

**STIPULATED AWARD
NASD Dispute Resolution**

In the Matter of the Arbitration Between

Names of Claimants

Bruce A. Fadem, Lloyd R. Fadem,
individually and as Co-Trustees of
the Albert Fadem Living Trust,
and Jennifer J. Fadem, individually

and

Case Number: 04-00382
Hearing Site: Oklahoma City, Oklahoma

Names of Respondents

Citigroup Global Markets, Inc., f/k/a
Salomon Smith Barney, Inc., and Kosta P. Velis

NATURE OF CASE

Customers v. Member and Associated Person

REPRESENTATION OF PARTIES

Bruce A. Fadem and Lloyd R. Fadem, individually and also as Co-Trustees of the Albert Fadem Living Trust, and Jennifer Fadem ("Claimants"), were represented by William B. Federman, Esq. and Rodney J. Heggy, Esq., of Federman & Sherwood, Oklahoma City, Oklahoma.

Citigroup Global Markets Inc., f/k/a Salomon Smith Barney, Inc. ("Citigroup"), and Kosta P. Velis ("Velis"), hereinafter collectively referred to as "Respondents," were represented by Thomas D. Cordell, Esq. and Kenneth M. Krock, Esq., of Haynes and Boone, LLP., Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about January 20, 2004. The Submission Agreement of Claimants, Bruce Fadem and Jennifer Fadem, was signed on or about October 7, 2003. The Submission Agreement of Claimant, Lloyd Fadem, individually and also as Co-Trustee of the Albert Fadem Living Trust, was signed on or about October 8, 2004.

The Statement of Answer was jointly filed by Respondents on or about April 19, 2004. The Submission Agreement of Respondent Citigroup was signed on or about April 19, 2004. The Submission Agreement of Respondent Velis was signed on or about April 12, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: violation of federal securities laws; violation of Oklahoma securities laws; intentional and negligent misrepresentations of material facts, deceit and fraud; unjust enrichment; breach of fiduciary duty; breach of duty of good faith and fair dealing; intentional harm to Claimants' persons and property through gross negligence and with reckless disregard; and civil conspiracy. Claimants sought alleged damages including loss of assets, lost opportunities, consequential losses, and injury to person and property including mental anguish and emotional distress. The causes of action are related to the recommendation and purchase of various unspecified securities.

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 may be granted; ratification; waiver; estoppel; damages were not proximately caused by Claimants; damages are speculative and not legally cognizable; failure to mitigate; Claimants are not entitled to punitive damages or attorneys' fees as a matter of law; Respondents acted in good faith and without malice or reckless indifference; Respondents' actions comported with applicable laws and rules; intervening cause; contributory negligence; statutes of limitations; failure to timely notify Respondents of any complaint; Claimants cannot seek tort damages in the absence of personal injury or property damages as their respective rights and liabilities are governed by contract; and Claimants cannot prove the elements of their claims.

RELIEF REQUESTED

Claimants requested an award in the approximate amount of \$1,000,000.00, plus punitive damages, interest, costs and attorney's fees and other relief the panel deemed just and proper.

Respondents requested that the claims asserted against them be denied in their entirety and other relief the panel deemed just and proper.

OTHER ISSUES CONSIDERED & DECIDED

Claimants dismissed their claims against Kosta P. Velis with prejudice prior to any hearing in this matter. Claimants have informed NASD Dispute Resolution that the claims against Respondent Citigroup have been fully resolved and compromised. Pursuant to the settlement between Claimants and Citigroup, the Parties have requested that the

undersigned arbitrators enter a Stipulated Award expunging any reference to this case and claim from the NASD Central Registration Depository ("CRD") record of Kosta P. Velis. This case was filed prior to April 12, 2004 and is thus not subject to Rule 2130.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution (the "NASD").

AWARD

After considering the parties' submissions and representations, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

1. Claimants' claims, each and all, are dismissed in their entirety with prejudice;
2. The panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Kosta P. Velis's, registration records maintained by the NASD Central Registration Depository, with the understanding that pursuant to NASD Notice to Members 99-09, Respondent, Kosta P. Velis, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
4. Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial claim filing fee = \$375.00

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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is Citigroup Global Markets, Inc.

