

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

D. Theodore Berghorst
Berghorst Snowbird LLC
Berghorst 1998 Dynastic Trust

Case Number: 08-04466

vs.

Respondents

Citigroup Global Markets, Inc.
Citigroup Alternative Investments, LLC

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customers vs. Member and Non-Member

The case proceeded under the Optional All Public Panel Rule/Majority Public Panel

REPRESENTATION OF PARTIES

For Claimants D. Theodore Berghorst, Berghorst Snowbird LLC and Berghorst 1998 Dynastic Trust: Jonathan L. Hochman, Esq. and Andrew J. Melnick, Esq., Schindler Cohen & Hochman LLP, New York, New York.

For Respondents Citigroup Global Markets, Inc. ("CGMI") and Citigroup Alternative Investments, LLC ("CAI"): Richard Szuch, Esq. and Matthew Plant, Esq., Bressler, Amery & Ross, P.C., Florham Park, New Jersey.

CASE INFORMATION

Statement of Claim filed on or about: February 23, 2012.

D. Theodore Berghorst signed the Submission Agreement: February 21, 2012.

Berghorst Snowbird LLC signed the Submission Agreement: February 21, 2012.

Berghorst 1998 Dynastic Trust signed the Submission Agreement: February 21, 2012.

Answer to the Statement of Claim filed by Respondents on or about: May 2, 2012.

Respondent CGMI signed the Submission Agreement: February 11, 2009.

Respondent CAI signed the Submission Agreement: May 11, 2010.

CASE SUMMARY

Claimants asserted the following causes of action: fraud; negligent misrepresentation; breach of fiduciary duty; violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder; violation of Section 20(a) of the Securities Exchange Act of 1934; unsuitability; failure to supervise; respondeat superior; negligence; breach of contract; violation of the Florida Securities and Investor Protection

Act; and violation of related FINRA rules. The causes of action relate to Claimants' investments in shares of the Municipal Arbitrage Trust ("MAT") MAT Two LLC, MAT Three LLC and MAT Five LLC funds.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimants requested general and compensatory damages of at least \$13,000,000.00, lost investment opportunity costs, fees, commissions or other remuneration paid to Respondents by Claimants, costs, punitive damages, pre-judgment and post-judgment interest at the legal rate on all sums recovered, attorneys' fees and costs under Florida's Securities and Investor Protection Act, rescission or a rescissory measure of damages and such other and further relief as the undersigned arbitrators ("Panel") deemed appropriate.

Respondents requested dismissal of the Statement of Claim with prejudice and that the costs associated with this proceeding be assessed against Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

The Arbitrators acknowledge that they have each read the pleadings and other materials filed by the parties.

On January 20, 2012, the United States District Court for the Southern District of Florida issued an Order of vacatur of the original award rendered in this matter. Thereafter, FINRA convened a new panel of arbitrators to hear this case.

Respondent CAI is not a member of FINRA but, having filed a properly executed Submission Agreement and Answer to the Statement of Claim and having appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

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 evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents are liable, jointly and severally, and shall pay to Claimants compensatory damages in the sum of \$2,000,000.00

Pre-judgment interest is specifically denied.

Post-judgment interest, if any, shall accrue in accordance with the Code.

Claimants' request for relief pursuant to Florida's Securities and Investor Protection Act is denied.

Any and all requests for relief not specifically addressed herein, including Claimants' requests for punitive damages and attorneys' fees, are denied.

FEES

Pursuant to the Code of Arbitration Procedure, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution assessed a filing fee* for each claim:

Initial Claim Filing Fee = \$ 1,800.00

**The filing fee is made up of a non-refundable and a refundable portion.*

FINRA Dispute Resolution waived assessment of all Filing Fees.

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, as a party, Respondent CGMI is assessed the following:

Member Surcharge = \$ 3,750.00
Pre-Hearing Processing Fee = \$ 750.00
Hearing Processing Fee = \$ 5,500.00

FINRA Dispute Resolution waived assessment of all Member Fees.

