

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Ramon F. Martinez

Case Number: 04-02035

Name of the Respondents

Edward D. Jones & Co. L.P. d/b/a Edward Jones;
Citigroup Global Markets, Inc.;
Alfonso Castillo Escamilla;
EDJ Holdings Co., Inc.; and
Kathy Ann Bowling

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Public Customer v. Member Firms, Non-Member Firm and Associated Persons

REPRESENTATION OF PARTIES

Claimant Ramon F. Martinez, hereinafter referred to as "Claimant": Ray B. Jeffrey, Esq. and Fred W. Stumpf, Esq., of the firm of Stumpf Craddock Masey & Pulman, located in Houston, Texas.

Respondents Edward D. Jones & Co. L.P. d/b/a Edward Jones and EDJ Holdings Co., Inc., hereinafter collectively referred to as "Edward Jones": Timothy M. Huskey, Esq. and Sandra B. Gallini, Esq. of the firm of Greensfelder, Hemker & Gale, P.C., located in St. Louis, Missouri.

Respondent Citigroup Global Markets, Inc., hereinafter referred to as "Citigroup": Thomas D. Cordell, Esq., of the firm of Haynes and Boone, LLP, located in Houston, Texas.

Respondent Alfonso Castillo Escamilla, hereinafter referred to as "Escamilla": Rosendo "Sandy" Torres, Esq., of the firm of Torres & Torres, L.L.P., located in Midland, Texas.

Respondent Kathy Ann Bowling, hereinafter referred to as "Bowling": Was represented by H. W. Leverett, Jr., Esq., of the Law Office of H. W. Leverett, Jr., located in Midland, Texas until November 10, 2004. Thereafter, Respondent Bowling appeared pro se.

CASE INFORMATION

Statement of Claim filed: March 25, 2004.

Claimant signed the Uniform Submission Agreement: March 18, 2004.

Statement of Answer filed by Respondent Edward Jones on or about: June 24, 2004
Respondent Edward D. Jones & Co. L.P. d/b/a Edward Jones signed the Uniform Submission Agreement: April 2, 2004.
Respondent EDJ Holdings Co., Inc. signed the Uniform Submission Agreement: April 21, 2004.

Statement of Answer filed by Respondent Citigroup on: May 24, 2004.
Respondent Citigroup signed the Uniform Submission Agreement: September 22, 2004.

Statement of Answer filed by Respondent Escamilla on: June 7, 2004.
Respondent Escamilla signed the Uniform Submission Agreement: May 17, 2004.

Statement of Answer filed by Respondent Bowling on: July 19, 2004.
Respondent Bowling signed the Uniform Submission Agreement: July 7, 2004.

Claimant's Motion for Leave to Amend and Amended Statement of Claim filed on: May 9, 2005.

Stipulation of Dismissal of Respondent Citigroup filed on: May 17, 2005.

Respondent Edward Jones' Response to Claimant's Motion for Leave to Amend filed on: June 21, 2005.

Respondent Escamilla's Response to Claimant's Motion for Leave to Amend filed on: June 21, 2005.

Respondent Bowling's Response to Claimant's Motion for Leave to Amend filed on: June 16, 2005.

Claimant's Pre-Hearing Brief filed on: November 3, 2005.

Respondent Edward Jones' Arbitration Brief filed on: December 18, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: violation of the Securities and Exchange Act of 1934, including fraud/misrepresentation, excessive trading, and failure to supervise; violations of the Texas Securities Act, including excessive trading, fraud/misrepresentation, control person liability/failure to supervise, aider and abettor liability, and liability as investment advisor/control person; common law fraud; fraud in the sale of securities; breach of fiduciary duty; and violation of the Texas Deceptive Trade Practices-Consumer Protection Act ("DTPA"). These causes of action related to Respondents actions in excessive trading of Claimant's account that was concentrated mainly in technology stocks. In addition, Claimant alleged that Respondent Escamilla and Bowling engaged in a scheme to steal money from Claimant through forged checks and fake loans.

Unless specifically admitted in their Answer, Respondents Edward D. Jones & Co. L.P. d/b/a Edward Jones and EDJ Holdings Co., Inc. denied the allegations made in the Statement of Claim and asserted the following defenses:

