

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Douglas Motzer
Cletus Morgan

Case Number: 04-03815

Names of the Respondents

Citigroup Global Markets, f/k/a
Salomon Smith Barney
Kevin Durkin Purcell

Hearing Site: Tampa, Florida

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Cletus Morgan ("Morgan") and Douglas Motzer ("Motzer"), hereinafter collectively referred to as "Claimants": Frederick W. Rosenberg, J.D., Roseland, New Jersey and Steele T. Williams, P.A., Sarasota, Florida.

For Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney ("Citigroup") and Kevin Durkin Purcell ("Purcell"), hereinafter collectively referred to as "Respondents": Colleen M. Fitzgerald, Esq., Gray Robinson, Tampa, Florida.

CASE INFORMATION

Statement of Claim filed on or about: May 21, 2004.

Claimant Morgan signed the Uniform Submission Agreement: May 18, 2004.

Claimant Motzer signed the Uniform Submission Agreement: May 18, 2004.

Statement of Answer filed by Respondents on or about: December 6, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: December 20, 2004.

Respondent Purcell signed the Uniform Submission Agreement: April 1, 2005.

Respondents' Motion for Change of Venue to Cincinnati, Ohio and to Extend Deadline for Filing of Answer and Defenses Pending Resolution of Motion filed on or about: August 11, 2004.

Opposition to Motion to Change Venue filed on or about: August 23, 2004.

Posthearing Memorandum Florida Law and Posthearing Memorandum Tennessee Law filed by Claimants on or about: July 8, 2005.

Respondents' Post Hearing Brief filed on or about: July 7, 2005.

CASE SUMMARY

Claimants asserted the following causes of action: breach of fiduciary duty; material misrepresentation; failure to supervise; respondeat superior; unsuitable recommendations and investment strategies; negligence; breach of contract; and, recklessness amounting to fraud under 10b5 of the Securities Exchange Act of 1934. The causes of action relate to Claimant Motzer's investments in non-investment grade bonds, "B" shares of three mutual funds, the Managed High-

Yield fund, the Smith Barney High-Yield fund, Kmart preferred stock and Enterasys/Cabletron and Silicon Graphics stock. The causes of action also relate to Claimant Morgan's investments in no-load mutual funds, growth equities and mortgage backed securities, including Kmart preferred stock, Enterasys/Cabletron stock and Ginnie Maes.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant Morgan requested approximately \$206,000.00 in compensatory damages, interest, punitive damages amounting to \$500,000.00, attorneys' fees and arbitration costs. Claimant Motzer requested approximately \$275,000.00 in compensatory damages, interest, punitive damages amounting to \$500,000.00, attorneys' fees and arbitration costs.

Respondents requested that the arbitration panel reject Claimants' claims after which Respondent Citigroup will proceed to a court of competent jurisdiction to obtain a judgment against Claimants for all attorneys' fees incurred in connection with this case. Further, Respondents requested that the arbitration panel order expungement of this matter from Respondent Purcell's securities industry record.

OTHER ISSUES CONSIDERED AND DECIDED

On or about October 26, 2004, the arbitration panel issued an order which denied Respondents' motion for change of venue.

Respondents asserted that NASD does not have jurisdiction over any of the asserted claims pursuant to Rule 10304 of the NASD Code of Arbitration Procedure (the "Code"). The arbitration panel rejected this claim.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

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

Respondents are liable, jointly and severally, on the claims of breach of fiduciary duty and failure to supervise and shall pay to Claimant Motzer the sum of \$148,637.00, inclusive of pre-judgment interest.

Respondents are liable, jointly and severally, on the claims of breach of fiduciary duty and failure to supervise, and shall pay to Claimant Morgan the sum of \$120,900.00, inclusive of pre-judgment interest.

All parties' requests for costs and attorneys' fees are denied.

Any and all claims for relief not specifically addressed herein, including Claimants' requests for punitive damages and Respondents' request that the arbitration panel order expungement of this matter from Respondent Purcell's securities industry record, are 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
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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 is a party.

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:

No adjournment fees were assessed during these proceedings.

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:

No three-day cancellation fees were assessed during these proceedings.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

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: April 29, 2005 1 session	
One (1) Pre-hearing session with the Panel @ \$1,200.00	= \$1,200.00
Pre-hearing conference: October 15, 2004 1 session	
Six (6) Hearing sessions @ \$1,200.00	= \$7,200.00
Hearing Dates: June 6, 2005 2 sessions	
June 7, 2005 2 sessions	
June 8, 2005 2 sessions	

Total Forum Fees	= \$8,850.00
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The Panel has assessed the total forum fees \$8,850.00 to Respondent Citigroup.

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 are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred in this matter.

FEE SUMMARY

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$500.00
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Total Fees	= \$500.00
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Less payments	= \$500.00
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Balance Due NASD Dispute Resolution	= \$0.00
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Respondent Citigroup is solely liable for:

Member Fees	= \$8,550.00
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Forum Fees	= \$8,850.00
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Total Fees	= \$17,400.00
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Less payments	= \$8,550.00
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Balance Due NASD Dispute Resolution	= \$8,850.00
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All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule

10330(g) of the Code.

ARBITRATION PANEL

Kenneth R. Starr	-	Public Arbitrator, Presiding Chair
Theodore H. Focht, Esq.	-	Public Arbitrator
James C. Devine	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/S/_____
Kenneth R. Starr
Public Arbitrator, Presiding Chair

Signature Date

_____/S/_____
Theodore H. Focht, Esq.
Public Arbitrator

Signature Date

_____/S/_____
James C. Devine
Non-Public Arbitrator

Signature Date

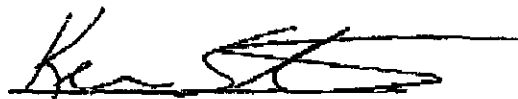
August 5, 2005
Date of Service (For NASD Dispute Resolution office use only)

10330(g) of the Code.

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Kenneth R. Starr
Public Arbitrator, Presiding Chair

8/4/05
Signature Date

Theodore H. Focht, Esq.
Public Arbitrator

Signature Date

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FROM :NASD

NASD Dispute Resolution
Arbitration No. 04-03815
Award Page 5

10330(g) of the Code.

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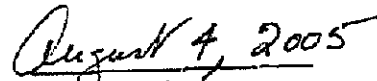
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Arbitration No. 04-03815
Award Page 5

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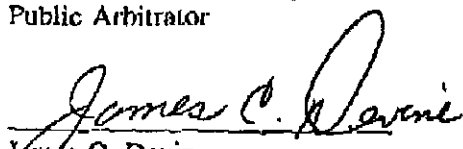
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