

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Claimants

Case Number: 08-03629

Nickie Lee Silk as trustee of The Nickie Lee Silk Declaration of Revocable Trust dtd 8/16/93

Evan Gardner as trustee of The Nickie Lee Silk 2004 Trust dtd 12-13-2004

Candi Bleifer and Scott Bleifer as trustees of The Bleifer Family Trust dtd 3/25/1999

Bruce L. Pompan and Byrdie Lifson Pompan as trustees of The Pompan Family Trust U/A/D 4/4/98

Respondent

Hearing Site: Los Angeles, California

Citigroup Global Markets, Inc.

Nature of the Dispute: Customers vs. Member
Public Arbitrator Pilot Program/All Public Panel

REPRESENTATION OF PARTIES

Claimants, Nickie Lee Silk as trustee of The Nickie Lee Silk Declaration of Revocable Trust dtd 8/16/93, Evan Gardner as trustee of The Nickie Lee Silk 2004 Trust dtd 12-13-2004, Candi Bleifer and Scott Bleifer as trustees of The Bleifer Family Trust dtd 3/25/1999, and Bruce L. Pompan and Byrdie Lifson Pompan as trustees of The Pompan Family Trust U/A/D 4/4/98, hereinafter referred to collectively as "Claimants": Ryan K. Bakhtiari, Esq., Aidikoff, Uhl & Bakhtiari, Beverly Hills, California and Steven B. Caruso, Esq., Maddox Hargett & Caruso, P.C., New York, New York.

Respondent, Citigroup Global Markets, Inc., hereinafter referred to as "Respondent": Elizabeth L. Lindh, Esq., Keesal, Young & Logan, Long Beach, California and Sean J. Coughlin, Esq., Citigroup Global Markets, Inc., New York, New York.

CASE INFORMATION

Statement of Claim filed: October 6, 2008.

Nickie Lee Silk signed the Submission Agreement as trustee on behalf of The Nickie Lee Silk Declaration of Revocable Trust dtd 8/16/93: September 20, 2008.

Evan Gardner signed the Submission Agreement as trustee on behalf of The Nickie Lee Silk 2004 Trust dtd 12-13-2004: September 22, 2008.

Candi Bleifer and Scott Bleifer signed the Submission Agreement as trustees on behalf of The Bleifer Family Trust dtd 3/25/1999: July 16, 2008.

Bruce L. Pompan and Byrdie Lifson Pompan signed the Submission Agreement as trustees on behalf of The Pompan Family Trust U/A/D 4/4/98:
September 18, 2008.

Statement of Answer filed by Respondent: December 1, 2008.

Respondent signed the Submission Agreement: December 1, 2008.

CASE SUMMARY

Claimants assert the following causes of action: 1) breach of fiduciary duty; 2) breach of written contract; 3) constructive fraud; 4) violations of FINRA, NASD, and NYSE rules; 5) unsuitability; 6) failure to supervise and secondary liability; and 7) respondeat superior. The causes of action relate to the purchase of California tax free municipal bond funds -- MAT Three LLC and MAT Five LLC Series MAT Five 2007 1-CA (collectively "MAT" or "Funds").

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

RELIEF REQUESTED

In the Statement of Claim, Claimants requested:

1. General and compensatory damages in an amount according to proof but not less than \$2,700,000.00 minus residual value and/or amounts withdrawn;
2. Lost opportunity costs in an amount according to proof;
3. Fees, commissions or other remuneration paid to Respondent by Claimants;
4. Cost of proceedings;
5. Punitive damages in an amount according to proof;
6. Interest at the legal rate on all sums recovered;
7. Attorneys' fees and costs;
8. Rescission; and
9. Other and further relief as the Panel deems just and appropriate.

Respondent requested:

1. That the Panel dismiss the Statement of Claim with prejudice; and
2. Costs associated with the proceeding be assessed against Claimants.

At the close of the hearing, Claimants requested the following in damages:

1. Claimant Nickie Lee Silk Declaration of Revocable Trust requested \$512,776.00;
2. Claimant Nickie Lee Silk 2004 Trust requested \$219,793.00;
3. Claimant Bleifer Family Trust requested \$1,055,005.00; and
4. Claimant Pompan Family Trust requested \$219,793.00.

OTHER ISSUES CONSIDERED AND DECIDED

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

This case proceeded under the Public Arbitrator Pilot Program, which allows parties to choose whether to have a non-public arbitrator on the panel.

