

NASD DISPUTE RESOLUTION AWARD
NASD DISPUTE RESOLUTION

CASE: 06-03422

Michael E. and Grace C. NG- Hogan, (Claimants) vs. B. Chen, M. Hepworth, Tim Ratty & Alexander Torso, Jr., (Respondents)

ATTORNEYS:

Claimants appeared *pro se*, TWP of Washington, NJ.

For Respondents appeared Citigroup Global Markets, Inc.'s in-house counsel Rebecca J. Nelson, Esq., New York, NY.

NATURE OF DISPUTE: Customers v. Member and Associated Persons

DATE FILED: July 19, 2006

CASE SUMMARY: Claimants alleged that Respondents breached their fiduciary duty by placing them in investments that were unsuitable for their needs. Claimants further alleged failure to supervise, breach of contract, negligence, misrepresentation and manipulation. Claimants maintained that due to Respondents' actions, they suffered a financial loss. Claimants' claim involved certificates of deposit.

ARBITRATOR'S REPORT: See attached Exhibit A.

Claim Data

Claim: \$2,500.00
Filing Fees: \$1,000.00

Award Data

Award: \$.00
Filing Fees: \$75.00

AWARD: The undersigned arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows: 1) The claims of the Claimants are dismissed in their entirety. 2) All other relief requests are denied. 3) NASD Dispute Resolution shall retain the \$75.00 filing fee that the Claimant deposited previously. 4) Citigroup Global Markets, Inc. is liable and shall pay Claimant \$75.00 as reimbursement of the filing fee.

OTHER FEES: Pursuant to Rule 10333 of the Code, Citigroup Global Markets, Inc. has paid to NASD Dispute Resolution the \$150.00 Member Surcharge previously invoiced.

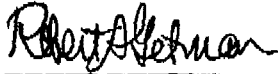
Robert S. Getman, Esq.

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Sole Public Arbitrator

AFFIRMATION

I, Robert S. Getman, Esq., do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.



Robert S. Getman, Esq.



(Signature Date)

December 28, 2006

Date of Service (For NASD-DR office use only)

Exhibit A

12/6/06

At least one of these Callable CD's appears to have been called prior to the dispute, in 2004 soon after the first CD investment, giving Claimants some notice that these CD's are not exactly like the bank certificates of deposit they were accustomed to. Moreover, the regular account statements display a not inconspicuous warning concerning the callable nature of these CD's and refer the customers to the prospectus (disclosure statement) in effect. These warnings mean that the Claimants had some notice in 2004, soon after the first CD investment and before the 2005 dispute, if they did not get notice at the time of purchase -- which Respondents attest that they had (though Claimants dispute this). This 2004 notice might, if heeded, have caused Claimants to avoid the 2005 investments or allowed them time to liquidate while mitigating their loss. When one is investing tens of thousands of dollars assuming a critical fact about the ultra-safety of principal, there is a reasonable obligation to check the disclosure statement/prospectus. Finally, inasmuch as the CD's were in fact callable without Claimants' assent, they might have been called at a loss to Claimants under other circumstances, causing an even greater loss to Claimants than they suffered.