

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Philippe Rey (Claimant) v. Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc. (Respondent)

and

Olivier Frichou (Claimant) v. Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc. (Respondent)

and

Kamal Salim Tayara (Claimant) v. Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc. (Respondent)

Case Number: 04-06844  
(Consolidated with Case Numbers  
04-06845 and 04-06846)

Hearing Site: New York, New York

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Nature of the Dispute 04-06844: Associated Person v. Member  
Nature of the Dispute 04-06845: Associated Person v. Member  
Nature of the Dispute 04-06846: Associated Person v. Member

**REPRESENTATION OF PARTIES**

**04-06844**

Claimant Philippe Rey hereinafter referred to as "Rey": Jean Francois Rycx, Esq., Rycx Legal Consultants, Dubai, United Arab Emirates.

Respondent Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., hereinafter referred to as "Citigroup": Laura H. Allen, Esq., Sidley Austin Brown Wood LLP, New York, NY.

**04-06845**

Claimant Olivier Frichou hereinafter referred to as "Frichou": Jean Francois Rycx, Esq., Rycx Legal Consultants, Dubai, United Arab Emirates.

Respondent Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., hereinafter referred to as "Citigroup": Laura H. Allen, Esq., Sidley Austin Brown & Wood LLP, New York, NY.

**04-06846**

Claimant Kamal Salim Tayara, hereinafter referred to as "Tayara": Jean Francois Rycx,

Esq., Rycx Legal Consultants, Dubai, United Arab Emirates.

Respondent Salomon Smith Barney, Inc., n/k/a Citigroup Global Markets, Inc., hereinafter referred to as "Citigroup": Laura H. Allen, Esq., Sidley Austin Brown & Wood, LLP, New York, NY.

### **CASE INFORMATION**

#### **04-06844**

Statement of Claim filed on or about: September 26, 2004.

Reply to Counterclaim filed on or about: February 2, 2005.

Rey signed the Uniform Submission Agreement: September 26, 2004.

Statement of Answer and Counterclaim filed by Citigroup on or about: January 12, 2005.

Citigroup signed the Uniform Submission Agreement: January 11, 2005.

#### **04-06845**

Statement of Claim filed on or about: September 26, 2004.

Reply to Counterclaim filed on or about: February 2, 2005.

Frichou signed the Uniform Submission Agreement: September 26, 2004.

Statement of Answer and Counterclaim filed by Citigroup on or about: January 12, 2005.

Citigroup signed the Uniform Submission Agreement: January 11, 2005.

#### **06-6846**

Statement of Claim filed on or about: September 26, 2004.

Reply to Counterclaim filed on or about: February 2, 2005.

Tayara signed the Uniform Submission Agreement: September 26, 2004.

Statement of Answer and Counterclaim filed by Citigroup on or about: January 12, 2005.

Citigroup signed the Uniform Submission Agreement: January 11, 2005.

### **CASE SUMMARY**

#### **04-06844**

Rey asserted the following causes of action: misrepresentation, deceit, malpractice, fraud, breach of contract, implied consideration, negligence, duty of care, breach of the covenant of good faith and fair dealing and wrongful termination.

Unless specifically admitted in its Answer, Citigroup denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

In its Counterclaim, Citigroup asserted the following causes of action: promissory note, breach of fiduciary duty and confidentiality obligations, breach of contract, inducing and/or aiding and abetting breach of fiduciary duty and tortious interference with contract.

Unless specifically admitted in his response to the Counterclaim, Rey denied the allegations made in the Counterclaim and asserted various affirmative defenses.

04-06845

Frichou asserted the following causes of action: misrepresentation, deceit, malpractice, fraud, breach of contract, implied consideration, negligence, duty of care, breach of the covenant of good faith and fair dealing and wrongful termination.

Unless specifically admitted in its Answer, Citigroup denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

In its Counterclaim, Citigroup asserted the following causes of action: promissory note, breach of fiduciary duty and confidentiality obligations, breach of contract, inducing and/or aiding and abetting breach of fiduciary duty and tortious interference with contract.

