

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Alan N. Luedman

vs.

Case Number: 06-01177

Hearing Site: Milwaukee, Wisconsin

Names of Respondents

Citigroup Global Markets, Inc. and
Donald Regner

NATURE OF THE DISPUTE

Customer vs. Member and Associated Person

REPRESENTATION OF PARTIES

Alan N. Luedman ("Claimant") was represented by Michael O. Marquette, Esq., Gerbers Law Offices, S.C., Green Bay, Wisconsin.

Citigroup Global Markets, Inc. ("Citigroup") and Donald Regner ("Regner"), hereinafter collectively referred to as "Respondents," were represented by Sean J. Coughlin, Esq., Citigroup Global Markets, Inc., New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about March 8, 2006. The Submission Agreement of Claimant was signed on or about March 7, 2006.

The Statement of Answer was filed jointly by Respondents on or about May 2, 2006. The Submission Agreement of Citigroup was signed on or about May 1, 2006. The Submission Agreement of Regner was signed on or about May 10, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; violation of Section 10b(5) of the Securities Exchange Act, 15 U.S.C. 77(b) and Rule 10b-5 thereunder; churning; unsuitable investments; common law fraud; constructive fraud; respondeat superior; violation of Section 208 of the Securities Exchange Act, 15 U.S.C. 78t(a); breach of fiduciary duty; unauthorized trading; consumer fraud; violation of the Deceptive Business Practices Act; misrepresentation; state securities laws violations; negligence and negligent

supervision; and violations of NASD and NYSE rules. The causes of action related to Claimant's allegations that Respondents invested virtually all of Claimant's retirement funds in unspecified equities rather than safer investments such as bonds. Claimant asserted that Respondents engaged in unsuitable and unauthorized trading in the handling of Claimant's account.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: Claimant's demand for damages is improper as a matter of law and fact and therefore the Statement of Claim fails to state a claim upon which relief can be granted; Claimant directed and authorized all of the transactions in the accounts and is, therefore, estopped from bringing this action and from obtaining recovery; and Claimant's allegations are barred by the applicable statute of limitations.

RELIEF REQUESTED

Claimant requested an award in the amount of:

| | |
|-----------------------------|-----------------|
| Actual/Compensatory Damages | \$ 1,500,000.00 |
| Exemplary/Punitive Damages | Unspecified |
| Interest | Unspecified |
| Attorneys' Fees | Unspecified |
| Other Costs | Unspecified |
| Other Monetary Relief | Unspecified |

Respondents requested that the claims asserted against them be dismissed in their entirety and that they be awarded their 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.) Respondent, Citigroup Global Markets, Inc. is liable for and shall pay to Claimant, Alan N. Luedman, the sum of \$130,614.00 in compensatory damages;

- 2.) Respondent, Donald Regner, is liable for and shall pay to Claimant, Alan N. Luedman, the sum of \$87,076.00 in compensatory damages;
- 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 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 = \$ 500.00

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 | = \$ 2,800.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$ 5,000.00 |

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 \$1,200.00 | = \$ 1,200.00 |
| Pre-hearing conference: June 16, 2006 | 1 session |
| Four (4) Hearing sessions x \$1,200.00 | = \$ 4,800.00 |
| Hearing Dates: November 29, 2006 | 2 sessions |
| November 30, 2006 | 2 sessions |
| Total Forum Fees | = \$ 6,000.00 |

The Panel has assessed \$3,000.00 of the forum fees to Alan N. Luedman.

The Panel has assessed \$3,000.00 of the forum fees jointly and severally to Citigroup Global Markets, Inc. and Donald Regner.

FEE SUMMARY

Claimant, Alan N. Luedman, is liable for:

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|-------------------------------------|---------------|
| Initial Filing Fee | = \$ 500.00 |
| Forum Fees | = \$ 3,000.00 |
| Total Fees | = \$ 3,500.00 |
| Less payments | = \$ 1,700.00 |
| Balance Due NASD Dispute Resolution | = \$ 1,800.00 |

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

| | |
|---|---------------|
| Member Fees | = \$ 8,550.00 |
| Total Fees | = \$ 8,550.00 |
| Less payments | = \$11,750.00 |
| Refund Due Citigroup Global Markets, Inc. | = \$ 3,350.00 |

Respondents, Citigroup Global Markets, Inc. and Donald Regner, are jointly and severally liable for:

| | |
|-------------------------------------|---------------|
| Forum Fees | = \$ 3,000.00 |
| Total Fees | = \$ 3,000.00 |
| Less payments | = \$ 3,000.00 |
| Balance Due NASD Dispute Resolution | = \$ 0.00 |

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

ARBITRATION PANEL

John Fennig, Esq. - Public Arbitrator, Presiding Chair
Dennis M. Selby - Public Arbitrator
Derek McSherry - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ John Fennig, Esq.
John Fennig, Esq.
Public Arbitrator, Presiding Chair

12/11/06
Signature Date

/s/ Dennis M. Selby
Dennis M. Selby
Public Arbitrator

12/11/06
Signature Date

/s/ Derek McSherry
Derek McSherry
Non-Public Arbitrator

12/08/06
Signature Date

12/11/06
Date of Service (For NASD office use only)

ARBITRATION PANEL

John Fennig, Esq. - Public Arbitrator, Presiding Chair
Dennis M. Selby - Public Arbitrator
Derek McSherry - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

John Fennig
John Fennig, Esq.
Public Arbitrator, Presiding Chair

5/2/11/06
Signature Date

Dennis M. Selby
Public Arbitrator

Signature Date

Derek McSherry
Non-Public Arbitrator

Signature Date


Date of Service (For NASD office use only)

STATE OF TEXAS
COMPTROLLER GENERAL
OFFICE OF THE COMPTROLLER

STATE OF TEXAS
COMPTROLLER GENERAL
OFFICE OF THE COMPTROLLER

John Forsyth, Esq. - Public Accounts, Pending Clerk
Charles M. Bailey - Public Accounts
Charles M. Bailey - Non-Public Accounts

Consolidated Administrative Report

John Forsyth, Esq.
Public Accounts, Pending Clerk

Charles M. Bailey
Public Accounts

Signature Date


Signature Date

Charles M. Bailey
Non-Public Accounts

Signature Date

State of Texas (For H&M - office use only)

ARBITRATION PANEL

John Fennig, Esq. - Public Arbitrator, Presiding Chair
Dennis M. Selby - Public Arbitrator
Derek McSherry - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

John Fennig, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Dennis M. Selby
Public Arbitrator

Signature Date

Derek McSherry
Non-Public Arbitrator

12/8/06
Signature Date

Date of Service (For NASD office use only)