
Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Steven E. Quint

Case Number: 07-01653

Names of the Respondents
Citigroup Global Markets, Inc. f/k/a
Salomon Smith Barney
Joseph C. Denicola

Hearing Site: Boca Raton, Florida

Nature of the Dispute: Customer vs. Member and Associated Person.

REPRESENTATION OF PARTIES

For Steven E. Quint, hereinafter referred to as "Claimant": Randall C. Place, Esq., The Law Offices of Place & Hanley, PLLC, Southern Pines, North Carolina.

For Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney ("Citigroup") and Joseph C. Denicola ("Denicola"), hereinafter collectively referred to as "Respondents": Douglas B. Appel, Senior Vice President, Associate General Counsel, Citigroup Global Markets, Inc., New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: May 24, 2007.

Claimant signed the Uniform Submission Agreement: May 13, 2007.

Statement of Answer filed by Respondents on or about: August 2, 2007.

Respondent Citigroup signed the Uniform Submission Agreement: August 3, 2007.

Respondent Denicola did not file a signed Uniform Submission Agreement.

Claimant's Motion to Amend Statement of Claim ("Motion to Amend") filed on or about: April 29, 2008.

CASE SUMMARY

Claimant asserted the following causes of action: 1) breach of fiduciary duty; 2) violation of industry rules; 3) common law fraud; 3) negligence; 4) negligent hiring, retention and supervision as to Respondent Citigroup; 5) misrepresentation; and, 6) violation of Fla. Stat. §517.301. The causes of action relate to the purchase of common stock shares of Clear Choice Financial, Inc. in Claimant's account.

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

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$45,000.00, interest at the legal rate from the date of purchase or reasonable market return, rescission, punitive damages, costs, a finding that he is the prevailing party in order for him to receive an award of attorneys' fees pursuant to Fla. Stat. §517.211, and such other relief as the undersigned arbitrator (the "Arbitrator") deemed just and proper.

Respondents requested that the Statement of Claim be dismissed, with prejudice.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Denicola did not file with FINRA Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code of Arbitration Procedure (the "Code") and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Arbitrator on all issues submitted.

During the evidentiary hearing for this matter, Claimant presented a Motion to Amend the Statement of Claim to the Arbitrator in order to add a claim for violation of Fla. Stat. §517.301. In addition, Claimant requested a finding that he is the prevailing party in order for him to receive an award of attorneys' fees pursuant to Fla. Stat. §517.211. Respondents did not raise an objection to the Motion to Amend and the Arbitrator granted the Motion. Subsequently, Respondents requested that Claimant's request for an award of attorney's fees be denied.

After the evidentiary hearing, but prior to closing arguments, Respondents submitted two documents. Claimant moved to strike the documents. Following argument of counsel, the Arbitrator denied the motion to strike.

The parties have agreed that the Award in this matter may be entered 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 Arbitrator 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 Claimant compensatory damages in the sum of \$44,865.00 plus interest in the sum of \$8,465.23. The award is based on Claimant's causes of action of fraud, violation of Fla. Stat. §517.301, negligent investment advice, misrepresentation (omissions) of risks, including, but not limited to, violation of penny stock rules, breach of fiduciary duty, failure to supervise, negligent supervision, and, failure to register under Florida Blue Sky laws or prove an exemption pursuant to Fl. Stat. §517.061(17)(a)(1).

Respondents are liable, jointly and severally, and shall pay to Claimant punitive damages in

the sum of \$50,000.00. The evidence presented was clear, convincing and compelling that Respondent Denicola's intentional misrepresentations about Clear Choice Financial Inc. compelled the Claimant to purchase same. I believe that both Respondents should be held liable for punitive damages pursuant to Fl. Stat. §768.72(2) as I believe there has been clear and convincing evidence that both Respondents were guilty of intentional misconduct or gross negligence. Respondent Denicola was well aware that he was acting in a wrongful manner and was motivated solely by his anticipation of personal gain by "front-running" Clear Choice Financial, Inc.

Respondent Denicola intentionally failed to provide the required Schedule 15G, Risk Disclosure Documents, to the Claimant. He clearly and admittedly solicited penny stock purchases in Clear Choice Financial Inc. based upon claims that he had purchased the business for his own account, and that he had personally investigated the company by traveling to the company and speaking with its representatives.

