

**AWARD**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between

Name of Claimant / Counter Respondent

Citigroup Global Markets, Inc.

and

Case Number: 05-00508

Hearing Site: Houston, Texas

Name of Respondent / Counter Claimant / Third Party Claimant

Pamela B. Reznick

and

Name of Third Party Respondent

Raymond J. Miller

Consolidated with:

Name of Claimant / Counter Respondent

Citigroup Global Markets, Inc.

and

Case Number: 05-00510

Hearing Location: Houston, Texas

Name of Respondent / Counter Claimant / Third Party Claimant

Bruce A. Reznick

and

Name of Third Party Respondent

Raymond J. Miller

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**NATURE OF DISPUTE**

Member Firm v. Associated Persons v. Associated Person

### **REPRESENTATION OF PARTIES**

Citigroup Global Markets, Inc. ("**Claimant**" or "**Citigroup**") and Raymond J. Miller ("**Third Party Respondent**" or "**Miller**") were represented by Carolyn D. Roch, Esq., Schirmeister Diaz-Arrastia Brem, Houston, Texas.

Pamela B. Reznick ("**Pamela Reznick**") and Bruce A. Reznick ("**Bruce Reznick**"), hereinafter collectively referred to as either "Respondents," "Counter Claimants," or "Third Party Claimants" were represented by H. Dale Langley, Jr., Esq., The Law Firm of H. Dale Langley, Jr., Austin, Texas.

### **CASE INFORMATION**

#### **05-00508:**

The Statement of Claim was filed on or about January 31, 2005. The Submission Agreement of Claimant, Citigroup Global Markets, Inc., was signed on or about January 27, 2005. Claimant's Reply and Answer to Statement of Answer and Counterclaim was filed on or about July 22, 2005. Claimant's Response in Opposition to Reznicks' Motion to Consolidate and Third Party Claim were filed on or about August 5, 2005.

The Statement of Answer, Counterclaim, Third Party Claim and Motion to Consolidate were filed by Respondent, Pamela B. Reznick, on or about July 11, 2005.

The Statement of Answer was filed by Third Party Respondent, Raymond J. Miller, on or about August 24, 2005.

#### **05-00510:**

The Statement of Claim was filed on or about January 31, 2005. The Submission Agreement of Claimant, Citigroup Global Markets, Inc., was signed on or about January 27, 2005. Claimant filed a First Amended Statement of Claim on or about June 1, 2005. Claimant's Reply and Answer to Statement of Answer and Counterclaim was filed on or about July 22, 2005. Claimant's Response in Opposition to Reznicks' Motion to Consolidate and Third Party Claim were filed on or about August 5, 2005.

The Statement of Answer, Counterclaim, Third Party Claim and Motion to Consolidate were filed by Respondent, Bruce A. Reznick, on or about July 11, 2005.

The Statement of Answer was filed by Third Party Respondent, Raymond J. Miller, on or about August 24, 2005.

### **CASE SUMMARY**

Claimant asserted the following causes of action: breach of employment contract and failure to repay promissory note. Claimant alleged that Respondents defaulted on their

promissory notes. Specifically, both Pamela and Bruce resigned and had balances due on their outstanding promissory notes. In view of the Reznicks' failure to repay their promissory notes, Claimant placed a hold on certain assets in a Smith Barney account owned by Pamela Reznick, jointly with her husband, Bruce Reznick. Smith Barney currently maintains control over assets contained in account number 71D-80153-1-1-488.

Unless specifically admitted in their Answers, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; equitable estoppel precluded Claimant from recovery under this claims; and it is a defense to breach of contract that the contract and terms purported by Claimant are unconscionable.

In their Counterclaims, the Reznicks, asserted the following causes of action: fraud, breach of contract, misrepresentations, conversion and theft of service. The Reznicks alleged that Claimant supplied false information for guidance of others; that the representations were material and false; Claimant did not exercise reasonable care or competence in obtaining or communicating the information; Claimant's negligent misrepresentation proximately caused them injury; and the Reznicks alleged that they performed their contractual obligations and that Claimant breached the contract.

In their Third Party Claims, the Reznicks, asserted the following causes of action: misrepresentations, common law fraud and statutory fraud. The Reznicks alleged that Miller is the individual tortfeasor under the torts of the Reznicks' Counterclaim.