Hearing Session Fees and Assessments

The Panel has assessed hearing session fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with the Panel @ \$1,200.00/session = \$ 3,600.00
Pre-hearing conferences: July 3, 2012 1 session
December 6, 2012 1 session
January 24, 2013 1 session

Thirty-six (36) Hearing sessions @ \$1,200.00/session = \$43,200.00
Hearing Dates: December 10, 2012 2 sessions
December 11, 2012 2 sessions
December 12, 2012 2 sessions
December 13, 2012 2 sessions
January 29, 2013 2 sessions
January 30, 2013 2 sessions
January 31, 2013 2 sessions

February 1, 2013	2 sessions
February 4, 2013	2 sessions
February 5, 2013	2 sessions
February 6, 2013	2 sessions
February 7, 2013	2 sessions
February 8, 2013	2 sessions
May 20, 2013	2 sessions
May 21, 2013	2 sessions
May 22, 2013	2 sessions
May 23, 2013	2 sessions
May 24, 2013	2 sessions

Total Hearing Session Fees	=\$46,800.00
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FINRA Dispute Resolution waived assessment of all Hearing Session Fees.

ARBITRATION PANEL

Monroe Mitchel	-	Public Arbitrator, Presiding Chairperson
John B. Sochacki	-	Public Arbitrator
Alfred L. Simon	-	Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this instrument which is my award.

Concurring Arbitrators' Signatures



John B. Sochacki
Public Arbitrator

6-10-13

Signature Date

Alfred L. Simon
Non-Public Arbitrator

Signature Date

Dissenting Arbitrator's Signature

Claimants' case focused on Respondents' alleged improper verbal marketing of a Private Placement Alternative Investment Product, known as the Municipal Arbitrage Trust (MAT). Their claim primarily asserted that Respondents' representatives orally misrepresented the risks of the MAT funds to their clients and prospective clients.

Respondents' case stressed the written contractual agreement signed by Claimants, which clearly spelled out the risks associated with investing in the fund. In addition, Respondents demonstrated that Claimant D. Theodore Berghorst was an MBA educated, financially sophisticated, very knowledgeable, highly successful investor, who had the time, opportunity, resources, and the ability to evaluate the risks, before deciding to invest in the product.

During direct and cross examination, Claimant D. Theodore Berghorst proudly presented his educational background and boasted about his successes in investment banking and the brokerage industry. It was brought out in the case that Claimant D. Theodore Berghorst always made his own investment decisions. He was clearly a very, very sophisticated investor.

Claimant D. Theodore Berghorst had 18 months to fully consider the proposed Alternative Investment in the Municipal Arbitrage Trust (MAT), before deciding to invest in it. During that period, he had 15 separate contacts regarding the investment with his Financial Advisor, and other key staff at Respondents. He also sought the advice of Goldman Sachs and US Trust Bank regarding the MAT investment before he made his investment.

ARBITRATION PANEL

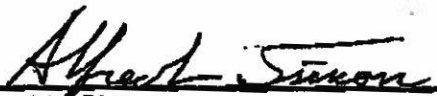
Monroe Mitchel	-	Public Arbitrator, Presiding Chairperson
John B. Sochacki	-	Public Arbitrator
Alfred L. Simon	-	Non-Public Arbitrator

I, the undersigned Arbitrator, do hereby affirm that I am the individual described herein and who executed this Instrument which is my award.

Concurring Arbitrators' Signatures

John B. Sochacki
Public Arbitrator

Signature Date



Alfred L. Simon
Non-Public Arbitrator

6-12-2013
Signature Date

Dissenting Arbitrator's Signature

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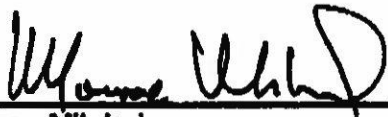
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In his testimony, Claimants' Financial Advisor stated that "Claimant required more discussion about his investments than most other clients did," demonstrating that Claimant D. Theodore Berghorst didn't get where he is today by carelessness or lack of attention to details.

Claimant D. Theodore Berghorst understood that the Private Placement Memorandum he signed was a contract, and that he was bound by the specific terms of said contract, which included a clear listing of risks. Claimant D. Theodore Berghorst freely admitted that he chose to sign the Private Placement Agreement without reading a single word of the document to which he was obligating himself. In addition he stated for the record that he never once opened or reviewed the MAT quarterly progress reports which included a listing of the ongoing risks he undertook in making the investment.

Claimant D. Theodore Berghorst's testimony that he was not aware of the risks, and only relied on oral assurances was simply not credible. It belied the contention that he ignored all the written data presented to him, the evaluations he sought before investing, and his extensive background and experience in investment banking.

I believe the award made by the majority of the Panel was excessive, and I, therefore, choose to dissent from the majority opinion.



Monroe Mitchell
Public Arbitrator, Presiding Chairperson

6/11/13

Signature Date

June 13, 2013

Date of Service (For FINRA Dispute Resolution office use only)