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:

1. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Nickie Lee Silk Declaration of Revocable Trust dtd 8/16/93 compensatory damages in the sum of \$291,000.00.
2. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Nickie Lee Silk Declaration of Revocable Trust dtd 8/16/93 interest on the sum of \$291,000.00 at the rate of 10% per annum from June 11, 2010 until the date the Award is paid in full.
3. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Nickie Lee Silk 2004 Trust dtd 12-13-2004 compensatory damages in the sum of \$116,000.00.
4. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Nickie Lee Silk 2004 Trust dtd 12-13-2004 interest on the sum of \$116,000.00 at the rate of 10% per annum from June 11, 2010 until the date the Award is paid in full.
5. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Bleifer Family Trust dtd 3/25/1999 compensatory damages in the sum of \$431,000.00.
6. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Bleifer Family Trust dtd 3/25/1999 interest on the sum of \$431,000.00 at the rate of 10% per annum from June 11, 2010 until the date the Award is paid in full.
7. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Pompan Family Trust U/A/D 4/4/98 compensatory damages in the sum of \$174,000.00.
8. Respondent Citigroup Global Markets, Inc. is liable for and shall pay Claimant The Pompan Family Trust U/A/D 4/4/98 interest on the sum of \$174,000.00 at the rate of 10% per annum from June 11, 2010 until the date the Award is paid in full.
9. Each party shall bear its own costs, including attorneys' fees.

10. Any and all relief not specifically addressed herein, including punitive damages, is denied.

FEES

Pursuant to the Code, 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.*

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 persons at the time of the events giving rise to the dispute. Accordingly, as a party, Citigroup Global Markets, Inc. is assessed the following:

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

May 11-13; 18-21, 2010 adjournment by Respondent = \$ 1,200.00

The Panel assessed \$1,200.00 of the adjournment fees to Respondent.

Contested Motion for Issuance of a Subpoena Fees

Fees apply for each decision on a contested motion for the issuance of a subpoena.

One (1) Decision on a contested motion for the issuance of a subpoena
One (1) arbitrator @ \$200.00 = \$ 200.00

Total Contested Motion for Issuance of Subpoenas Fees = \$ 200.00

1. The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas fees jointly and severally to Claimants.
2. The Panel has assessed \$100.00 of the contested motion for issuance of subpoenas fees to Respondent.

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 arbitrators, including a pre-hearing conference with the arbitrators that lasts four (4) hours or less. Fees associated with these proceedings are:

Three (3) Pre-hearing sessions with Panel @ \$1,200.00/session = \$3,600.00
Pre-hearing conferences: March 24, 2009 1 session
May 11, 2010 1 session
May 14, 2010 1 session

Eleven (11) hearing sessions @ \$1,200.00/session = \$13,200.00
Hearing Dates: May 17, 2010 1 session
May 18, 2010 2 sessions
May 20, 2010 2 sessions
May 21, 2010 2 sessions
June 10, 2010 2 sessions
June 11, 2010 2 sessions

Total Hearing Session Fees = \$16,800.00

1. The Panel has assessed \$8,400.00 of the hearing session fees jointly and severally to Claimants.
2. The Panel has assessed \$8,400.00 of the hearing session fees to Respondent.

All balances are payable to FINRA Dispute Resolution and are due upon receipt.

ARBITRATION PANEL

Marc S. Joseph, J.D.	-	Public Arbitrator, Presiding Chairperson
Morris S. Getzels	-	Public Arbitrator
Larry Edmonson	-	Public Arbitrator

Concurring Arbitrators' Signatures:

Marc S. Joseph, J.D.
Public Arbitrator, Presiding Chairperson

Signature Date

Larry Edmonson
Public Arbitrator

Signature Date

Concurring in Part, Dissenting in Part Arbitrator's Signature:

I concur that the Claimants should prevail. I do not agree that Mr. Silk or Mr. Bleifer were at fault, and each should have received 100% refund of the money invested. In addition, the amount awarded to Mr. Pompan is too low. Further, interest should have run from the date of the investments.

Morris S. Getzels
Public Arbitrator


Signature Date

Date of Service (For FINRA Dispute Resolution use only)

ARBITRATION PANEL

Marc S. Joseph, J.D.	-	Public Arbitrator, Presiding Chairperson
Morris S. Getzels	-	Public Arbitrator
Larry Edmonson	-	Public Arbitrator

Concurring Arbitrators' Signatures:



Marc S. Joseph, J.D.
Public Arbitrator, Presiding Chairperson

6/10/10

Signature Date

Larry Edmonson
Public Arbitrator

Signature Date

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Morris S. Getzels
Public Arbitrator

Signature Date

8/23/10

Date of Service (For FINRA Dispute Resolution use only)

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Public Arbitrator



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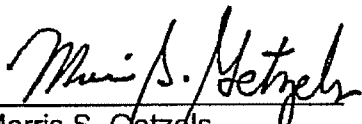
Signature Date

Larry Edmonson
Public Arbitrator

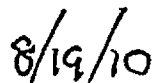
Signature Date

Concurring in Part, Dissenting in Part Arbitrator's Signature:

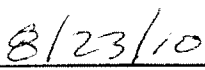
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Morris S. Getzels
Public Arbitrator



Signature Date



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