

**Award  
NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Citigroup Global Markets Inc., Claimant v. Jon A. Strine, Respondent

Jon A. Strine, Counter-Claimant v. Citigroup Global Markets Inc., Counter-Respondent

Case Number: 06-00468

Hearing Site: Seattle, Washington

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Nature of the Dispute: Member v. Associated Person

Nature of the Dispute: Associated Person v. Member

**REPRESENTATION OF PARTIES**

For Claimant/Counter-Respondent:

Eric D. Lansverk, Esq.  
Steven T. Masada, Jr.,  
Esq.  
Hillis Clark Martin &  
Peterson  
Seattle, Washington

For Respondent/Counter-Claimant:

Susan W. Troppmann,  
Esq.  
Etter McMahon  
Lamberson & Clary  
Spokane, Washington

**CASE INFORMATION**

Statement of Claim filed: January 30, 2006

Claimant/Counter-Respondent Citigroup Global Markets Inc.'s (hereinafter "Citigroup")  
Uniform Submission Agreement signed: January 5, 2006

Statement of Answer and Counterclaim filed by Respondent/Counter-Claimant Jon A.  
Strine: March 15, 2006

Respondent/Counter-Claimant Jon A. Strine's (hereinafter "Strine") Uniform Submission  
Agreement signed: March 16, 2006

[Amended] Answer and Counterclaim filed by Strine: June 16, 2006

Answer to Counterclaim filed by Citigroup: June 26, 2006

## **CASE SUMMARY**

### **Claim**

Citigroup asserted a claim for breach of contract in connection with Strine's alleged non-payment of principal and interest due to Citigroup under a promissory note that had been executed by Strine.

Unless specifically admitted in its Answer, Strine denied the allegations of wrongdoing set forth in Citigroup's Statement of Claim and asserted various affirmative defenses.

### **Counterclaim**

In his Answer and Counterclaim, Strine asserted the following affirmative defenses and counterclaims: lack of consideration, unconscionability, unclean hands, misrepresentation, fraud in the inducement, duress, business compulsion, undue influence, standardized agreement or adhesion contract, violation of public policy, breach of contract, promissory estoppel, and wrongful discharge.

In his Amended Answer and Counterclaim, Strine asserted the following affirmative defenses and counterclaims: lack of consideration, unconscionability, unclean hands, misrepresentation, fraud in the inducement, duress, business compulsion, undue influence, standardized agreement or adhesion contract, estoppel, and set off.

In its Answer to Counterclaim, Citigroup denied the allegations of wrongdoing set forth in Strine's Amended Answer and Counterclaim and asserted various affirmative defenses.

## **RELIEF REQUESTED**

### **Claim**

Citigroup requested \$81,173.72 in compensatory damages, pre-judgment interest at prime rate plus 6%, post-judgment interest at the highest legal rate, and costs, including attorney's fees.

Strine requested dismissal of Claimant's Statement of Claim in its entirety.

### **Counterclaim**

Strine requested unspecified actual damages including lost income, reasonable compensation for services rendered or compensation to the extent that Citigroup has been unjustly enriched, damages for emotional distress and humiliation, treble

damages, pre- and post-judgment interest, and costs, including attorney's fees.

Citigroup requested dismissal of Strine's Counterclaim in its entirety and costs, including attorney's fees.

#### **OTHER ISSUES CONSIDERED AND DECIDED**

On March 27, 2006, Citigroup filed a Motion for More Definite Statement with respect to Strine's Counterclaim. The Panel ordered Strine to file a response to this motion on or before June 16, 2006. On June 16, 2006, Strine filed an [Amended] Answer and Counterclaim in accordance with NASD Code of Arbitration Procedure Rule 10328(c). On June 26, 2006, Citigroup filed an Answer to [Strine's Amended] Counterclaim.

