

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

James D. Stoker, II

vs.

Case Number: 05-05334
Hearing Site: Houston, Texas

Name of Respondent

Citigroup Global Markets, Inc. d/b/a/Smith Barney

NATURE OF THE DISPUTE

Associated Person vs. Member

REPRESENTATION OF PARTIES

James D. Stoker, II ("Claimant") was represented by Michelle Alcala, Esq. and Peter D. Kennedy, Esq., Graves Dougherty Heaton & Moody, Austin, Texas.

Citigroup Global Markets, Inc. ("Respondent" or "Citigroup") was represented by Felicity A. Fowler, Esq., Haynes and Boone, LLP, Houston, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about October 17, 2005. The Submission Agreement of Claimant, James D. Stoker, II, was signed on or about October 14, 2005. On or about September 21, 2006, Claimant filed a Motion for Leave to File First Amended Statement of Claim. On or about October 18, 2006, Claimant filed his Response to Respondent's Motion to Dismiss. On or about October 10, 2006, Claimant filed a Reply in Support of the Motion for Leave to File First Amended Statement of Claim.

The Statement of Answer was filed by Respondent, Citigroup Global Markets, Inc., on or about January 20, 2006. The Submission Agreement of Respondent, Citigroup Global Markets, Inc., was signed on or about December 19, 2005. On or about July 25, 2006, Respondent filed a Motion to Dismiss. On or about October 9, 2006, Respondent filed its Response to Claimant's Motion for Leave to File First Amended Statement of Claim. On or about October 30, 2006, Respondent filed an Amended Answer.

CASE SUMMARY

Claimant asserted the following cause of action: breach of contract. The cause of action related to a failure to pay earned income and a failure to return deferred compensation. Claimant alleged that during his employment with Smith Barney as a Senior Institutional Consultant, he was to be compensated by Respondent based on an agreed portion of the payments Smith Barney received from the clients that Claimant provided consulting services. Claimant alleged that prior to his voluntary resignation, he had provided consulting services to a number of Smith Barney clients, for which he was entitled to receive compensation. In addition, Claimant alleged that while employed at Smith Barney, he deferred a certain portion of income that Smith Barney would have paid him as regular W-2 income for his work performed to participate in an unfunded stock plan. Claimant asserted that he resigned before he qualified to use his deferred income to purchase stock in the stock plan. Claimant alleged that Respondent failed to pay him for the income deferred, thereby breaching the agreement to compensate Claimant.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant failed to state any claim in his Statement of Claim on which the Panel can grant relief; Claimant's claims are barred, in whole or in part, by consent, waiver, estoppel, ratification, and unjust enrichment; Claimant's claims are barred a statute of limitations or laches; Claimant's claims are barred to the extent there is a failure of consideration in any agreement or contract he alleged; Claimant cannot recover against Respondent to the extent any contingency of any policy or agreement does not allow for recovery; and Claimant failed to mitigate his alleged damages.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$ 346,841.91
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondent requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On or about October 24, 2006, the Panel issued an Order denying Respondent's Motion to Dismiss. The Panel allowed Respondent to file an Amended Answer by October 27, 2006. Respondent's Request to File an Amended Motion to Dismiss was denied.

At the final hearing, Claimant's counsel presented to the Panel amended relief requested in the amount of \$607,601.83, which included actual and punitive damages, interest, attorneys' fees, and costs.

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 the evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, Citigroup Global Markets, Inc., is liable for and shall pay to Claimant, James D. Stoker, II, the sum of \$59,080.50 in compensatory damages;
- 2.) Respondent, Citigroup Global Markets, Inc., is liable for and shall pay to Claimant, James D. Stoker, II, the sum of \$31,451.00 in attorneys' fees pursuant to Texas statute;
- 3.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 4.) 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 fee for each claim:

Initial Claim filing fee = \$ 300.00

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. In this matter, the member firm is Citigroup Global Markets, Inc.

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

Adjournment Fees

Adjournments granted during these proceedings:

August 22-25, 2006, adjournment requested jointly by the parties = \$ 1,125.00
(Fee waived by NASD – Mediation)

October 31-November 3, 2006, adjournment requested by Respondent = \$ 1,125.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing 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:

Two (2) Pre-hearing sessions with a single arbitrator x \$450.00	= \$	900.00
Pre-hearing conferences: November 21, 2006	1 session	
December 11, 2006	1 session	

Two (2) Pre-hearing sessions with Panel x \$1,125.00	= \$	2,250.00
Pre-hearing conferences: March 27, 2006	1 session	
October 24, 2006	1 session	

Seven (7) Hearing sessions x \$1,125.00	= \$	7,875.00
Hearing Dates: December 12, 2006	2 sessions	
December 13, 2006	3 sessions	
December 14, 2006	2 sessions	

Total Forum Fees	= \$	11,025.00
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The Panel has assessed \$3,675.00 of the forum fees to James D. Stoker, II.

The Panel has assessed \$7,350.00 of the forum fees to Citigroup Global Markets, Inc.

FEE SUMMARY

Claimant, James D. Stoker, II, is liable for:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 3,675.00
Total Fees	= \$ 3,975.00
Less payments	= \$ 1,675.00
Balance Due NASD Dispute Resolution	= \$ 2,300.00

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

Member Fees	= \$ 5,200.00
Adjournment Fee	= \$ 1,125.00
Forum Fees	= \$ 7,350.00
Total Fees	= \$ 13,675.00
Less payments	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 8,475.00

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

ARBITRATION PANEL

Stephen T. Johnson, Esq. – Non-Public Arbitrator, Presiding Chair
Marjorie C. Johnson – Non-Public Arbitrator
Carlton A. Butler – Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Stephen T. Johnson, Esq.
Stephen T. Johnson, Esq.
Non-Public Arbitrator, Presiding Chair

December 20, 2006
Signature Date

/s/ Marjorie C. Johnson
Marjorie C. Johnson
Non-Public Arbitrator

December 20, 2006
Signature Date

/s/ Carlton A. Butler
Carlton A. Butler
Non-Public Arbitrator

December 20, 2006
Signature Date

December 20, 2006
Date of Service (For NASD office use only)

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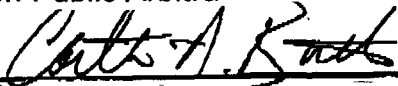
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Stephen T. Johnson, Esq.
Non-Public Arbitrator, Presiding Chair

Signature Date

Marjorie C. Johnson
Non-Public Arbitrator

Signature Date



Carlton A. Butler
Non-Public Arbitrator

12-20-06
Signature Date

Date of Service (For NASD office use only)