1. The Statement of Claim is barred in whole or in part by applicable statutes of limitations;
2. Claimant authorized and instructed Escamilla to enter into all transactions that Claimant alleged were unsuitable and therefore. Claims based on such transactions should be dismissed;
3. The claims asserted in the Statement of Claim are barred by the doctrines of laches, waiver and release;
4. Claimant ratified all transactions that took place in his account and therefore, is barred from recovering any alleged losses resulting from such transactions;
5. Claimant was on notice of, understood, and assumed the risks associated with the investment at issue and therefore, is barred from recovering any alleged losses resulting from such transactions;
6. To the extent that Claimant has suffered any damages, they are the product of the negligent conduct of Claimant such that some or all of his recovery is barred by those contributory or comparative negligent acts;
7. Claimant failed to mitigate his alleged damages and therefore, is barred from recovering any damages to the extent that such damages could have been prevented had Claimant fulfilled his duty to mitigate;
8. Any claims purportedly based on the NASD and NYSE rules should be dismissed because such regulatory rules do not provide private litigants with a private cause of action;
9. Despite Claimant's allegations to the contrary, at all times relevant herein, Edward Jones had adequate supervisory mechanisms and safeguards in place and, at all times relevant herein, Edward Jones acted in accordance with these procedures;
10. To the extent that Claimant's allegations regarding Escamilla's "theft" of funds through the Community National Bank are true, Edward Jones cannot be held liable for Escamilla's actions because they were outside the scope of his employment and were actively concealed from Edward Jones.

Unless specifically admitted in its Answer, Respondent Citigroup denied the allegations made in the Statement of Claim and asserted the following defenses:

1. The Statement of Claim fails to state a claim upon which relief can be granted;
2. Claimant's claims are barred by the doctrines of waiver, ratification and estoppel;
3. Claimant's damages, if any, were not proximately caused by any action by Citigroup;
4. Claimant's alleged damages are speculative and not legally cognizable;
5. To the extent Claimant suffered any damages alleged in the Statement of Claim, which is denied, Claimant failed to take reasonable steps to mitigate or avoid those damages;
6. Claimant is not entitled to recover attorneys' fees and/or punitive damages under applicable law;
7. Citigroup acted in good faith and without malice or reckless indifference to Claimant;
8. Claimant's damages, if any, must be determined by the out-of-pocket loss rule;

9. Citigroup's actions comported with all applicable laws, rules and industry standards in effect at the time;
10. Claimant's damages' if any' were caused by the intervening acts of third parties or by the acts of Claimant himself;
11. Claimant's claim of negligence, if legally cognizable; would be barred by the doctrine of contributory negligence;
12. Claimant's claims are barred, in whole or in part, by the applicable statutes of limitations'
13. Despite receiving monthly statements and confirmation slips from Citigroup, Claimant failed to timely notify Citigroup of any complaint with his account and is thus barred from asserting a claim here;
14. Claimant has failed to state a cause of action for fraud, negligence and breach of fiduciary duty;
15. Claimant cannot prove each of the elements of his claims; and,
16. The alleged actions of Escamilla and Bowling, as they pertain to Citigroup, were outside the course and scope of their employment, were not authorized by Citigroup and Citigroup had no knowledge of any such actions.

Unless specifically admitted in his Answer, Respondent Escamilla denied the allegations made in the Statement of Claim.

Unless specifically admitted in her Answer, Respondent Bowling denied the allegations made in the Statement of Claim.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	Approximately \$1,000,000.00
Punitive Damages	Unspecified
Treble Damages	Approximately \$2,000,000.00
Interest	Pre- and post-judgment interest at the highest rate allowable by law
Attorneys' Fees	Unspecified
Other Costs	Including expert witness fees
Other Monetary/Non-Monetary Relief if any:	At law and in equity, to which Claimants may show themselves to be justly entitled.

Respondent Edward Jones requested that the claim be denied.

Respondent Citigroup requested that Claimant's Statement of Claim be denied in its entirety and that Citigroup be awarded its attorneys' fees and costs with respect to the defense of this action.

Respondent Escamilla requested that the Panel enter a decision denying Claimant's claims.

Respondent Bowling requested that the Panel order that Claimant take nothing against her and that she be discharged.

OTHER ISSUES CONSIDERED AND DECIDED

Pursuant to the Stipulation of Dismissal executed by the Claimant, the claims against Respondent Citigroup were dismissed with prejudice on or about May 17, 2005.

On or about June 27, 2005, the Panel granted Claimant's Motion for Leave to Amend.

At hearing, Respondent Escamilla pled the 5th Amendment in declining to answer every question asked by counsel and the Panel. Respondent Bowling answered some questions and took the 5th Amendment in declining to answer other questions. The Panel received into evidence the video deposition of Kathy Bowling.

