

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Wayne F. Sone and Linda J. Sone, Claimants v. Citicorp Investment Services, Respondent

Case Number: 04-03469

Hearing Site: Las Vegas, Nevada

Nature of the Dispute: Customers v. Member

REPRESENTATION OF PARTIES

For Claimants:

Celeste Chiaramonte, Esq.
Woska & Hayes, LLP
Kingwood, Texas

For Respondent:

John C. Steele, Esq.
Zelle Hoffman Voelbel
Mason & Gette, LLP
Los Angeles, California

CASE INFORMATION

Statement of Claim filed: May 6, 2004

Claimants Wayne F. Sone and Linda J. Sone's Joint Uniform Submission Agreement signed:
April 27, 2004

Statement of Answer filed by Respondent Citicorp Investment Services: July 23, 2004

Respondent Citicorp Investment Services' Uniform Submission Agreement signed: June 28,
2004

CASE SUMMARY

Claimants asserted the following causes of action: control person liability pursuant to Section 20(a) of the Securities Exchange Act, breach of fiduciary duty, breach of contract, violation of the know your customer rule, failure to diversify, failure to supervise, violation of NASD Rules of Fair Practice, violation of the Nevada Securities Act, violation of the Nevada Deceptive Trade Practices Act, intentional and negligent misrepresentation, unjust enrichment, breach of duty of good faith and fair dealing, gross negligence, and failure to hedge. Claimants' allegations involved the Putnam Allstate Advisor variable annuity.

Unless specifically admitted in its Answer, Respondent denied the allegations of wrongdoing set forth in Claimants' Statement of Claim and asserted the following defenses: failure to set forth a

valid claim against Respondent, assumption of risk, ratification, losses sustained were due in whole or in part to Claimants' conduct, waiver of claims by Claimants, Respondent did not make unsuitable recommendations to Claimants, and Respondent did not fail to adhere to just and equitable principles of fair trade and honest dealing with Claimant.

RELIEF REQUESTED

Claimants requested \$40,000.00 in compensatory damages, reimbursement of charges to the accounts, lost earnings, unspecified punitive damages, pre- and post-judgment interest at the maximum statutory rate, and costs, including attorney's fees and forum fees.

Respondent requested dismissal of Claimants' Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

At the hearing, Claimants requested the arbitrator's permission to amend their relief request to \$148,000.00, which included compensatory and punitive damages. The arbitrator granted Claimants' request, and all parties reaffirmed that they were willing to have this matter heard by a single arbitrator.

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 arbitrator decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimants' claims are denied in their entirety.
- 2) The arbitrator recommends the expungement of any reference to the above captioned arbitration from Rodger J. Farrell's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 04-16, Rodger J. Farrell must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130, the arbitrator has made the following affirmative finding of fact:

The claim, allegation, or information is clearly erroneous but not malicious. Claimants decided not to listen to good advice and thereby suffered losses.

- 3) The parties shall bear their respective costs, including attorney's fees.
- 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	= \$ 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 Citicorp Investment Services is a party, and the following fees are assessed:

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

Forum Fees and Assessments

The arbitrator 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 arbitrator. The following fees are assessed:

Two (2) pre-hearing conference sessions with a single arbitrator @ \$450.00/session = \$ 900.00

Pre-hearing conferences:	September 30, 2004	1 session
	April 21, 2005	1 session

Six (6) hearing sessions @ \$450.00/session = \$2,700.00

Hearings:	August 30, 2005	2 sessions
	August 31, 2005	2 sessions
	September 1, 2005	2 sessions

Total Forum Fees	= \$3,600.00
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The arbitrator assessed \$3,600.00 of the forum fees to Claimants Wayne F. Sone and Linda J. Sone.

Fee Summary

1. Claimants Wayne F. Sone and Linda J. Sone are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$3,600.00</u>
Total Fees	= \$3,900.00
<u>Less payments</u>	<u>= \$ (625.00)</u>
Balance Due NASD Dispute Resolution	= \$3,275.00

2. Respondent Citicorp Investment Services is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
<u>Less payments</u>	<u>= \$(2,625.00)</u>
Balance Due NASD Dispute Resolution	= \$ 2,575.00

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.

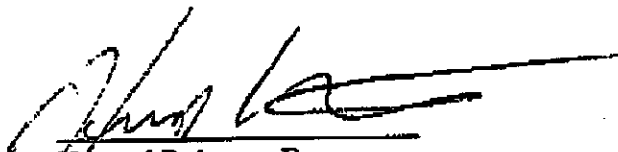
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ARBITRATOR

Howard Roitman, Esq.

Public Arbitrator

Arbitrator's Signature



Howard Roitman, Esq.
Public Arbitrator



Signature Date



Date of Service