Unless specifically admitted in his response to the Counterclaim, Frichou denied the allegations made in the Counterclaim and asserted various affirmative defenses.

04-6846

Tayara asserted the following causes of action: misrepresentation, deceit, malpractice, fraud, illegal brokerage, breach of contract, implied consideration, negligence, duty of care, breach of the covenant of good faith and fair dealing and fraud in inducement.

Unless specifically admitted in its Answer, Citigroup denied the allegations of wrongdoing set forth in the Statement of Claim and asserted various affirmative defenses.

In its Counterclaim, Citigroup asserted the following causes of action: breach of fiduciary duty and confidentiality obligations, breach of contract, inducing and/or aiding and abetting breach of fiduciary duty and tortious interference with contract.

Unless specifically admitted in his response to the Counterclaim, Tayara denied the allegations made in the Counterclaim and asserted various affirmative defenses.

### **RELIEF REQUESTED**

#### **04-06844**

Rey requested payment of commissions in the amount of \$95,000.00, loss of income between June 2003 and December 2006 in the amount of \$900,425.00, lost opportunity in the amount of \$3,000,000.00, familial, personal and moral prejudice in the amount of \$300,000.00, punitive damages in the amount of \$1,500,000.00 and legal fees and expenses in the amount of \$200,000.00.

Citigroup requested that the Statement of Claim be dismissed in its entirety.

In its Counterclaim, Citigroup requested the outstanding balance due on the promissory note of approximately \$57,503.00, plus interest thereon from July 18, 2003 at 10% per annum, expenses, attorneys' fees and costs and other and further relief as the arbitrators deem just and equitable. Citigroup also requested damages resulting from Rey's breach of fiduciary duty, breach of contract, aiding and abetting and tortious interference, including the costs incurred by CGMI in dealing with unauthorized publication of confidential information and in recovering its confidential and proprietary information and other appropriate relief in an amount to be determined at arbitration but not less than \$100,000.00.

Rey requested dismissal of the Counterclaim in its entirety.

#### **04-06845**

Frichou requested payment of commissions in the amount of \$95,000.00, loss of income between June 2003 and December 2006, in the amount of \$900,425.00, lost opportunity in the amount of \$3,000,000.00, familial, personal and moral prejudice in the amount of \$300,000.00, punitive damages in the amount of \$1,500,000.00 and legal fees and expenses in the amount of \$200,000.00.

Citigroup requested that the Statement of Claim be dismissed in its entirety.

In its Counterclaim, Citigroup requested the outstanding balance due on the promissory note of approximately \$57,503.00, plus interest thereon from July 18, 2003 at 10% per annum, expenses, attorneys' fees and costs and other and further relief as the arbitrators deem just and equitable. Citigroup also requested damages resulting from Frichou's breach of fiduciary duty, breach of contract, aiding and abetting and tortious interference, including costs incurred by CGMI in dealing with unauthorized publication of confidential information and in recovering its confidential and proprietary information and other appropriate relief in an amount to be determined at arbitration but not less than \$100,000.00.

Frichou requested dismissal of the Counterclaim in its entirety.

**04-06846**

Tayara requested repayment of forgivable loan in the amount of \$162,000.00, lost of income between June 2003 and December 2006 in the amount of \$733,358.00, loss opportunity in the amount of \$3,000,000.00, familial, personal and moral prejudice in the amount of \$300,000.00, punitive damages in the amount of \$1,500,000.00 and legal fees and expenses in the amount of \$200,000.00.

Citigroup requested that the Statement of Claim be dismissed in its entirety.

In its Counterclaim, Citigroup requested damages resulting from Tayara's breach of contract, breach of fiduciary duty, aiding and abetting and tortious interference in an amount to be determined at arbitration, but not less than \$100,000.00, including the costs incurred by CGMI in dealing with unauthorized publication of confidential information and of recovering its confidential and proprietary information and other appropriate relief, costs and an order directing Tayara to return all copies and documents or materials in his possession, custody or control.

