

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Gemini Systems Corporation N.V.

Case Number: 05-05237

Names of the Respondents
Citigroup Global Markets, Inc.
Maura G. McGourty-Poiesz
Kenneth H. Malloy
Michael Marchassalla

Hearing Site: Boca Raton, Florida

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

REPRESENTATION OF PARTIES

For Gemini Systems Corporation N.V., hereinafter referred to as "Claimant": Sam Schwartz, Esq., Eiseman Levine Lehrhaupt & Kakoyiannis, New York, New York and Geoffrey H. Lewis, Esq., Geoffrey H. Lewis, P.C., New York, New York.

For Citigroup Global Markets, Inc. ("Citigroup"), Maura G. McGourty-Poiesz ("McGourty-Poiesz"), Kenneth H. Malloy ("Malloy") and Michael Marchassalla ("Marchassalla"), hereinafter collectively referred to as "Respondents": Brian F. Amery, Esq. and David G. Smitham, Esq., Bressler, Amery & Ross, P.C., New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: October 6, 2005.

Claimant signed the Uniform Submission Agreement: December 30, 2005.

Statement of Answer filed by Respondents Citigroup, McGourty-Poiesz and Malloy on or about: January 6, 2006.

Respondent Citigroup signed the Uniform Submission Agreement: November 16, 2005.

Respondents McGourty-Poiesz and Malloy signed the Uniform Submission Agreements: January 18, 2006.

Motion to Amend Statement of Claim filed by Claimant on or about: June 2, 2006.

Opposition to Motion to Amend Statement of Claim filed by Respondents Citigroup, McGourty-Poiesz and Malloy on or about: June 21, 2006.

Amended Statement of Claim filed by Claimant on or about: July 12, 2006.

Respondents did not file a response to the Amended Statement of Claim.

Respondent Marchassalla signed the Uniform Submission Agreement: September 20, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: (1) breach of contractual duty of fair dealing; (2) breach of fiduciary duty; (3) common law fraud; (4) excessive trading, constituting churning; (5) failure to supervise; (6) unauthorized and excessive trading on

margin; (7) improper discretionary trading; and, (8) violations of federal and state securities laws, as well as violations of applicable NASD and NYSE rules. The causes of action relate to the purchase in Claimant's account of various securities, including, but not limited to, Agilent Technologies, Inc., Beckman Coulter, Inc., Cendant Corp., Digital Island, Inc., Echostar Commns Corp CL A, Flag Telecom Hldgs, Ltd., Gateway, Inc., Genuity Inc, CL A; Ilex Oncology, Inc., and Juniper Networks, Inc.

Unless specifically admitted in their Statement of Answer, Respondents denied the allegations contained in the Statement of Claim, as amended, and asserted various defenses.

RELIEF REQUESTED

Claimant requested: 1) compensatory damages of approximately \$11,000,000.00, together with interest thereon; 2) punitive damages in the amount of \$33,000,000.00, representing three times the compensatory damages requested; 3) costs, expenses and disbursements, including reasonable attorneys' fees; and, 4) such other relief as the Panel deems just and proper.

Respondents requested: 1) a dismissal of the Statement of Claim, as amended; 2) an Order expunging this claim from Respondents Malloy and McGourty-Poiesz's permanent registration records maintained by NASD Central Registration Depository ("CRD"); and, (3) costs and other further relief as the Panel deems just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

On or about July 5, 2006, the Panel issued an Order which granted Claimant's Motion to Amend its Statement of Claim to name Michael Marchassalla as a Respondent in this matter.

During the evidentiary hearing on or about September 25, 2006, Respondents moved to adopt the Statement of Answer previously filed in this matter as their response to the Amended Statement of Claim, to which Claimant did not object. The Panel granted Respondents' request. Further, Respondent Marchassalla asserted an ore tenus motion for expungement of this claim from his NASD CRD records, to which Claimant objected.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

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:

Respondents Citigroup and Malloy are jointly and severally liable on the claim for unauthorized trading and shall pay to Claimant \$750,000.00 in compensatory damages,

inclusive of pre-judgment interest.

