

**AWARD**  
**NASD Dispute Resolution**

---

In the Matter of the Arbitration Between

Name of Claimant

Mary Beth Rodriguez

and

04-03603  
Phoenix, Arizona

Name of Respondent

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc.

---

Nature of the Dispute: Customer vs. Member.

**REPRESENTATION OF PARTIES**

Mary Beth Rodriguez ("Claimant") was represented by Milton Fried, Esq., Woska & Hayes, LLP, Kingwood, Texas.

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc. ("Respondent") was represented by Jennifer P. Nore, Esq., Meyer Hendricks & Bivens, P.A., Phoenix, Arizona.

**CASE INFORMATION**

The Statement of Claim was filed on or about April 29, 2004. Claimant's First Motion to Amend Their Original Statement of Claim was filed on or about December 6, 2004. Submission Agreement of Claimant Mary Beth Rodriguez was signed on April 29, 2004.

Respondent Smith Barney's Response to Statement of Claim was filed on or about July 12, 2004. Respondent's Response to Claimant's Motion to Amend Claim was filed on or about December 7, 2004. Respondent's Motion Requiring Claimant to Limit Her Claim to \$50,000 or, in the Alternative, Motion to Vacate Hearing and Appoint a Three member Panel was filed on or about December 6, 2004. Respondent's Reply in Support of its Motion Requiring Claimant to Limit Her Claim to \$50,000 or, in the Alternative, Motion to Vacate Hearing and Appoint a Three member Panel was filed on or about December 6, 2004. Submission Agreement of Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc. was signed on June 23, 2004.

### CASE SUMMARY

Claimant summarized the claim as follows:

As described below, this is a case of negligence, misrepresentations, and grossly unsuitable investment recommendations by Respondent to an inexperienced investor, which resulted in losses in Mrs. Rodriguez's investments that ultimately destroyed his savings.

The Investment Advisors Act of 1940 was the last in a series of acts designed to eliminate certain abuses in the securities industry, which were found to have contributed to the stock market crash of 1929 and the depression of the 1930s. It was preceded by the Securities Act of 1933, the Securities Exchange Act of 1934,... and the Investment Company Act of 1940. A fundamental purpose, common to these statutes, was to sub that substitute the philosophy of full disclosure for the philosophy of *caveat emptor* and thus, to achieve a high standard of business ethics in the securities industry.

Specifically, Claimant stated, in part:

As the losses continued, Mrs. Rodriguez told Respondent that she was concerned about the losses. Respondent, instead of acting in the best interest of their client, took no action and even told Claimant that things were going well. Respondent consistently reassured the Claimant that holding the investments that were in her portfolio was in her best interest.

In the following months, the Respondent simply failed to take action to stop the losses as the account value continued to decline. Month after month, Respondent made no changes to Claimant's account, and month after month, additional but avoidable losses occurred. Ironically, even as the stock market began its unceremonious descent into a recessionary period and thereafter signaled the need for investors to change the constitution of their portfolio, Respondent made no changes to Claimant's portfolio.

The Claimant felt that nothing was being done to protect her account. Respondent never made any recommendations to Claimant other than to hold on. Respondent's inactivity, and neglect of the [sic] Mrs. Rodriguez's portfolio ultimately led to the demise of her accounts.

Respondent denied the allegations set forth in the Statement of Claim. Respondent specifically stated:

Claimant was fully aware of the investments in the accounts and their resulting performance. She received regular monthly statements (denominated, respectively, "Moderate Managed Account" and "Aggressive Managed Account"), which reflected her accounts' activities. As a consequence, Claimant ratified and confirmed the various investment decisions about

which she now complains. By her Claim, Claimant is attempting to shift the risk of her own *investment decisions to Respondent.*

### **RELIEF REQUESTED**

Claimant requested an award in the amount of \$32,000.00 plus costs, attorney fees and interest as allowed by law. In the amendment to the Statement of Claim, Claimant requested damages in the amount of \$80,000.00.

Respondent requested that the claims asserted against it be dismissed in their entirety, that it be awarded its costs and attorneys' fees, and that all forum fees be assessed against Claimant.

### **OTHER ISSUES CONSIDERED & DECIDED**

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 pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. The Panel finds in favor of Respondent. The claims asserted in this matter are denied in their entirety.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees, not specifically awarded or otherwise provided for above.

