

**NYSE ARCA**  
**115 Sansome Street**  
**San Francisco, CA 94104**

In The Matter Of The Arbitration Between:

Ronald Perlman; Lois Perlman;  
Ronald and Lois Perlman on behalf  
of their minor children, Paul and  
Olivia Perlman; and The Perlman-  
Bolen Partnership,

Claimants,

v.

Salomon Smith Barney, Inc., n/k/a  
Citigroup Global Markets, Inc.; and  
Scott Shagrin

Respondents.

**NYSE Arca CASE #: 04-S003**

**DECISION**

The undersigned Arbitrators, having read and considered the Claim submitted by Claimants and the Answer of Respondents, and having considered evidence presented at the hearings on May 2-5, 2006, and July 5-7, 2006, hereby render the following Decision pursuant to Rule 12 of NYSE Arca, Inc. (f/k/a Pacific Exchange, Inc.):

**REPRESENTATION OF PARTIES**

Of Claimants: Jules Leo Federman

Of Respondents: Robert Ericson, Esq.  
Bingham McCutchen LLP

**HISTORY OF CASE**

Statement of Claim filed on or about: May 27, 2004  
Statement of Answer filed on or about: September 1, 2004

Pre-Hearing Conferences: September 1, 2005  
February 13, 2006  
March 14, 2006  
March 28, 2006  
April 4, 2006  
April 19, 2006

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Arbitration Hearing Dates:

May 2-5, 2006

July 5-7, 2006

### SUMMARY OF CASE

Claimants alleged, *inter alia*, that in the handling of their investment accounts, Respondents violated Exchange rules of conduct, breached their fiduciary duty to Claimants, and violated section 10b-5 of the Securities and Exchange Act of 1934. Claimants sought to recover earned profits and actual damages.

Respondents denied each and every one of Claimants' allegations. Respondents also asserted affirmative defenses and other defenses. Respondents sought to have the Claim dismissed and to have all arbitration costs assessed against Claimants.

### ISSUES PRESENTED

The Panel determined whether the allegations asserted by Claimants were true, and what relief, if any, Claimants were entitled to.

On May 2, 2006, one of the Panel members did not appear at the hearing. On that date, the parties and their counsel stipulated to have this arbitration matter heard and decided by a panel comprised of the two remaining arbitrators, Msrs. Hill and Vernon.

Numerous pre-hearing discovery issues were presented by the Parties in writing and verbally at five pre-hearing conferences. Each of the issues presented was decided by the Chairperson on behalf of the Panel.

In their Statement of Claim, Claimants requested a hearing location in San Francisco, California. On November 4, 2004, Claimants requested to change venue from San Francisco to Los Angeles. Respondents did not object to Claimants' request, and venue was changed to Los Angeles, California.

### RELIEF REQUESTED

Claimants requested that the Panel find in favor of Claimants, and order Respondents to pay damages in the approximate amount of \$700,000.00. Respondents requested to have the claim dismissed and to have all arbitration costs assessed against Claimants. Respondent Shagrin also requested that the Panel recommend that evidence of this arbitration proceeding be expunged from his CRD record.

### DECISION

After considering the argument and evidence of the Claimants and Respondents, the undersigned Arbitrators make the final determination and decision of the issues presented, as set forth below:

1. On all issues presented by the Claimants in this matter, the Panel finds in favor of Respondents. Each and every one of Claimants' claims is hereby denied.
2. All claims for monetary damages, costs and attorney fees are denied.
3. The Panel recommends that all reference to this arbitration action be expunged from the Central Registration Depository ("CRD") record of Scott Shagrin, with the understanding that Mr. Shagrin must obtain confirmation from a court of competent jurisdiction before his CRD record will be expunged.
4. Forum Fees in the amount of \$15,500.00 are assessed against the parties as follows:

One pre-hearing session with the Panel X \$1000	= \$1,000
Five pre-hearing sessions with the Chair X \$300	= \$1,500
<u>13 hearing sessions with the Panel X \$1000</u>	<u>= \$13,000</u>
Total Forum Fees	= \$15,500

- \$7,750.00 against Claimants, Joint and Several
- \$7,750.00 against Respondents, Joint and Several

Dated: 7/20/06

Hassel Hill, Jr.  
Hassel Hill, Jr., Chairperson Arbitrator

Dated: 7/20/06

Robert Vernon  
Robert Vernon, Arbitrator