

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Douglas McMahan

vs.

Case Number: 05-06174
Hearing Site: Dallas, Texas

Name of Respondent

Citigroup Global Markets, Inc.

NATURE OF THE DISPUTE

Customer vs. Member

REPRESENTATION OF PARTIES

Douglas McMahan ("Claimant") was represented by Tricia L. Legittino, Esq., Simmons Cooper, LLC, East Alton, Illinois.

Citigroup Global Markets, Inc. ("Respondent") was represented by Raul Sanchez, Esq., Citigroup Global Markets, Inc., New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about December 5, 2005. The Submission Agreement of Claimant was signed on or about November 26, 2005.

The Statement of Answer was filed by Respondent on or about January 26, 2006. The Submission Agreement of Respondent was signed on or about January 25, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; breach of contract; violations of the Securities Exchange Act; violation of the Texas Securities Act; violation of the Texas Deceptive Practices – Consumer Protection Act; and negligence. The causes of action related to the recommendation and purchase of various unspecified technology stocks. As alleged in the Claim, the Claimant's account was heavily concentrated in technology stocks and lacked fixed income securities essential to people nearing retirement. It was further alleged that as a result of the account being poorly diversified, laden with charges and slow growth equities, the value of the account fell

considerably.

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 cause of action upon which relief can be granted; Claimant's claims are barred by the principles of laches, waiver, estoppel, and ratification; Respondent's actions were required by, authorized by or consistent with applicable laws, statutes, regulations, procedures, standards, and guidelines; Claimant's claims, in whole or in part, were time-barred; the damages claimed by Claimant were not proximately related to any conduct or activity attributable to Respondent, but resulted from market forces and other causes over which Respondent had no control; Claimant failed to mitigate his damages; the damages claimed are barred or limited because Claimant was contributorily negligent and assumed the risks involved; Respondent at all times acted reasonably and prudently under the circumstances; Respondent at all times acted in good faith and without any intent to harm Claimant; to the extent representations were made regarding investments, they were merely expressions of opinion, not material facts; the damages claimed are barred or limited by the applicable provisions, restrictions, and limitations in the account agreements and documents; the damages claimed are barred or limited to the extent the damages were caused by Claimant's own conduct, or by Claimant's failure to act timely and/or reasonably; the damages claimed are barred or limited to the extent they are duplicative or are not legally related to the alleged causes of action; Claimant did not suffer any legally recognizable injury or damages; Claimant is not entitled to an award of punitive, statutory, or exemplary damages; Claimant is not entitled to an award of post-judgment or pre-judgment interest, rescission, or lost opportunity damages; and Claimant is not entitled to an award of attorneys' fees, costs, or expenses.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$195,108.11
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

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.) Claimant's claims, each and all, are hereby denied and dismissed with prejudice;
- 2.) Respondent, Citigroup Global Markets, Inc., shall pay to Claimant, Douglas McMahan, the sum of \$300.00 as reimbursement of the non-refundable claim filing fee;
- 3.) Other than the above reimbursement and the 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 and attorneys' fees, 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
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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 is Citigroup Global Markets, Inc.

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

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:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$	1,125.00
Pre-hearing conference: April 4, 2006	1 session	
Eight (8) Hearing sessions x \$1,125.00	= \$	9,000.00
Hearing Dates:	January 23, 2007	3 sessions
	January 24, 2007	3 sessions
	January 25, 2007	2 sessions
Total Forum Fees	= \$	10,125.00

The Panel has assessed \$10,125.00 of the forum fees to Citigroup Global Markets, Inc.

FEE SUMMARY

Claimant, Douglas McMahan, is liable for:

Initial Filing Fee	= \$	300.00
Total Fees	= \$	300.00
Less payments	= \$	1,575.00
Refund Due Claimant	= \$	1,275.00

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

Member Fees	= \$	5,200.00
Forum Fees	= \$	10,125.00
Total Fees	= \$	15,325.00
Less payments	= \$	5,200.00
Balance Due NASD Dispute Resolution	= \$	10,125.00

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

ARBITRATION PANEL

Ted Martin Akin, J.D. - Public Arbitrator, Presiding Chair
James Douglas Haigh - Public Arbitrator
Peter J. Conlon, Jr. - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Ted Martin Akin, J.D.
Public Arbitrator, Presiding Chair

Signature Date

James Douglas Haigh
Public Arbitrator

Signature Date

Peter J. Conlon, Jr.
Non-Public Arbitrator

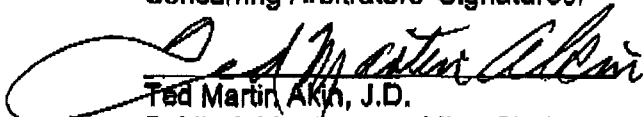
Signature Date

Date of Service (For NASD office use only)

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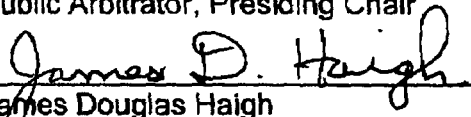
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