

Award
NASD Dispute Resolution

In the Matter of the Consolidated Cases: Consolidated Case Number: 04-04362

Case Number: 04-04285

Leonard Polonsky, Claimant v. Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman, Respondents

Case Number: 04-04362

Leonard Polonsky, Claimant v. Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc., Bernard F. Wozniak, John R. Shoemaker, Paul S. Tanzman, and Ken M. Ross, Respondents

Case Number: 04-04652

Leonard Polonsky, Claimant v. Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman, Respondents

Case Number: 04-04784

Leonard Polonsky, Claimant v. Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman, Respondents

Hearing Site: Los Angeles, California

Nature of the Disputes: Customer v. Members and Associated Persons

REPRESENTATION OF PARTIES

For Claimant Leonard Polonsky:

Zev S. Brooks, Esq.
Law Offices of Zev S. Brooks
Fountain Valley, California

For Respondents Citigroup Global Markets Inc.
f/k/a Salomon Smith Barney Inc. ("Citigroup Global
Markets Inc."), Bernard F. Wozniak, John R.
Shoemaker, Paul S. Tanzman, and Ken M. Ross:

Joseph Calabrese, Esq.
Citigroup Global Markets Inc.
New York, New York

For Respondent Merrill Lynch, Pierce,
Fenner & Smith Incorporated:

Luther M. Dorr, Jr., Esq.
Maynard Cooper & Gale, P.C.
Birmingham, Alabama

CASE INFORMATION

Case Number 04-04285:

Statement of Claim filed: June 14, 2004

Claimant's Uniform Submission Agreement signed: June 14, 2004

Statement of Answer and Motion to Dismiss filed by Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman: August 30, 2004

Respondent Citigroup Global Markets Inc.'s Uniform Submission Agreement signed: undated

Case Number 04-04362:

Statement of Claim filed: June 21, 2004

Claimant's Uniform Submission Agreement signed: June 14, 2004

Motion to Dismiss, or in the Alternative, Statement of Answer filed by Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated: September 7, 2004

Statement of Answer and Motion to Dismiss filed by Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, Paul S. Tanzman, and Ken M. Ross: August 30, 2004

Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated's Uniform Submission Agreement signed: August 24, 2004

Respondent Citigroup Global Markets Inc.'s Uniform Submission Agreement signed: undated

Case Number 04-04652:

Statement of Claim filed: June 23, 2004

Claimant's Uniform Submission Agreement signed: June 23, 2004

Statement of Answer and Motion to Dismiss filed by Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman: August 10, 2004

Respondent Citigroup Global Markets Inc.'s Uniform Submission Agreement signed: undated

Respondent Bernard F. Wozniak's Uniform Submission Agreement signed: undated

Respondent John R. Shoemaker's Uniform Submission Agreement signed: undated

Case Number 04-04784:

Statement of Claim filed: July 6, 2004

Claimant's Uniform Submission Agreement signed: June 23, 2004

Statement of Answer and Motion to Dismiss filed by Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman: August 30, 2004

Respondent Citigroup Global Markets Inc.'s Uniform Submission Agreement signed: undated

CASE SUMMARY

In case numbers 04-04285 and 04-04362, Claimant alleged unsuitability, non-disclosure, and lack of supervision. In case numbers 04-04652 and 04-04784, Claimant alleged unsuitability, non-disclosure, lack of supervision, and conflict of interest. Claimant's claims involved transactions in numerous securities, including but not limited to, Aether Systems, Applied Materials, AOL, EMC Corp., Cisco Systems, JDS Uniphase, Juniper Networks, McLeod USA, Texas Instruments, Sun Micro Systems, WorldCom, Global Crossing, and Micron Technology.

In each case, Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman, and in case 04-04362, Respondent Ken M. Ross, denied the allegations of wrongdoing set forth in Claimant's Statement of Claim and asserted various affirmative defenses.

In case 04-04362, Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated denied the allegations of wrongdoing set forth in Claimant's Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

In each of the Statements of Claim, Claimant requested no more than \$25,000.00 in compensatory damages, prejudgment interest at the rate of 10% per annum, \$10,000.00 in attorney's fees, and costs.

In each case, Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, and Paul S. Tanzman, and in case 04-04362, Respondent Ken M. Ross, requested dismissal of Claimant's Statement of Claim in its entirety, assessment of the costs of the proceeding against Claimant, and dismissal of Respondent Paul S. Tanzman.

In case 04-04362, Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated requested dismissal of Claimant's Statement of Claim in its entirety and assessment of the costs of the proceeding against Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Paul S. Tanzman and Ken M. Ross did not file with NASD Dispute Resolution properly executed submission agreements, but they are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure ("Code") and, having answered the claim, appeared and testified at the hearing, they are bound by the determination of the Panel on all issues submitted.