### **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 = \$225.00

### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm(s) is Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc..

Member surcharge	\$	1,100.00
Pre-hearing process fee	\$	750.00
Hearing process fee	\$	1,700.00
Total Member Fees	\$	3,550.00

### **Adjournment Fees**

Adjournments requested during these proceedings:

Hearing Date(s), December 7-9, 2004, adjournment requested by Claimant	= \$	450.00
Hearing Date(s), May 24-27, 2005, adjournment requested by Respondent	= \$	750.00

### **Three-Day Cancellation Fees**

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

Hearing Date(s), December 7-9, 2004, adjournment requested by party	= \$	100.00
---	------	--------

### **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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

1 Pre-hearing session(s) with a single arbitrator	x	\$450.00	\$	450.00
October 8, 2004	1	session		
1 Pre-hearing session(s) with Panel	x	750.00	\$	750.00
March 29, 2005	1	session		
5 Hearing sessions	x	750.00	\$	3,750.00
November 15, 2005	2	sessions		

November 16, 2005	2	sessions	
November 17, 2005	1	Session	
Total Forum Fees			\$ 4,950.00

The Arbitration Panel has assessed \$2,475.00 of the forum fees to Mary Beth Rodriguez.  
The Arbitration Panel has assessed \$2,475.00 of the forum fees to Citigroup Global Markets, Inc.  
f/k/a Salomon Smith Barney Inc.

### Fee Summary

Claimant, Mary Beth Rodriguez, is liable for:

Initial Filing Fee	= \$	225.00
Adjournment Fee	= \$	450.00
Three Day Cancellation Fee	= \$	100.00
<u>Forum Fees</u>	= \$	2,475.00
Total Fees	= \$	3,250.00
<u>Less payments</u>	= \$	-625.00
Balance Due NASD Dispute Resolution	= \$	2,625.00

Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney Inc., is liable for:

Member Fees	= \$	3,550.00
Adjournment Fee	= \$	750.00
<u>Forum Fees</u>	= \$	2,475.00
Total Fees	= \$	6,775.00
<u>Less payments</u>	= \$	-4,550.00
Balance Due NASD Dispute Resolution	= \$	2,225.00

All balances are due to NASD Dispute Resolution

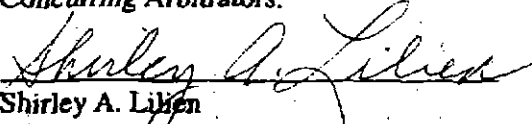
### ARBITRATION PANEL

Shirley A. Lilien - Public Arbitrator, Presiding Chair  
David C. Rupley - Public Arbitrator  
Elliot C. Goldstein - Non-Public Arbitrator

NASD Dispute Resolution  
Arbitration No. 04-03603  
Award Page 6 of 6

---

Concurring Arbitrators:

  
Shirley A. Lilien  
Public Arbitrator, Presiding Chair

1/2/06  
Signature Date

---

David C. Rupley  
Public Arbitrator

---

Signature Date

---

Elliot C. Goldstein  
Non-Public Arbitrator

---

Signature Date

1/4/06  
Date of Service (For NASD office use only)

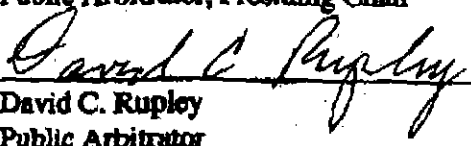
NASD Dispute Resolution  
Arbitration No. 04-03603  
Award Page 6 of 6

---

Concurring Arbitrators:

Shirley A. Lilien  
Public Arbitrator, Presiding Chair

Signature Date

  
David C. Rupley  
Public Arbitrator

1-03-06  
Signature Date

Elliot C. Goldstein  
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution  
Arbitration No. 04-03603  
Award Page 6 of 6

---

Concurring Arbitrators:

---

Shirley A. Lilien  
Public Arbitrator, Presiding Chair

---

Signature Date

---

David C. Rupley  
Public Arbitrator

---

Signature Date



Elliot C. Goldstein  
Non-Public Arbitrator

---

Signature Date

1/4/2006

---

Date of Service (For NASD office use only)