The parties 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, testimony, and evidence presented at the hearing, and the post-hearing submissions from the parties, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Jon A. Strine is liable to and shall pay Citigroup Global Markets Inc. the sum of \$81,173.72 in compensatory damages.
- 2) Jon A. Strine is liable to and shall pay Citigroup Global Markets Inc. the sum of \$14,166.75 in attorney's fees pursuant to the terms of the promissory note that he executed. The attorney's fees awarded represent \$10,115.50 for attorney's fees incurred in pursuit of Citigroup Global Markets Inc.'s claims against Jon A. Strine and \$4,051.25 for attorney's fees incurred for one-half of the time spent pursuing the claim and defending against the counterclaim.
- 3) Jon A. Strine is liable to and shall pay Citigroup Global Markets Inc. the sum of \$4,583.47 in costs pursuant to the terms of the promissory note that he executed. The costs awarded are reimbursements for phone, copying, and courier charges as well as for paralegal services.
- 4) Jon A. Strine is liable to and shall pay Citigroup Global Markets Inc. the sum of \$1,000.00 as a reimbursement of Citigroup Global Markets Inc.'s filing fee.
- 5) With the exception of paragraphs 2-4, the parties shall bear their respective costs, including attorney's fees.
- 6) Jon A. Strine is liable to and shall pay Citigroup Global Markets Inc. interest in the amount of 6% per annum on \$81,173.72 from September 19, 2005 until payment of this Award is made in full. Citigroup Global Markets Inc. is not awarded interest at the prime interest rate because it did not offer any evidence as to what the prime interest rate is.
- 7) Jon A. Strine's counterclaims are denied in their entirety.
- 8) 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 received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 1,000.00
Strine's counterclaim	= \$ 250.00

### **Member Fees**

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Citigroup Global Markets Inc. is a party, and the following fees are assessed:

Member Surcharge	= \$ 1,100.00
Pre-Hearing Process Fee	= \$ 750.00
Hearing Process Fee	= \$ 2,200.00
<b>Total Member Fees</b>	<b>= \$ 4,050.00</b>

### **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 arbitrator(s), including a pre-hearing conference with the arbitrator(s), which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) pre-hearing conference session with the Panel			
@ \$1,000.00/session			= \$1,000.00
Pre-hearing conference:	June 5, 2006	1 session	
Six (6) hearing sessions @ \$1,000.00/session			= \$6,000.00
Hearings:	December 4, 2006	2 sessions	
	December 5, 2006	2 sessions	
	December 6, 2006	2 sessions	
<b>Total Forum Fees</b>			<b>= \$7,000.00</b>

1. The Panel assessed \$3,500.00 of the forum fees to Jon A. Strine.

2. The Panel assessed \$3,500.00 of the forum fees to Citigroup Global Markets Inc.

**Fee Summary**

1. Citigroup Global Markets Inc. is charged with the following fees and costs:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 4,050.00
Forum Fees	= \$ 3,500.00
Total Fees	= \$ 8,550.00
Less payments	= \$(5,800.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 2,750.00</b>

2. Jon A. Strine is charged with the following fees and costs:


Type Filing Fee	= \$ 250.00
Forum Fees	= \$ 3,500.00
Total Fees	= \$ 3,750.00
Less payments	= \$(3,000.00)
<b>Balance Due NASD Dispute Resolution</b>	<b>= \$ 750.00</b>

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

**ARBITRATION PANEL**

<b>Paul D. Hansen</b>	-	<b>Public Arbitrator, Presiding Chair</b>
<b>G.E. Craig Doupe</b>	-	<b>Public Arbitrator</b>
<b>Jan Aalbregtse Slinn</b>	-	<b>Non-Public Arbitrator</b>

**Concurring Arbitrators' Signatures**

  
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Paul D. Hansen  
Chair, Public Arbitrator

DECEMBER 19, 2006  
\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
G.E. Craig Doupe  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Jan Aalbregtse Slinn  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

12/19/06  
\_\_\_\_\_  
Date of Service

**ARBITRATION PANEL**

<b>Paul D. Hansen</b>	-	<b>Public Arbitrator, Presiding Chair</b>
<b>G.E. Craig Doupe</b>	-	<b>Public Arbitrator</b>
<b>Jan Aalbregtse Slinn</b>	-	<b>Non-Public Arbitrator</b>

**Concurring Arbitrators' Signatures**

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Paul D. Hansen  
Chair, Public Arbitrator

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Signature Date

  
G.E. Craig Doupe  
Public Arbitrator

Dec 18, 2006  
Signature Date

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Jan Aalbregtse Slinn  
Non-Public Arbitrator

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Signature Date

12/19/06  
Date of Service

**ARBITRATION PANEL**

<b>Paul D. Hansen</b>	-	<b>Public Arbitrator, Presiding Chair</b>
<b>G.E. Craig Doupe</b>	-	<b>Public Arbitrator</b>
<b>Jan Aalbrektse Slinn</b>	-	<b>Non-Public Arbitrator</b>

**Concurring Arbitrators' Signatures**

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Paul D. Hansen  
Chair, Public Arbitrator

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Signature Date

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G.E. Craig Doupe  
Public Arbitrator

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Signature Date

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Jan Aalbrektse Slinn  
Non-Public Arbitrator

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Dec 19, 2006  
Signature Date

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12/19/06  
Date of Service