On August 11, 2004, Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, Paul S. Tanzman, and Ken M. Ross filed a motion to consolidate case numbers 04-04285, 04-04362, 04-04652, and 04-04784. On August 13, 2004, Claimant filed an opposition to the motion to consolidate. On August 30, 2004, the NASD Director of Arbitration preliminarily determined to grant the request for

consolidation pursuant to Rule 10314 of the Code. Case numbers 04-04285, 04-04362, 04-04652, and 04-04784 were then consolidated into case number 04-04362.

On September 7, 2004, Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated filed an Objection to Consolidation or, in the Alternative, Motion to Sever. On September 15, 2004, Respondents Citigroup Global Markets Inc., Bernard F. Wozniak, John R. Shoemaker, Paul S. Tanzman, and Ken M. Ross filed a reply in support of the Motion to Consolidate and in response to Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated's Motion to Sever. On October 4, 2004, Claimant filed a Statement of Non-Opposition to Respondent's Objection to Consolidation, stating that the claims should not be consolidated, but that Claimant would not object to severance of the claim against Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated if the claims were consolidated. In December of 2004, an arbitrator was appointed to case number 04-04362, and the issues regarding consolidation and severance were referred to him for final determination, pursuant to Rule 10314 of the Code. On February 25, 2005, the arbitrator issued an Order For Consolidation regarding case numbers 04-04285, 04-04362, 04-04652, and 04-04784, in which he ordered the following:

1. That the above matters all having common issues of fact and law be consolidated for hearing.
2. A formal evidentiary hearing is necessary to determine the claims and defenses of the parties.
3. Respondent Merrill Lynch's Motion to Sever Case No. 04-04362 is denied.
4. The Motion for Dismissal by Merrill Lynch in Case No. 04-04362 is denied without prejudice.
5. Pursuant to Rule 10308, the director shall appoint an arbitration panel composed of one non-public arbitrator and two public arbitrators, unless the parties agree to a different panel composition.

On June 6, 2005, NASD received written notice that all parties unanimously agreed that arbitrator Lincoln F. Stock would serve as Arbitration Chair.

On July 27, 2005, Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated filed a Renewed and Supplemented Motion to Dismiss. On August 12, 2005, Claimant filed an Opposition to the Motion to Dismiss. On August 29, 2005, Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated filed a Reply in Support of Its Renewed and Supplemented Motion to Dismiss. On August 9, 2005, Claimant filed a request to change the venue of the consolidated cases from Las Vegas, Nevada to Los Angeles, California, and stated that all parties stipulated to this request. On September 22, 2005, the Panel and parties held a telephonic pre-hearing conference to hear oral argument on Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated's Renewed and Supplemented Motion to Dismiss and the parties' request to change venue. On September 22, 2005, the Panel issued an Order dismissing Respondent

Merrill Lynch, Pierce, Fenner & Smith Incorporated from this matter and granting the parties' request to change venue to Los Angeles, California.

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

- 1) Claimant's claims are denied in their entirety.
- 2) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Bernard F. Wozniak's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Bernard F. Wozniak 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 arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is false.

- 3) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent John R. Shoemaker's registration records maintained by the CRD, with the understanding that pursuant to NASD Notices to Members 04-16, Respondent John R. Shoemaker 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 arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is false.

- 4) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Paul S. Tanzman's registration records maintained by the CRD, with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Paul S. Tanzman 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 arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is false.

- 5) The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Ken M. Ross' registration records maintained by the CRD, with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Ken M. Ross 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 arbitration panel has made the following affirmative findings of fact:

The claim, allegation, or information is false.

- 6) The parties shall bear their respective costs, including attorney's fees.
- 7) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Case Number 04-04285 (prior to consolidation)

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 125.00
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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:

<u>Member Surcharge</u>	= \$ 425.00
Total Member Fees	= \$ 425.00

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 125.00
<u>Less payments</u>	<u>= \$(450.00)</u>
Funds Applied to Master Case Number 04-04362	= \$(325.00)
2. Respondent Citigroup Global Markets Inc. is charged with the following fees and costs:

Member Fees	= \$ 425.00
<u>Less payments</u>	<u>= \$(850.00)</u>
Refund Due Citigroup Global Markets Inc.	= \$(425.00)

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.