Tayara requested dismissal of the Counterclaim in its entirety.

**OTHER ISSUES CONSIDERED AND DECIDED**

On or about February 23, 2005, the parties informed NASD Dispute Resolution that they agreed to consolidate the case numbers 04-06845 and 06-06846.

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, the testimony and evidence presented at the hearing, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The Panel finds no fraud, misrepresentation or malicious intent by Salomon Smith Barney, Inc. ("SSB") at the time of Claimants' recruitment or later when difficulties occurred with the Central Bank of the U.A.E. However, the proposal to shift employment from SSB (by then known as CGMI) to Citibank S.A. in Dubai constituted a change in the conditions of employment which might have had some adverse impact on Claimants' future earnings had they accepted the transfer. In light of this, the Panel awards to Mr. Rey and Mr. Frichou the sum of \$25,000.00

each. In addition, each is to receive \$22,500.00 as commissions for the Pioneer Treasure transaction and pre-judgment interest of \$14,537.00, computed at 9% from July 14, 2003 to the approximate date of the Award.

2. Respondent's counterclaims to collect on the promissory notes of Mr. Rey and Mr. Frichou in the amount of \$57,000.00, plus interest are hereby denied.
3. The Panel makes no determination as to "credit card and other debt" as that was not explored at the hearing.
4. The Panel dismisses all claims made by Mr. Tayara since he resigned two months before SSB (or CGMI) ceased operations.
5. Any and all relief not specifically addressed herein, including punitive 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:

<u>04-06844</u>	
Initial claim filing fee	= \$ 600.00
Counterclaim filing fee	= \$1,000.00
 <u>04-06845</u>	
Initial claim filing fee	= \$ 600.00
Counterclaim filing fee	= \$1,000.00
 <u>04-06846</u>	
Initial claim filing fee	= \$ 600.00
Counterclaim filing fee	= \$1,000.00

#### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. In this matter, Citigroup Global Markets, Inc. is a party.

<u>04-06844</u>	
Member Surcharge	= \$ 3,350.00

Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 5,500.00

04-06845

Member Surcharge	= \$ 3,350.00
Pre-Hearing Process Fee	= \$ 750.00

04-06846

Member Surcharge	= \$ 3,350.00
Pre-Hearing Process Fee	= \$ 750.00

**Adjournment Fees**

The following adjournment fees are assessed:

May 9 - 12, 2006 and May 15 - 17, 2006	= \$1,200.00
adjournment requested by Claimants Rey, Frichou and Tayara	

**Forum Fees and Assessments**

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

04-06844

Two (2) Pre-hearing conference sessions with single arbitrator @ \$450.00/session  
Pre-hearing conferences: = \$ 900.00

March 14, 2006	1 session
April 13, 2006	1 session

One (1) Pre-hearing conference session with Panel @ \$1,200.00/session = \$ 1,200.00  
Pre-hearing conference: September 8, 2005 1 session

Ten (10) Hearing sessions with Panel @ \$1,200.00/ session = \$12,000.00

Hearing Dates:	August 14, 2006	2 sessions
	August 15, 2006	2 sessions
	August 16, 2006	2 sessions
	August 17, 2006	2 sessions
	August 18, 2006	2 sessions

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Total Forum Fees	= \$14,100.00
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1. The Panel has assessed \$7,050.00 of the forum fees jointly and severally to Claimants Rey and Frichou.
2. The Panel has assessed \$7,050.00 of the forum fees to Citigroup.

