

Stipulated Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

James Balta, Julia Balta and Marjorie Balta (Claimants) vs. Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and John F. Sorensen (Respondents)

Case Number: 05-05026

Hearing Site: Buffalo, New York

Nature of the Dispute: Customers vs. Member and Associated Person

REPRESENTATION OF PARTIES

Claimants James Balta, Julia Balta and Marjorie Balta hereinafter collectively referred to as "Claimants": K. Wade Eaton, Esq., Chamerlain D'Amanda Oppenheimer & Greenfield LLP, Rochester, NY.

Respondents Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and John F. Sorensen ("Sorensen") hereinafter collectively referred to as "Respondents": Stephen S. Berkeley, Esq. and Edward A. Walton, Esq., Neal, Gerber & Eisenberg LLP, Chicago, IL.

CASE INFORMATION

Statement of Claim filed on or about: September 23, 2005.
Amended Statement of Claim filed on or about: September 30, 2005.
Second Amended Statement of Claim filed on or about: October 5, 2006.
James Balta signed the Uniform Submission Agreement: July 14, 2005.
Julia Balta signed the Uniform Submission Agreement: July 14, 2005.
Marjorie Balta signed the Uniform Submission Agreement: July 14, 2005.

Joint Statement of Answer filed by Respondents on or about: January 1, 2006.
Joint Statement of Answer to Second Amended Statement of Claim filed by Respondents on or about: October 16, 2006.
Citigroup signed the Uniform Submission Agreement: January 24, 2006.
Sorensen signed the Uniform Submission Agreement: January 19, 2006.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract, breach of fiduciary duty, and failure to supervise. The causes of action relate to unspecified equities.

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

RELIEF REQUESTED

In their Statement of Claim, Claimants requested compensatory damages in the amount of \$500,000.00 plus interest at the rate of 9% per annum, attorneys' fees, and costs.

In their Amended Statement of Claim, Claimants requested compensatory damages in the amount of \$554,000.00 plus interest at the rate of 9% per annum, attorneys' fees, and costs.

In their Second Amended Statement of Claim, Claimants requested compensatory damages in an amount in excess of \$550,000.00 plus interest at the rate of 9% per annum, attorneys' fees, and costs.

In their Joint Statement of Answers, Respondents requested dismissal of the Statements of Claim in their entirety, attorneys' fees, and costs.

OTHER ISSUES CONSIDERED AND DECIDED

In their Answer to the Second Amended Statement of Claim, Respondents' requested expungement of this matter from Sorensen's CRD record.

During the October 31, 2006 hearing Claimants informed NASD Dispute Resolution and the Panel that Claimants withdrew all claims against Respondent Sorensen and that Claimants and Respondent Citigroup settled this matter.

During the October 31, 2006 hearing, the Panel considered whether Respondent Sorensen was a party to the contract alleged in the Second Amended Statement of Claim and whether he participated in the transactions involved. The evidence considered was the testimony of Respondent Sorensen and a copy of the contract.

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

The parties entered into an agreement to present to the Panel a Stipulated Award. Now, upon motion of both parties for an entry of an award, the written stipulation thereto, the Panel grants the motion and enters this award granting the following relief:

1. Any and all claims asserted in this matter have been withdrawn by Claimants as a result of a settlement agreement reached by the parties, and are hereby dismissed with prejudice.

2. The Panel finds that Claimants' claims as to Respondent Sorensen were factually impossible and clearly erroneous as Respondent Sorensen was not a party to the contract and did not participate in the transactions alleged.
3. The Panel finds that the registered representative Respondent Sorensen was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.
4. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Sorensen's registration records maintained by the Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 04-16, Respondent Sorensen must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Unless specifically waived in writing by the NASD, parties seeking judicial confirmation of an arbitration award containing expungement relief must name NASD as an additional party and serve NASD with all appropriate documents.

Pursuant to Rule 2130 of the NASD Code of Arbitration Procedure, the arbitration panel has made the following affirmative findings of fact:

The registered person was not involved in the alleged investment-related sales practice violation, forgery, theft, misappropriation, or conversion of funds.

5. Respondent Citigroup shall bear all outstanding fees due to NASD Dispute Resolution on the date of this Award.
6. 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 | = \$ 375.00 |
|--------------------------|-------------|

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 person at the time of the events giving rise to the dispute. Accordingly, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. is a party.

| | |
|-------------------------|---------------|
| Member surcharge | = \$ 2,250.00 |
| Pre-hearing process fee | = \$ 750.00 |

Hearing process fee = \$ 4,000.00

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. Fees associated with these proceedings are:

One (1) Pre-hearing session with single arbitrator @ \$450.00 = \$ 450.00
Pre-hearing session: September 8, 2006 1 session

Three (3) Pre-hearing sessions with Panel @ \$1,200.00 = \$ 3,600.00
Pre-hearing conferences: February 8, 2006 1 session
August 8, 2006 1 session
September 8, 2006 1 session

One (1) Hearing session with Panel @ \$1,200.00 = \$ 1,200.00
Hearing Date: October 31, 2006

Total Forum Fees = \$ 5,250.00

In accordance with the parties' settlement agreement, \$5,250.00 of the forum fees is assessed to Respondent Citigroup.

Fee Summary

1. Claimants are jointly and severally liable for:

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|-----------------------------|---------------|
| <u>Initial Filing Fee</u> | = \$ 375.00 |
| <u>Total Fees</u> | = \$ 375.00 |
| <u>Less payments</u> | = \$ 2,125.00 |
| <u>Refund Due Claimants</u> | = \$ 1,750.00 |

2. Respondent Citigroup is solely liable for:

| | |
|--|---------------|
| <u>Member Fees</u> | = \$ 7,000.00 |
| <u>Forum Fees</u> | = \$ 5,250.00 |
| <u>Total Fees</u> | = \$12,250.00 |
| <u>Less Payments</u> | = \$ 7,000.00 |
| <u>Balance Due NASD Dispute Resolution</u> | = \$ 5,250.00 |

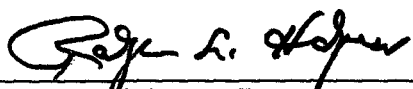
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

| | | |
|------------------------|---|--|
| Ralph L. Halpern, Esq. | - | Public Arbitrator, Presiding Chairperson |
| Werner Schenk | - | Public Arbitrator |
| Alan Kenneth Scheff | - | 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.



Ralph L. Halpern, Esq.
Public Arbitrator, Presiding Chairperson

11-15-06

Signature Date

Werner Schenk
Public Arbitrator

Signature Date

Alan Kenneth Scheff
Non-Public Arbitrator

Signature Date

November 21, 2006

Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL

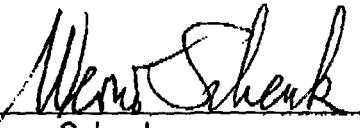
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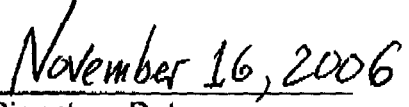
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Public Arbitrator, Presiding Chairperson

Signature Date



Werner Schenk
Public Arbitrator



Signature Date

Alan Kenneth Scheff
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