

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Glena C. Mathews and Glenna C. Mathews, IRA, Claimants v. Citigroup Global Markets Inc. and Gary L. Habedank, Respondents

Case Number: 04-01233

Hearing Site: Seattle, Washington

Nature of the Dispute: Customers v. Member and Associated Person

REPRESENTATION OF PARTIES

For Claimant:

Chris R. Youtz, Esq.
Sirianni Youtz Meier &
Spoonmore
Seattle, Washington

For Respondents:

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

CASE INFORMATION

Statement of Claim filed: February 23, 2004

Claimants' Joint Uniform Submission Agreement signed: December 15, 2003

Joint Statement of Answer filed by Respondents: May 11, 2004

Respondent Citigroup Global Markets Inc.'s Uniform Submission Agreement signed: April 16, 2004

Respondent Gary L. Habedank's Uniform Submission Agreement signed: June 1, 2004

CASE SUMMARY

Claimants alleged violation of the Washington Securities Act, failure to supervise, breach of contract, breach of fiduciary duty, and violation of the Washington Consumer Protection Act. Claimants' allegations involved the transfer of securities and funds into fee based managed accounts.

Respondents denied the allegations of wrongdoing set forth in Claimants' Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested \$1,500,000.00 in compensatory damages, pre-judgment interest, treble damages up to \$10,000.00, and attorney's fees.

Respondents requested dismissal of Claimants' Statement of Claim in its entirety, expungement of this matter from Gary L. Habedank's CRD records, and costs, including attorney's fees.

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, and the post-hearing submissions, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents Citigroup Global Markets Inc. and Gary L. Habedank are liable to and shall pay Claimants Glenna C. Mathews and Glenna C. Mathews, IRA the sum of \$550,000.00 in compensatory damages.
- 2) Respondents Citigroup Global Markets Inc. and Gary L. Habedank are liable to and shall pay Claimants Glenna C. Mathews and Glenna C. Mathews, IRA the sum of \$50,000.00 in attorney's fees pursuant to Revised Code of Washington section 21.20.010.
- 3) Respondents Citigroup Global Markets Inc. and Gary L. Habedank are liable to and shall pay Claimants Glenna C. Mathews and Glenna C. Mathews, IRA \$500.00 as reimbursement for Claimants' filing fee, which was paid to NASD Dispute Resolution.
- 4) 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	= \$ 500.00
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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	= \$ 2,800.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 5,000.00</u>
Total Member Fees	= \$ 8,550.00

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 the Panel @ \$1,200.00/session	= \$ 1,200.00
Pre-hearing conference: July 16, 2004 1 session	
Eight (8) hearing sessions @ \$1,200.00/session	= \$ 9,600.00
Hearings: May 17, 2005 2 sessions	
May 18, 2005 2 sessions	
May 19, 2005 3 sessions	
May 20, 2005 1 session	
Total Forum Fees	= \$10,800.00

The Panel assessed \$7,200.00 of the forum fees jointly and severally to Respondents Citigroup Global Markets Inc. and Gary L. Habedank.

The Panel assessed \$3,600.00 of the forum fees jointly and severally to Claimants Glenna C. Mathews and Glenna C. Mathews, IRA.

Fee Summary

1. Claimants Glenna C. Mathews and Glenna C. Mathews, IRA are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 500.00
<u>Forum Fees</u>	= \$ 3,600.00
Total Fees	= \$ 4,100.00
<u>Less payments</u>	= \$(1,700.00)
Balance Due NASD Dispute Resolution	= \$ 2,400.00

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

Member Fees	= \$ 8,550.00
<u>Less payments</u>	= \$(8,550.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents Citigroup Global Markets, Inc. and Gary L. Habedank are charged jointly and severally with the following fees and costs:

<u>Forum Fees</u>	= \$ 7,200.00
Balance Due NASD Dispute Resolution	= \$ 7,200.00

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.

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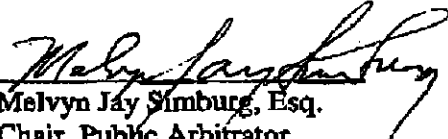
ARBITRATION PANEL

Melvyn Jay Simburg, Esq.
Ernest D. Greco, Esq.
George E. Casperson

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Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

Concurring Arbitrators' Signatures


Melvyn Jay Simburg, Esq.
Chair, Public Arbitrator

Jan 3, 2005
Signature Date

Ernest D. Greco, Esq.
Public Arbitrator

Signature Date

George E. Casperson
Non-Public Arbitrator

Signature Date

6/6/05
Date of Service

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<i>Ernest D. Greco, Esq.</i>	-	<i>Public Arbitrator</i>
<i>George E. Casperson</i>	-	<i>Non-Public Arbitrator</i>

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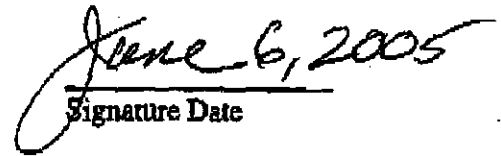
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