The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondents Maura McGourty-Poiesz and Michael Marchassalla's registration records maintained by the CRD, with the understanding that pursuant to NASD Notice to Members 04-16, Respondents Maura McGourty-Poiesz and Michael Marchassalla must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

Pursuant to Rule 2130, the Panel has made the following affirmative finding of fact: the registered persons were not involved in the alleged investment-related sales practice, violation, forgery, theft, misappropriation, or conversion of funds.

Unless NASD specifically waives this requirement in writing, 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.

The Panel denied Respondent Malloy's request for expungement of all reference to the above captioned arbitration from Respondent Malloy's permanent registration records maintained by NASD CRD.

Any and all claims for relief not specifically addressed herein, including Claimant's request for attorneys' fees and punitive damages, are denied.

FEES

Pursuant to NASD Code of Arbitration Procedure (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	= \$ 600.00
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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. In this matter, the member firm Citigroup Global Markets, Inc. is a party.

Member surcharge	= \$ 3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,500.00
<u>Total Member Fees</u>	<u>= \$10,000.00</u>

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No three-day cancellation fees were incurred in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. 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:

Four (4) pre-hearing sessions with a single arbitrator @ \$450.00/session =\$ 1,800.00

Pre-hearing conferences:	March 24, 2006	1 session
	April 13, 2006	1 session
	June 9, 2006	1 session
	August 23, 2006	1 session

One (1) Pre-hearing session with the Panel @ \$1,200.00/ session =\$ 1,200.00

Pre-hearing conference:	March 1, 2006	1 session
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Eighteen (18) Hearing sessions @ \$1,200.00/ session = \$21,600.00

Hearing Dates:	September 25, 2006	2 sessions
	September 26, 2006	2 sessions
	September 27, 2006	2 sessions
	September 28, 2006	2 sessions
	September 29, 2006	2 sessions
	October 19, 2006	2 sessions
	October 20, 2006	2 sessions
	October 23, 2006	2 sessions

October 26, 2006

2 sessions

Total Forum Fees	= \$24,600.00
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The Panel has assessed \$12,300.00 of the forum fees to Claimant.

The Panel has assessed \$12,300.00 of the forum fees to Respondent Citigroup.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to: additional copies of arbitrator awards; copies of audio transcripts; retrieval of documents from archives; interpreters; and, security.

There were no administrative costs incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$ 12,300.00
Total Fees	= \$ 12,900.00
Less payments	= \$ 1,800.00
Balance Due NASD Dispute Resolution	= \$ 11,100.00

Respondent Citigroup is solely liable for:

Member Fees	= \$ 10,000.00
Forum Fees	= \$ 12,300.00
Total Fees	= \$ 22,300.00
Less payments	= \$ 10,750.00
Balance Due NASD Dispute Resolution	= \$ 11,550.00

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

ARBITRATION PANEL

James W. Geiger, Esq.	-	Public Arbitrator, Presiding Chairperson
Warren Levine	-	Public Arbitrator
Ronald J. Kovack, CFP	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/

11/03/06

James W. Geiger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

/s/

11/04/06

Warren Levine
Public Arbitrator

Signature Date

/s/

11/06/06

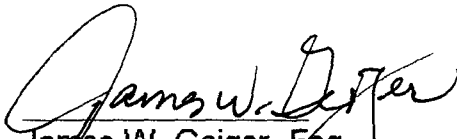
Ronald J. Kovack, CFP
Non-Public Arbitrator

Signature Date

November 6, 2006

Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures


James W. Geiger, Esq.
Public Arbitrator, Presiding Chairperson

Nov. 3 2006
Signature Date

Warren Levine
Public Arbitrator

Signature Date

Ronald J. Kovack, CFP
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

James W. Geiger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date


Warren Levine
Public Arbitrator

11/4/00
Signature Date

Ronald J. Kovack, CFP
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution office use only)

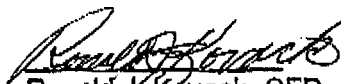
Concurring Arbitrators' Signatures


James W. Geiger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Warren Levine
Public Arbitrator

Signature Date


Ronald J. Kovack, CFP
Non-Public Arbitrator


Signature Date

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