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. Respondents Edward D. Jones & Co. L.P. d/b/a Edward Jones, EDJ Holdings Co., Inc. and Alfonso Castillo Escamilla are jointly and severally liable for and shall pay to the Claimant, Ramon F. Martinez, the sum of \$404,168.00 in compensatory damages, plus interest at the rate of Six (6%) percent per annum accruing from December 19, 2005 until the sum is paid in full;
2. In addition, Respondents Edward D. Jones & Co. L.P. d/b/a Edward Jones, EDJ Holdings Co., Inc. and Alfonso Castillo Escamilla are jointly and severally liable for and shall pay to the Claimant, Ramon F. Martinez, the sum of \$250,000.00 in attorneys' fees. In deciding to award attorneys' fees, the Panel considered the pleadings, the arguments of the parties and the statutory authority, and determined that authority existed for an award of attorneys' fees to the Claimant;
3. Furthermore, Respondent Alfonso Castillo Escamilla is liable for and shall pay to the Claimant, Ramon F. Martinez, the sum of \$325,000.00 as compensatory damages, plus interest at the rate of Six (6%) percent per annum accruing from December 19, 2005 until the sum is paid in full;
4. Respondent Alfonso Castillo Escamilla is also liable for and shall pay to the Claimant, Ramon F. Martinez, the sum of \$650,000.00 in punitive damages. In deciding to award punitive damages, the Panel considered the pleadings, the arguments of the parties and the evidence of fraud, and determined that authority existed for an award of punitive damages to the Claimant;
5. Respondent Kathy Ann Bowling is liable for and shall pay to the Claimant, Ramon F. Martinez, the sum of \$7,500.00, plus interest at the rate of Six (6%) percent per annum accruing from December 19, 2005 until the sum is paid in full;
6. Any remaining cost incurred by the parties, including any additional attorneys' fees, shall be borne by the party incurring the cost; and,
7. Any and all relief not specifically addressed herein, including treble 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 = \$ 500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Edward D. Jones & Co. L.P. d/b/a Edward Jones and Citigroup Global Markets, Inc. are parties to this arbitration and the following member fees are assessed against each firm:

Member surcharge = \$ 2,800.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$ 5,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

June 21-24, 2005 adjournment by Edward D. Jones & Co. L.P.
d/b/a Edward Jones (waived by Panel) = \$ 1,200.00

Forum Fees and Assessments

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

One (1) Pre-hearing session with a single arbitrator @ \$450.00 = \$ 450.00
Pre-hearing conference: June 24, 2005 1 session

One (1) Pre-hearing session with Panel @ \$1,200.00 = \$ 1,200.00
Pre-hearing conference: October 13, 2004 1 session

Twelve (12) Hearing sessions @ \$1,200.00 = \$14,400.00
Hearing Dates: November 8, 2005 2 sessions
November 9, 2005 2 sessions
November 10, 2005 2 sessions
November 11, 2005 2 sessions
December 18, 2005 2 sessions
December 19, 2005 2 sessions

Total Forum Fees = \$16,050.00

The Panel has assessed \$16,050.00 of the forum fees, jointly and severally, to Respondents Edward D. Jones & Co. L.P. d/b/a Edward Jones, EDJ Holdings Co., Inc. and Alfonso Castillo Escamilla.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

Edward D. Jones & Co. L.P. d/b/a Edward Jones requested copies of tapes = \$ 240.00

SEE SUMMARY

Claimant Ramon F. Martinez is solely liable for:

Initial Filing Fee	= \$ 500.00
Less payments	= \$ 8,525.00
Balance Refunded by NASD Dispute Resolution	= \$ 8,025.00

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

Member Fees	= \$ 8,550.00
Less payments	= \$ 11,500.00
Balance Refunded by NASD Dispute Resolution	= \$ 2,950.00

Respondent Edward D. Jones & Co. L.P. d/b/a Edward Jones is solely liable for:

Member Fees	= \$ 8,550.00
Administrative Costs	= \$ 240.00
Total Fees	= \$ 8,790.00
Less payments	= \$ 8,550.00
Balance Due NASD Dispute Resolution	= \$ 240.00

Respondents Edward D. Jones & Co. L.P. d/b/a Edward Jones, EDJ Holdings Co., Inc. and Alfonso Castillo Escamilla are jointly and severally liable for:

Forum Fees	= \$16,050.00
Less payments	= \$ 8,025.00
Balance Due NASD Dispute Resolution	= \$ 8,025.00

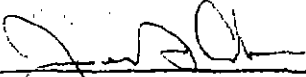
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

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ARBITRATION PANEL

Jeff Abrams - Public Arbitrator, Presiding Chairperson
K. Steve Kimball, CFA - Public Arbitrator
Raymond E. Wooldridge - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Jeff Abrams
Public Arbitrator, Presiding Chairperson

12-30-05

Signature Date

K. Steve Kimball, CFA
Public Arbitrator

Signature Date

Raymond E. Wooldridge
Non-Public Arbitrator

Signature Date

1/3/06 MM

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

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Raymond E. Wooldridge - Non-Public Arbitrator

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Jeff Abrams
Public Arbitrator, Presiding Chairperson

Signature Date

K. Steve Kimball
K. Steve Kimball, CFA
Public Arbitrator

Dec. 30, 2005
Signature Date

Raymond E. Wooldridge
Non-Public Arbitrator

Signature Date

1/3/06 Mku
Date of Service (For NASD Dispute Resolution office use only)

FROM : RAY WOOLDRIDGE
12/30/2005 14:45 FAX

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Raymond E. Wooldridge - Non-Public Arbitrator

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Signature Date

K. Steve Kimball, CFA
Public Arbitrator

Signature Date



Raymond E. Wooldridge
Non-Public Arbitrator

12-30-2005
Signature Date

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