

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Bill Fuqua, Debra Fuqua, Bill Fuqua IRA, Debra Fuqua IRA, Donald Fuqua and Lavonne Fuqua,
Claimants v. Citigroup Global Markets Inc., Respondent

Case Number: 04-07012

Hearing Site: Seattle, Washington

Nature of the Dispute: Customers v. Member

REPRESENTATION OF PARTIES

For Claimants:

David Gaba, Esq.
Compass Law Group PLLC
Seattle, Washington

For Respondent:

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

CASE INFORMATION

Statement of Claim filed: September 27, 2004

Claimants Bill Fuqua and Debra Fuqua's Joint Uniform Submission Agreement signed:
September 19, 2004

Claimants Bill Fuqua IRA and Debra Fuqua IRA's Joint Uniform Submission Agreement signed:
September 19, 2004

Claimants Donald Fuqua and Lavonne Fuqua's Joint Uniform Submission Agreement signed:
September 18, 2004

Statement of Answer filed by Respondent Citigroup Global Markets Inc.: November 26, 2004

Respondent Citigroup Global Markets' Uniform Submission Agreement signed: November 24,
2004

CASE SUMMARY

Claimants asserted the following causes of action: violations of securities regulatory requirements, breach of fiduciary duty, violation of the Washington State Securities Act, negligence, breach of duty of reasonable care, negligent misrepresentation, negligent failure to disclose material information, negligent supervision, violation of the Washington Consumer Protection Act, unjust enrichment, and vicarious liability. The causes of action relate to Respondent's alleged recommendations that Claimants trade on margin and engage in option trading despite their financial circumstances and lack of investment experience.

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 state a claim upon which relief may be granted, damages resulted in whole or in part from Claimants' own acts or omissions, failure to mitigate, damages resulted in whole or in part from the acts or omissions of third parties, ratification, no private right of action for violation of NASD or NYSE rules, waiver, estoppel, Claimants' failed to use due diligence in monitoring, managing, and handling their account, assumption of risk, and, as a matter of law, the damages requested by Claimants are too speculative to be awarded.

RELIEF REQUESTED

Claimants requested \$480,000.00 in compensatory and rescissionary damages, return of \$25,000.00 in charges and interest, unspecified exemplary damages, pre- and post-judgment interest at the rate of 12% per annum, the monetary amount necessary to compensate Claimants for additional income taxes they will owe on any award, assessment of forum fees against Respondent, reimbursement of Claimants' filing fees, and costs, including attorney's fees.

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

OTHER ISSUES CONSIDERED AND DECIDED

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:

The Panel finds that Respondent Citigroup Global Markets Inc. breached its duty of reasonable care to Claimants in that it was negligent in its supervision of the handling of Claimants' accounts. It negligently allowed investments to be made that were unsuitable in light of Claimants' overall financial resources and investment experience. As a result of Respondent's

negligence, Claimants were damaged. Claimants were also negligent, although to a lesser degree. The Panel determined that Claimants' damages should be reduced by 20% as a result of Claimants' comparative negligence. The parties stipulated that the losses in Claimants' accounts totaled \$103,000.00. As a result, Claimants are awarded \$82,400.00, to be allocated 60% (\$49,440.00) to Donald Fuqua and Lavonne Fuqua and 40% (\$32,960.00) to Bill Fuqua, Debra Fuqua, Bill Fuqua IRA, and Debra Fuqua IRA. As Bill Fuqua and Debra Fuqua are now divorced, the allocation of the \$32,960.00 among them and their IRA accounts will be left up to whatever agreement they have in place in connection with their divorce.

- 1) Respondent Citigroup Global Markets Inc. is liable to and shall pay Claimants Donald and Lavonne Fuqua the sum of \$49,440.00 in compensatory damages.
- 2) Respondent Citigroup Global Markets Inc. is liable to and shall pay Claimants Bill Fuqua, Debra Fuqua, Bill Fuqua IRA, and Debra Fuqua IRA the sum of \$32,960.00 in compensatory damages.
- 3) Respondent Citigroup Global Markets Inc. is liable to and shall pay Claimants the sum of \$54,933.00 in attorney's fees, pursuant to the Washington Securities Act (Ch. 21.20 of the Revised Code of Washington) and the Washington Consumer Protection Act (Ch. 19.86 of the Revised Code of Washington).
- 4) With the exception of paragraph 3, the parties shall bear their respective costs, including attorney's fees.
- 5) Any and all relief not specifically addressed herein, including exemplary damages, 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	= \$ waived
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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:

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 Panel has assessed forum fees for each session conducted. A 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. The following forum fees are assessed:

Two (2) pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$2,250.00
Pre-hearing conferences: February 4, 2005	1 session
February 14, 2005	1 session
Five (5) hearing sessions @ \$1,125.00/session	= \$5,625.00
Hearings: September 27, 2005	2 sessions
September 28, 2005	2 sessions
September 29, 2005	1 session
Total Forum Fees	= \$7,875.00

1. The Panel assessed \$1,575.00 of the forum fees jointly and severally to Claimants Bill Fuqua, Debra Fuqua, Bill Fuqua IRA, Debra Fuqua IRA, Donald Fuqua and Lavonne Fuqua.
2. The Panel assessed \$6,300.00 of the forum fees to Respondent Citigroup Global Markets Inc.

Fee Summary

1. Claimants Bill Fuqua, Debra Fuqua, Bill Fuqua IRA, Debra Fuqua IRA, Donald Fuqua and Lavonne Fuqua are charged jointly and severally with the following fees and costs:

Forum Fees	= \$ 1,575.00
<u>Less payments</u>	= \$ (0.00)
Balance Due NASD Dispute Resolution	= \$ 1,575.00
2. Respondent Citigroup Global Markets Inc. is charged with the following fees and costs:

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	= \$ 6,300.00
Total Fees	= \$11,500.00
<u>Less payments</u>	= \$ (6,250.00)
Balance Due NASD Dispute Resolution	= \$ 5,250.00

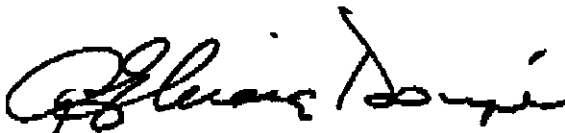
All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

NASD Dispute Resolution
Arbitration No. 04-07012
Award Page 5 of 5

ARBITRATION PANEL

<i>G.E. Craig Doupe, Esq.</i>	-	<i>Public Arbitrator, Presiding Chair</i>
<i>Thomas D. Loftus, Esq.</i>	-	<i>Public Arbitrator</i>
<i>Kevin I. Patrick</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signatures



G.E. Craig Doupe, Esq.
Chair, Public Arbitrator

October 10, 2005

Signature Date

Thomas D. Loftus, Esq.
Public Arbitrator

Signature Date

Kevin I. Patrick
Non-Public Arbitrator

Signature Date

10/10/05
Date of Service

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Public Arbitrator
Non-Public Arbitrator

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Signature Date


Kevin I. Patrick
Non-Public Arbitrator

10/7/05
Signature Date

10/10/05
Date of Service