### **FEE SUMMARY**

#### **04-06844**

1. Claimant Rey is solely liable for:

<u>Initial Filing Fee</u>	= \$ 600.00
<u>Total Fees</u>	= \$ 600.00
<u>Less payments</u>	= \$ 600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

2. Claimants Rey, Frichou and Tayara are solely liable for:

<u>Adjournment Fee</u>	= \$ 1,200.00
<u>Total Fees</u>	= \$ 1,200.00
<u>Less payments</u>	= \$ 1,200.00
Balance Due NASD Dispute Resolution	= 0.00

3. Claimants Rey and Frichou are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 7,050.00
<u>Total Fees</u>	= \$ 7,050.00
<u>Less payments</u>	= \$ 1,600.00
Balance Due NASD Dispute Resolution	= \$ 5,450.00

3. Respondent Citigroup is solely liable for:

<u>Counterclaim Filing Fee</u>	= \$ 1,000.00
<u>Member Fees</u>	= \$ 9,600.00
<u>Forum Fees</u>	= \$ 7,050.00
<u>Total Fees</u>	= \$17,650.00
<u>Less payments</u>	= \$13,600.00
Balance Due NASD Dispute Resolution	= \$ 4,050.00

#### **04-06845**

1. Claimant Frichou is solely liable for:

<u>Initial Filing Fee</u>	= \$ 600.00
<u>Total Fees</u>	= \$ 600.00
<u>Less payments</u>	= \$ 600.00
Balance Due NASD Dispute Resolution	= 0.00

2. Respondent Citigroup is solely liable for:

<u>Counterclaim Filing Fee</u>	= \$ 1,000.00
<u>Member Fees</u>	= \$ 4,100.00
<u>Total Fees</u>	= \$ 5,100.00



<u>Less payments</u>	= \$ 5,100.00
Balance Due NASD Dispute Resolution	= 0.00

04-06846

1. Claimant Tayara is solely liable for:

<u>Initial Filing Fee</u>	= \$ 600.00
<u>Total Fees</u>	= \$ 600.00
<u>Less payments</u>	= \$ 1,400.00
Refund Due Claimant Tayara	= 800.00

2. Respondent Citigroup is solely liable for:

<u>Counterclaim Filing Fee</u>	= \$ 1,000.00
<u>Member Fees</u>	= \$ 4,100.00
<u>Total Fees</u>	= \$ 5,100.00
<u>Less payments</u>	= \$ 5,100.00
Balance Due NASD Dispute Resolution	= \$ 0.00

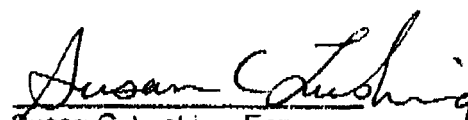
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

**ARBITRATION PANEL**

Susan C. Lushing, Esq.	-	Public Arbitrator, Presiding Chairperson
Claus Z. Pappenheimer	-	Public Arbitrator
George T. Hirai	-	Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

**Concurring Arbitrators' Signatures**

  
Susan C. Lushing, Esq.  
Public Arbitrator, Presiding Chairperson

9/14/06  
Signature Date

\_\_\_\_\_  
Claus Z. Pappenheimer  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
George T. Hirai  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

September 18, 2006  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

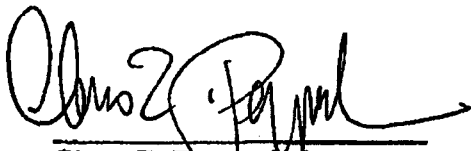
Susan C. Lushing, Esq.	-	Public Arbitrator, Presiding Chairperson
Claus Z. Pappenheimer	-	Public Arbitrator
George T. Hirai	-	Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument, which is my award.

**Concurring Arbitrators' Signatures**

\_\_\_\_\_  
Susan C. Lushing, Esq.  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

  
\_\_\_\_\_  
Claus Z. Pappenheimer  
Public Arbitrator

  
\_\_\_\_\_  
Signature Date

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George T. Hirai  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

September 18, 2006

\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

Susan C. Lushing, Esq.	-	Public Arbitrator, Presiding Chairperson
Claus Z. Pappenheimer	-	Public Arbitrator
George T. Hirai	-	Non-Public Arbitrator

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Susan C. Lushing, Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

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Claus Z. Pappenheimer  
Public Arbitrator

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George T. Hirai  
Non-Public Arbitrator

9/14/06  
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Signature Date

September 18, 2006  
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Date of Service (For NASD Dispute Resolution use only)