#### **RELIEF REQUESTED**

**05-00508:**

Claimant requested an award in the amount of:

Actual/compensatory Damages	\$108,203.20
Punitive/Exemplary Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondent, Pamela Reznick, requested that the claims asserted against her be denied in their entirety and that she be awarded her costs and attorneys' fees. In her Counterclaim, Pamela Reznick requested an award for an unspecified amount for actual/compensatory damages, attorneys' fees, other costs and other monetary relief. In her Third Party Claim, Pamela Reznick requested an award for an unspecified amount for actual/compensatory damages, punitive/exemplary damages, attorneys' fees and other costs.

**05-00510:**

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$182,940.00
Punitive/Exemplary Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary relief	Unspecified

Respondent, Bruce Reznick, requested that the claims asserted against him be denied in their entirety and that he be awarded his costs and attorneys' fees. In his Counterclaim, Bruce Reznick requested an award for an unspecified amount for actual/compensatory damages, attorneys' fees, other costs and other monetary relief. In his Third Party Claim, Bruce Reznick requested an award for an unspecified amount for actual/compensatory damages, punitive/exemplary damages, attorneys' fees and other costs.

**OTHER ISSUES CONSIDERED & DECIDED**

Respondents, Pamela B. Reznick, Bruce A. Reznick and Raymond J. Miller, did not file with the NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, appeared and testified at the hearing are bound by the determination of the arbitration panel on all issues submitted.

On or about September 8, 2005, the Panel granted Respondents' Motion to Consolidate cases 05-00508 and 05-00510.

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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with NASD Dispute Resolution ("NASD").

**AWARD**

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondents, Pamela B. Reznick and Bruce A. Reznick, are jointly and severally liable for and shall pay to Claimant, Citigroup Global Markets, Inc., the sum of \$291,143.00 in compensatory damages;

- 2.) Respondents, Pamela B. Reznick and Bruce A. Reznick, are jointly and severally liable for and shall pay to Claimant, Citigroup Global Markets, Inc., interest at the rate of 10% per annum on the above-stated sum from and including October 1, 2004 through and including when the loan is paid in full;
- 3.) Respondents, Pamela B. Reznick and Bruce A. Reznick, are jointly and severally liable for and shall pay to Claimant, Citigroup Global Markets, Inc., the sum of \$50,430.49 in attorneys' fees;
- 4.) Respondents, Pamela B. Reznick and Bruce A. Reznick, are jointly and severally liable for and shall pay to Claimant, Citigroup Global Markets, Inc., the sum \$5,149.80 in costs;
- 5.) Claimant, Citigroup Global Markets, Inc., is authorized to withhold securities or other assets in Smith Barney Global Markets account # 71D-80153-1-1-488 until the amounts due under this Award are satisfied in full;
- 6.) Claimant, Citigroup Global Markets, Inc., is jointly and severally liable for and shall pay to Respondents, Pamela B. Reznick and Bruce A. Reznick, \$24,000.00 in compensatory damages;
- 7.) Claimant, Citigroup Global Markets, Inc., is liable for and shall pay to Respondents, Pamela B. Reznick and Bruce A. Reznick, the sum of \$30,000.00 in attorneys' fees;
- 8.) Claimant, Citigroup Global Markets, Inc., is liable for and shall pay to Respondents, Pamela B. Reznick and Bruce A. Reznick, the sum of \$6,050.00 in costs;
- 9.) Third Party Claims against Raymond J. Miller are denied and dismissed with prejudice; and
- 10.) Any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

#### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD Dispute Resolution will retain the non-refundable filing fees for each claim:

Initial claim filing fee (05-00508)	= \$ 1,000.00
Initial claim filing fee (05-00510)	= \$ 1,000.00
Counterclaim /Third Party Claim filing fee (05-00508)	= \$ 250.00
Counterclaim /Third Party Claim filing fee (05-00510)	= \$ 250.00

### **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, the member firm is Citigroup Global Markets, Inc.

#### **05-00508:**

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

#### **05-00510:**

Member surcharge	= \$ 1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

### **Adjournment Fees**

#### **05-00508:**

Adjournments granted during these proceedings:

January 10-12, 2006, adjournment requested by Citigroup (fee waived by the Panel)	= \$ 1,125.00
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### **Forum Fees and Assessments**

#### **05-00508:**

The Arbitration 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. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$ 1,125.00
Pre-hearing conference: June 20, 2005	1 session

Six (6) Hearing sessions x \$1,125.00		= \$ 6,750.00
Hearing Dates:	February 28, 2006	2 sessions
	March 1, 2006	2 sessions
	March 2, 2006	2 sessions
Total Forum Fees		= \$ 7,875.00

The Arbitration Panel has assessed \$3,937.50 of the forum fees to Citigroup Global Markets, Inc.