Member surcharge	= \$2,250.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$4,000.00

Adjournment Fees

Adjournments granted during these proceedings:

December 13-16, 2004, adjournment requested by Citigroup Global Markets, Inc.
(fee waived as the parties participated in NASD Mediation) = \$1,200.00

Forum Fees and Assessments

The Arbitration Panel assesses forum fees for each hearing session conducted. A hearing 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:

Two (2) Pre-hearing sessions with a single arbitrator x \$450.00	= \$ 900.00
Pre-hearing conferences:	
September 28, 2004	1 session
June 24, 2005	1 session
Two (2) Pre-hearing sessions with Panel x \$1,200.00	= \$2,400.00
Pre-hearing conferences:	
July 19, 2004	1 session
April 11, 2005	1 session
Total Forum Fees	= \$3,300.00

The Arbitration Panel has assessed \$1,650.00 of the forum fees jointly and severally to Bruce A. Fadem, Lloyd R. Fadem, individually and as Co-Trustees of the Albert Fadem Living Trust, and Jennifer J. Fadem, individually.

The Arbitration Panel has assessed \$1,650.00 of the forum fees jointly and severally to Citigroup Global Markets, Inc. and Kosta P. Velis.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services including, but not limited to, additional copies of arbitrator awards beyond those provided

without charge, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Citigroup Global Markets, Inc., requested for copies. = \$ 11.10

Fee Summary

Claimants, Bruce A. Fadem, Lloyd R. Fadem, individually and as Co-Trustees of the Albert Fadem Living Trust, and Jennifer J. Fadem, individually, are jointly and severally liable for:

Initial Filing Fee	= \$ 375.00
Forum Fees	= \$1,650.00
Total Fees	= \$2,025.00
Less payments	= \$2,025.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

Member Fees	= \$7,000.00
Administrative Costs	= \$ 11.10
Total Fees	= \$7,011.10
Less payments	= \$7,861.10
Refund due to Citigroup	= \$ 850.00

Respondents, Citigroup Global Markets, Inc., and Kosta P. Velis, are jointly and severally liable for:

Forum Fees	= \$1,650.00
Total Fees	= \$1,650.00
Less payments	= \$1,650.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Edwin E. O'Brien - Public Arbitrator, Presiding Chair
Jan Preece Gaddis, Esq. - Public Arbitrator
William Richard Smith - Non-Public Arbitrator

Concurring Arbitrators:

/s/ Edwin E. O'Brien
Edwin E. O'Brien
Public Arbitrator, Presiding Chair

01/26/06
Signature Date

/s/ Jan Preece Gaddis, Esq.
Jan Preece Gaddis, Esq.
Public Arbitrator

01/26/06
Signature Date

/s/ William Richard Smith
William Richard Smith
Non-Public Arbitrator

01/26/06
Signature Date

01/27/06
Date of Service (For NASD office use only)

ARBITRATION PANEL

Edwin E. O'Brien - Public Arbitrator, Presiding Chair
Jan Preece Gaddis, Esq. - Public Arbitrator
William Richard Smith - Non-Public Arbitrator

Concurring Arbitrators:

Edwin E. O'Brien
Edwin E. O'Brien
Public Arbitrator, Presiding Chair

January 26, 2006
Signature Date

Jan Preece Gaddis, Esq.
Jan Preece Gaddis, Esq.
Public Arbitrator

Signature Date

William Richard Smith
William Richard Smith
Non-Public Arbitrator

Signature Date

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Public Arbitrator, Presiding Chair

Signature Date



Jan Preece Gaddis, Esq.
Public Arbitrator

1/26/2006
Signature Date

William Richard Smith
Non-Public Arbitrator

Signature Date

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Public Arbitrator

Signature Date

William Richard Smith
William Richard Smith
Non-Public Arbitrator

Jan 26, 2006
Signature Date

Date of Service (For NASD office use only)