Claim filed: January 15, 2004

Claimants' Joint Uniform Submission Agreement signed: February 19, 2004

Statement of Answer filed by Respondent Citigroup Global Markets Inc.: April 20, 2004

Respondent Citigroup Global Markets Inc.'s Uniform Submission Agreement signed: May 11, 2004

CASE SUMMARY

Claimants alleged breach of fiduciary duty, common law fraud, constructive fraud, negligent misrepresentation, breach of contract, breach of duty, negligence, unsuitability, and failure to supervise. Claimants' allegations involved: (a) a variable annuity issued by the Equitable Life Assurance Company; (b) mutual funds such as Putnam Growth Opportunities Class B, Smith Barney Aggressive Growth Class B, Van Kampen Aggressive Growth Class B, and Van Kampen

Emerging Growth Class B; and (c) stocks such as Amgen, Cisco, General Electric, Intel, Microsoft, and Worldcom.

Respondent denied the allegations of wrongdoing set forth in Claimant's Statement of Claim.

RELIEF REQUESTED

Claimants requested \$480,958.00 in compensatory damages, unspecified punitive damages, pre- and post-judgment interest at a rate of 9%, and costs, including attorney's fees.

Respondent requested dismissal of Claimant's Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

- 1) Respondent Citigroup Global Markets Inc. is liable to and shall pay Claimants Ione M. Kjelstrom, IRA, Ione Kjelstrom Revocable Living Trust, and Ione Kjelstrom Irrevocable Trust c/o Ione Kjelstrom, Trustee the sum of \$193,000.00 in compensatory damages.
- 2) Respondent Citigroup Global Markets Inc. is liable to and shall pay Claimants Ione M. Kjelstrom, IRA, Ione Kjelstrom Revocable Living Trust, and Ione Kjelstrom Irrevocable Trust c/o Ione Kjelstrom, Trustee the sum of \$118,000.00 in attorney's fees, pursuant to the Washington State Securities Act.
- 3) Respondent Citigroup Global Markets Inc. is liable to and shall pay Claimants Ione M. Kjelstrom, IRA, Ione Kjelstrom Revocable Living Trust, and Ione Kjelstrom Irrevocable Trust c/o Ione Kjelstrom, Trustee interest in the amount of \$42,500.00.
- 4) With the exception of paragraph 2, the parties shall bear their respective costs, including attorney's fees.
- 5) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 300.00
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Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Citigroup Global Markets Inc. is a party, and the following fees are assessed:

Member Surcharge	= \$ 1,700.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,750.00</u>
Total Member Fees	= \$5,200.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair or the parties and the Panel. The following fees are assessed:

One (1) pre-hearing conference session with a single arbitrator @ \$450.00 /session	= \$ 450.00
Pre-hearing conference: March 28, 2005	1 session

One (1) pre-hearing conference session with the Panel @ \$1,125.00/session	= \$ 1,125.00
Pre-hearing conference: September 3, 2004	1 session

Seven (7) hearing sessions @ \$1,125.00/session	= \$ 7,875.00
Hearings: March 29, 2005	2 sessions
March 30, 2005	2 sessions
March 31, 2005	2 sessions
April 1, 2005	1 session

Total Forum Fees	= \$ 9,450.00
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1. The Panel assessed \$4,725.00 of the forum fees jointly and severally to Claimants Ione M. Kjelstrom, IRA, Ione Kjelstrom Revocable Living Trust, and Ione Kjelstrom Irrevocable Trust c/o Ione Kjelstrom.
2. The Panel assessed \$4,725.00 of the forum fees to Respondent Citigroup Global Markets, Inc.

Fee Summary

1. Claimants Ione M. Kjelstrom, IRA, Ione Kjelstrom Revocable Living Trust, and Ione Kjelstrom Irrevocable Trust c/o Ione Kjelstrom, Trustee are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 4,725.00
Total Fees	= \$ 5,025.00
Less payments	= \$(1,425.00)
Balance Due NASD Dispute Resolution	= \$ 3,600.00

2. Respondent Citigroup Global Markets, Inc. is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
Forum Fees	= \$ 4,725.00
Total Fees	= \$ 9,925.00
Less payments	= \$(9,700.00)
Balance Due NASD Dispute Resolution	= \$ 225.00

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

ARBITRATION PANEL

Paul R. Meyer	-	Public Arbitrator, Presiding Chair
Elwood C. Avery	-	Public Arbitrator
George E. Casperson	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Paul R. Meyer
Chair, Public Arbitrator

4 - 1 - 2005
Signature Date

Elwood C. Avery
Public Arbitrator

Signature Date

George C. Casperson
Non-Public Arbitrator

Signature Date

4/4/05
Date of Service

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ARBITRATION PANEL

Paul R. Meyer
Elwood C. Avery
George E. Casperson

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-
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Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures

Paul R. Meyer
Chair, Public Arbitrator

Signature Date



Elwood C. Avery
Public Arbitrator

April 2, 2005
Signature Date

George C. Casperson
Non-Public Arbitrator

Signature Date

4/4/05

Date of Service

NASD Dispute Resolution
Arbitration No. 04-00253
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Chair, Public Arbitrator

Signature Date

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Public Arbitrator

Signature Date



George E. Casperson
Non-Public Arbitrator



Signature Date



Date of Service