The Arbitration Panel has assessed \$562.50 of the forum fees to Pamela B. Reznick.

The Arbitration Panel has assessed \$3,375.00 of the forum fees jointly and severally to Pamela B. Reznick and Bruce A. Reznick.

**05-00510:**

The Arbitration 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. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,125.00		= \$ 1,125.00
Pre-hearing conference:	July 8, 2005	1 session
Total Forum Fees		= \$ 1,125.00

The Arbitration Panel has assessed \$562.50 of the forum fees to Citigroup Global Markets, Inc.

The Arbitration Panel has assessed \$562.50 of the forum fees to Bruce A. Reznick.

**Fee Summary**

**05-00508:**

Claimant, Citigroup Global Markets, Inc., is liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 3,937.50
Total Fees	= \$10,137.50
Less payments	= \$ 8,637.50
Balance Due NASD Dispute Resolution	= \$ 1,500.00

Respondent, Pamela B. Reznick, is liable for:

Counterclaim/Third Party Claim Filing Fee	= \$ 250.00
Forum Fees	= \$ 562.50

Total Fees	= \$ 812.50
<u>Less payments</u>	<u>= \$ 812.50</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, Pamela B. Reznick and Bruce A. Reznick, are jointly and severally liable for:

Forum Fees	= \$ 3,375.00
Total Fees	= \$ 3,375.00
<u>Less payments</u>	<u>= \$ 1,225.00</u>
Balance Due NASD Dispute Resolution	= \$ 2,150.00

**05-00510:**

Claimant, Citigroup Global Markets, Inc., is liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 5,200.00
Forum Fees	= \$ 562.50
Total Fees	= \$ 6,762.50
<u>Less payments</u>	<u>= \$ 6,762.50</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Bruce A. Reznick, is liable for:

Counterclaim/Third Party Claim Filing Fee	= \$ 250.00
Forum Fees	= \$ 562.50
Total Fees	= \$ 812.50
<u>Less payments</u>	<u>= \$ 812.50</u>
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**

Larry J. Sklar - Non-Public Arbitrator, Presiding Chair  
Nathan Levy - Non-Public Arbitrator  
Jeffrey M. Aboloff - Non-Public Arbitrator

**Concurring Arbitrators:**

/s/ Larry J. Sklar  
Larry J. Sklar  
Non-Public Arbitrator, Presiding Chair

April 6, 2006  
Signature Date

/s/ Nathan Levy  
Nathan Levy  
Non-Public Arbitrator

April 6, 2006  
Signature Date

/s/ Jeffrey M. Aboloff  
Jeffrey M. Aboloff  
Non-Public Arbitrator

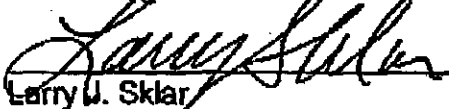
April 6, 2006  
Signature Date

April 6, 2006  
Date of Service (For NASD office use only)

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Larry J. Sklar - Non-Public Arbitrator, Presiding Chair  
Nathan Levy - Non-Public Arbitrator  
Jeffrey M. Aboloff - Non-Public Arbitrator

Concurring Arbitrators:

  
Larry J. Sklar  
Non-Public Arbitrator, Presiding Chair

4/6/06  
Signature Date

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Nathan Levy  
Non-Public Arbitrator

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Signature Date

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Jeffrey M. Aboloff  
Non-Public Arbitrator

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Jeffrey M. Aboloff - Non-Public Arbitrator

**Concurring Arbitrators:**

Larry J. Sklar  
Non-Public Arbitrator, Presiding Chair

  
Nathan Levy  
Non-Public Arbitrator

Signature Date

04-06-06

Signature Date

Jeffrey M. Aboloff  
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Nathan Levy - Non-Public Arbitrator  
Jeffrey M. Aboloff - Non-Public Arbitrator

**Concurring Arbitrators:**

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Non-Public Arbitrator, Presiding Chair

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