

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc. (Claimant) v. John M. Murphy (Respondent)

Case Number: 05-00177

Hearing Site: New York, New York

Nature of the Dispute: Member v. Associated Person

REPRESENTATION OF PARTIES

Claimant Citigroup Global Markets Inc. f/k/a Salomon Smith Barney Inc. hereinafter referred to as "Claimant": David W. Schmidt, Esq., Cranford, NJ.

Respondent John M. Murphy hereinafter referred to as "Respondent": David A. Gehn, Esq., Gusrae, Kaplan, Bruno & Nusbaum, PLLC, New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: December 22, 2004.

Claimant signed the Uniform Submission Agreement: December 7, 2004.

Statement of Answer filed by Respondent on or about: July 12, 2005.

Respondent did not sign the Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: breach of promissory note agreement.

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

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$64,991.33; plus accrued interest thereon at the rate of ten percent per annum from July 3, 2004 until full repayment; plus all costs of collection including, but not limited to, all filing fees, costs of arbitration proceedings, attorneys' fees, and such other relief as the arbitrators feel is just and proper.

Respondent requested that the Statement of Claim be dismissed in its entirety and that Respondent be awarded his costs and expenses incurred herein, together with such other and further relief the Panel deems just, proper and equitable.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

The parties have 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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent is liable for and shall pay to Claimant the sum of \$73,271.05, which includes:
 - (a) Compensatory damages in the amount of \$64,991.33; plus
 - (b) Interest at the rate of 10% per annum from July 3, 2004 to October 11, 2005.
2. Respondent is liable for and shall pay to Claimant attorneys' fees in the amount of \$8,124.59 pursuant to Section 2 ("Indemnification") of the Promissory Note Forgivable Loan Agreement (Exhibit "A" of Claimant's Statement of Claim).
3. Respondent is liable for and shall pay to Claimant the sum of \$1,000.00 to reimburse Claimant for the non-refundable filing fee previously paid to NASD Dispute Resolution.
4. Any and all relief not specifically addressed herein 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:

Initial claim filing fee	= \$ 1,000.00
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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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Citigroup Global Markets, Inc. is a party.

Member surcharge	= \$ 1,100.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	= \$ 1,700.00
Total Member Fees	= \$ 3,550.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the 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) Decision on discovery-related motions on the papers with (1) one arbitrator @ \$200.00 Claimant submitted (1) discovery-related motion	= \$ 200.00
One (1) Pre-hearing session with a single arbitrator @ \$450.00 Pre-hearing conference: September 13, 2005 1 session	= \$ 450.00
One (1) Pre-hearing session with Panel @ \$750.00 Pre-hearing conference: July 26, 2005 1 session	= \$ 750.00
One (1) Hearing session @ \$750.00 per session Hearing Dates: October 11, 2005 1 session	= \$ 750.00
<hr/> Total Forum Fees	= \$ 2,150.00

1. The Panel has assessed \$2,150.00 of the forum fees to Respondent.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 1,000.00
<u>Member Fees</u>	= \$ 3,550.00
Total Fees	= \$ 4,550.00
<u>Less payments</u>	= \$ 5,300.00
Refund Due Claimant	= \$ 750.00

As stated in the "Award" section above, Respondent shall reimburse Claimant for the filing fee previously paid to NASD Dispute Resolution.

2. Respondent is solely liable for:

<u>Forum Fees</u>	= \$ 2,150.00
Total Fees	= \$ 2,150.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 2,150.00

NASD Dispute Resolution

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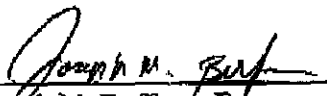
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Joseph M. Buffone, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
James R. Madan	-	Non-Public Arbitrator
Emilie Caravasios	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

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.



Joseph M. Buffone, Esq.
Non-Public Arbitrator, Presiding Chairperson

10-19-05

Signature Date

James R. Madan
Non-Public Arbitrator

Signature Date

Emilie Caravasios
Non-Public Arbitrator

Signature Date

October 25, 2005

Date of Service (For NASD Dispute Resolution use only)


ARBITRATION PANEL

Joseph M. Buffone, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
James R. Madan	-	Non-Public Arbitrator
Emilie Caravasios	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

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Joseph M. Buffone, Esq.
Non-Public Arbitrator, Presiding Chairperson



James R. Madan
Non-Public Arbitrator

Signature Date

October 17, 2005

Signature Date

Emilie Caravasios
Non-Public Arbitrator

Signature Date

October 25, 2005

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

Joseph M. Buffone, Esq.	-	Non-Public Arbitrator, Presiding Chairperson
James R. Madan	-	Non-Public Arbitrator
Emilie Caravasios	-	Non-Public Arbitrator

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Joseph M. Buffone, Esq.
Non-Public Arbitrator, Presiding Chairperson

Signature Date

James R. Madan
Non-Public Arbitrator

Signature Date

Emilie Caravasios
Emilie Caravasios
Non-Public Arbitrator

Oct 20, 2005
Signature Date

October 25, 2005
Date of Service (For NASD Dispute Resolution use only)