Case Number 04-04362 (consolidated master case)

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee = \$ 125.00

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	= \$ 425.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 1,700.00
Total Member Fees	= \$ 2,875.00

The member firm Merrill Lynch, Pierce, Fenner & Smith Incorporated is a party and the following fees are assessed:

Member Surcharge	= \$ 425.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 1,700.00
Total Member Fees	= \$ 2,875.00

Forum Fees and Assessments

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

1 Pre-hearing conference session with one arbitrator @ \$450.00/session = \$ 450.00
Pre-hearing conference: June 9, 2006 1 session

2 Pre-hearing conference sessions with the Panel @ \$750.00/session = \$ 1,500.00
Pre-hearing conferences: July 28, 2005 1 session
September 22, 2005 1 session

5 Hearing sessions @ \$750.00/session = \$ 3,750.00
Hearings: June 13, 2006 2 sessions
June 14, 2006 2 sessions
June 15, 2006 1 session

Total Forum Fees = \$ 5,700.00

The Panel assessed \$5,700.00 of the forum fees to Claimant.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 125.00
Forum Fees	= \$ 5,700.00
<u>Total Fees</u>	<u>= \$ 5,825.00</u>
Less payments	= \$(450.00)
Less payments from subordinate case number 04-04285	= \$(325.00)
Less payments from subordinate case number 04-04652	= \$(325.00)
Less payments from subordinate case number 04-04784	= \$(325.00)
Balance Due NASD Dispute Resolution	= \$ 4,400.00

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

Member Fees	= \$ 2,875.00
<u>Less payments</u>	<u>= \$(2,875.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondent Merrill Lynch, Pierce, Fenner & Smith Incorporated is charged with the following fees and costs:

Member Fees	= \$ 2,875.00
<u>Less payments</u>	<u>= \$(2,875.00)</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

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.

Case Number 04-04652 (prior to consolidation)

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee = \$ 125.00

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	= \$ 425.00
Total Member Fees	= \$ 425.00

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 125.00
<u>Less payments</u>	= \$(450.00)
Funds Applied to Master Case Number 04-04362	= \$(325.00)

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

Member Fees	= \$ 425.00
<u>Less payments</u>	= \$(850.00)
Refund Due Citigroup Global Markets Inc.	= \$(425.00)

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.

Case Number 04-04784 (prior to consolidation)

Filing Fees

NASD Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee = \$ 125.00

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	= \$ 425.00
Total Member Fees	= \$ 425.00

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 125.00
<u>Less payments</u>	= \$(450.00)
Funds Applied to Master Case Number 04-04362	= \$(325.00)

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

Member Fees	= \$ 425.00
<u>Less payments</u>	= \$(850.00)
Refund Due Citigroup Global Markets Inc.	= \$(425.00)

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.

ARBITRATION PANEL

Lincoln F. Stock	-	Non-Public Arbitrator, Presiding Chair
Harry Miller	-	Public Arbitrator
Victoria E. Johnson	-	Public Arbitrator

Concurring Arbitrators' Signatures

Lincoln F. Stock
Chair, Non-Public Arbitrator

Signature Date

Harry Miller
Public Arbitrator

Signature Date

Victoria E. Johnson
Public Arbitrator

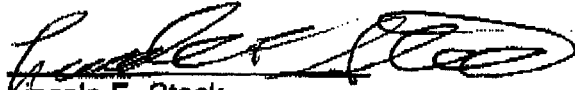
Signature Date

6/19/06
Date of Service

ARBITRATION PANEL

Lincoln F. Stock	-	Non-Public Arbitrator, Presiding Chair
Harry Miller	-	Public Arbitrator
Victoria E. Johnson	-	Public Arbitrator

Concurring Arbitrators' Signatures



Lincoln F. Stock
Chair, Non-Public Arbitrator

6/18/06
Signature Date

Harry Miller
Public Arbitrator

Signature Date

Victoria E. Johnson
Public Arbitrator

Signature Date

6/19/06
Date of Service

ARBITRATION PANEL

Lincoln F. Stock	-	Non-Public Arbitrator, Presiding Chair
Harry Miller	-	Public Arbitrator
Victoria E. Johnson	-	Public Arbitrator

Concurring Arbitrators' Signatures

Lincoln F. Stock
Chair, Non-Public Arbitrator

Signature Date

Harry Miller

Harry Miller
Public Arbitrator

June 19, 2006

Signature Date

Victoria E. Johnson
Public Arbitrator

Signature Date

6/19/06

Date of Service

ARBITRATION PANEL

Lincoln F. Stock	-	Non-Public Arbitrator, Presiding Chair
Harry Miller	-	Public Arbitrator
Victoria E. Johnson	-	Public Arbitrator

Concurring Arbitrators' Signatures

Lincoln F. Stock
Chair, Non-Public Arbitrator

Signature Date

Harry Miller
Public Arbitrator

Signature Date



Victoria E. Johnson
Public Arbitrator

19 June 2006
Signature Date

6/28/06
Date of Service