

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant/Counter-Respondent

Citigroup Global Markets, Inc.

vs.

Case Number: 05-06527
Hearing Site: Troy, Michigan

Name of Respondent/Counter-Claimant

Steven Mosshart

NATURE OF THE DISPUTE

Member vs. Associated Person

REPRESENTATION OF PARTIES

Citigroup Global Markets, Inc. ("Claimant") was represented by Todd A. Holleman, Esq., Miller, Canfield, Paddock and Stone, P.L.C., Detroit, Michigan.

Steven Mosshart ("Respondent") was represented by Edward J. Bardelli, Esq., Warner Norcross & Judd LLP, Grand Rapids, Michigan.

CASE INFORMATION

The Statement of Claim was filed on or about December 22, 2005. The Submission Agreement of Claimant was signed on or about December 20, 2005.

The Statement of Answer and Counterclaim was filed by Respondent on or about February 24, 2006. The Submission Agreement of Respondent was signed on or about February 22, 2006.

The Reply to the Counterclaim was filed by Claimant on or about March 23, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: failure to repay funds due under a promissory note and failure to reimburse for withholding taxes and deductions of the sums forgiven pursuant to a promissory note. The causes of action related to Claimant's allegations that Respondent failed to repay monies due under the terms of a promissory note entered into with Claimant.

Unless specifically admitted in his Answer, Respondent denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant has failed to state a claim upon which relief may be granted; Claimant's claims are barred because Claimant was the first breaching party; and Claimant's claims may be barred by applicable statutes of limitations.

Respondent asserted the following causes of action in his Counterclaim: breach of contract; promissory estoppel; breach of just cause employment contract; tortious interference with a business relationship; defamation; and violation of the Bullard-Plawecki Employment Right to Know Act. Respondent alleged that Claimant did not fulfill its promises to Respondent including support for his business model.

Unless specifically admitted in its Reply to Counterclaim, Claimant denied the allegations made in the Counterclaim.

RELIEF REQUESTED

Claimant requested an award in the amount of:

| | |
|-----------------------------|---------------|
| Actual/Compensatory Damages | \$ 367,249.50 |
| Interest | Unspecified |
| Attorneys' Fees | Unspecified |
| Other Costs | Unspecified |
| Other Monetary Relief | Unspecified |

Respondent requested that the claims asserted against him be dismissed in their entirety and that he be awarded his costs and attorneys' fees.

In the Counterclaim, Respondent requested an award in the amount of:

| | |
|-----------------------------|-------------|
| Actual/Compensatory Damages | Unspecified |
| Interest | Unspecified |
| Attorneys' Fees | Unspecified |
| Other Costs | Unspecified |
| Other Monetary Relief | Unspecified |

In the Reply to Counterclaim, Claimant requested that the Counterclaim be dismissed.

OTHER ISSUES CONSIDERED & DECIDED

The parties confirmed acceptance of the Panel's composition at the hearing.

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, Steven Mosshart, is liable for and shall pay to Claimant, Citigroup Global Markets, Inc., the sum of \$312,186.66 in damages;
 - a.) The above-stated sum has been netted out and consists of the following findings:
 - 1.) Respondent, Steven Mosshart, is liable for and shall pay to Claimant, Citigroup Global Markets, Inc., the sum of \$322,100.11 in contract damages;
 - 2.) Respondent, Steven Mosshart, is liable for and shall pay to Claimant, Citigroup Global Markets, Inc., interest of \$48,638.62 pursuant to the terms of the promissory note;
 - 3.) Respondent, Steven Mosshart, is liable for and shall pay to Claimant, Citigroup Global Markets, Inc., the sum of \$48,000.00 in attorneys' fees pursuant to the terms of the promissory note;
 - 4.) Claimant, Citigroup Global Markets, Inc., is liable for and shall pay to Respondent, Stephen Mosshart, the sum of \$65,000.00 in damages;
 - 5.) Claimant, Citigroup Global Markets, Inc., is liable for and shall pay to Respondent, Stephen Mosshart, the sum of \$26,562.07 in damages for the frozen account;
 - 6.) Claimant, Citigroup Global Markets, Inc., is liable for and shall pay to Respondent, Stephen Mosshart, the sum of \$15,000.00 in damages for the referral fee;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) Any relief not specifically enumerated, 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 | = \$ 1,000.00 |
| Counterclaim filing fee | = \$ 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 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:

| | |
|--|-------------|
| Two (2) Decisions on discovery-related motions on the papers with one (1) arbitrator @ \$200.00 | = \$ 400.00 |
|--|-------------|

Claimant submitted one (1) discovery-related motion
Respondent submitted one (1) discovery-related motion

| | |
|---|---------------|
| One (1) Pre-hearing session with Panel x \$1,125.00 | = \$ 1,125.00 |
| Pre-hearing conference: May 3, 2006 | 1 session |

| | |
|---------------------------------------|---------------|
| Six (6) Hearing sessions x \$1,125.00 | = \$ 6,750.00 |
|---------------------------------------|---------------|

| | | |
|----------------|-------------------|------------|
| Hearing Dates: | November 27, 2006 | 2 sessions |
| | November 28, 2006 | 2 sessions |
| | November 29, 2006 | 2 sessions |

| | |
|------------------|---------------|
| Total Forum Fees | = \$ 8,275.00 |
|------------------|---------------|

The Panel has assessed \$4,137.50 of the forum fees to Citigroup Global Markets, Inc.

The Panel has assessed \$4,137.50 of the forum fees to Steven Mosshart.

FEE SUMMARY

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

| | |
|-------------------------------------|-----------------------|
| Initial Filing Fee | = \$ 1,000.00 |
| Member Fees | = \$ 5,200.00 |
| Forum Fees | = \$ 4,137.50 |
| <u>Total Fees</u> | <u>= \$ 10,337.50</u> |
| <u>Less payments</u> | <u>= \$ 7,325.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 3,012.50 |

Respondent, Steven Mosshart, is liable for:

| | |
|-------------------------------------|----------------------|
| Counterclaim Filing Fee | = \$ 250.00 |
| Forum Fees | = \$ 4,137.50 |
| <u>Total Fees</u> | <u>= \$ 4,387.50</u> |
| <u>Less payments</u> | <u>= \$ 1,250.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 3,137.50 |

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

ARBITRATION PANEL

Donald L. Richardson - Non-Public Arbitrator, Presiding Chair
George E. White - Non-Public Arbitrator
William C. Kubicz - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Donald L. Richardson
Donald L. Richardson
Non-Public Arbitrator, Presiding Chair

Signature Date

/s/ George E. White
George E. White
Non-Public Arbitrator

12/06/06
Signature Date

/s/ William C. Kubicz
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Non-Public Arbitrator

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Signature Date

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Date of Service (For NASD office use only)

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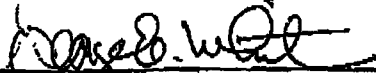
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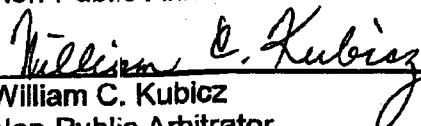
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