Although Respondent Denicola stated that he told the Claimant that he thoroughly investigated the company, he testified that he had never seen any of the financial documents for the company including, but not limited to, the "going concern" risk factor contained in their original prospectus and subsequent corporate/quarterly filings.

Respondent Denicola intentionally falsely entered the sales on Respondent Citigroup's computer system to reflect that the sales of the Clear Choice penny stock were unsolicited in order to avoid scrutiny by supervisors at Respondent Citigroup and to violate the penny stock disclosure rules. Moreover, Respondent Denicola continued to misrepresent the facts and circumstances of Claimant's purchase at the hearing by attempting to claim that his sales of Clear Choice to Claimant, and numerous other accounts, were "coincidentally" "accidentally" entered as unsolicited. The account statements produced at the hearing reflected that Respondent Denicola was well aware of how to operate the computer system at the time of his sales of Clear Choice.

Had Respondent Citigroup properly supervised Respondent Denicola, who had a history of customer complaints, they would not have automatically signed off on the sale of Clear Choice to Claimant. Even after learning that Respondent Denicola sold Clear Choice in Massachusetts where it was not registered, Respondent Citigroup failed to take any action to supervise Respondent Denicola or investigate or rectify the sale with Claimant. The corporate representative and alleged supervisor, Mr. Parker, testified at the hearing. He seemed extremely unfamiliar with any of the regulatory requirements despite this case pending for some time. Instead, even after Respondent Citigroup learned that Respondent Denicola had sold Clear Choice Financial Inc. without regard to whether or not it had been registered under the Blue Sky laws, they failed to use that notice of misconduct for the protection of other clients of Respondent Denicola.

Respondents are liable, jointly and severally, for Claimant's attorneys' fees pursuant to Fl. Stat. §517.211. The entitlement to and amount, if any, of attorneys' fees shall be determined by a court of competent jurisdiction.

Respondents are liable, jointly and severally, and shall pay to Claimant the sum of \$150.00 representing reimbursement of the non-refundable portion of the claim filing fee previously paid by Claimant to FINRA Dispute Resolution.

Any and all claims for relief not specifically addressed herein are 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	= \$ 600.00
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**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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent Citigroup is a party and a member firm.

Member surcharge	= \$ 875.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$1,000.00</u>
Total Member Fees	= \$2,625.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed in this proceeding.

Three-Day Cancellation Fees

Fees apply when a hearing on the merits is postponed or settled within three business days before the start of a scheduled hearing session:

No three-day cancellation fees were assessed in this proceeding.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the panel.

No injunctive relief fees were assessed in this proceeding.

Hearing Session Fees and Assessments

The Arbitrator has assessed hearing session fees for each session conducted or each decision rendered on either a discovery-related motion on the papers or a contested motion for the issuance of a subpoena. A session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, which lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Decision on a contested motion for the issuance of a subpoena with one (1) arbitrator @ \$200.00/decision	= \$ 200.00
Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00/session	= \$ 900.00
Pre-hearing conferences: September 11, 2007	1 session
April 25, 2008	1 session
Five (5) Hearing sessions with a single arbitrator @ \$450.00/session	= \$2,250.00
Hearing Dates: May 6, 2008	2 sessions
May 7, 2008	2 sessions
May 16, 2008	1 session
Total Hearing Session Fees	= \$3,350.00

The Arbitrator has assessed the total hearing session fees of \$3,350.00 jointly and severally to Respondents.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred in this proceeding.

Fee Summary

Claimant is solely liable for:

<u>Non-Refundable Portion of the Filing Fee</u>	= \$ 150.00
<u>Total Fees</u>	= \$ 150.00
<u>Less payments</u>	= \$ 150.00
<u>Balance Due FINRA Dispute Resolution</u>	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$2,625.00
<u>Total Fees</u>	= \$2,625.00
<u>Less payments</u>	= \$2,625.00
<u>Balance Due FINRA Dispute Resolution</u>	= \$ 0.00

Respondents are jointly and severally liable for:

<u>Hearing Session Fees</u>	= \$3,350.00
<u>Total Fees</u>	= \$3,350.00
<u>Less payments</u>	= \$ 750.00
<u>Balance Due FINRA Dispute Resolution</u>	= \$2,600.00

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

ARBITRATOR

Monica I. Salis

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Sole Public Arbitrator

Arbitrator's Signature

/s/

Monica I. Salis
Sole Public Arbitrator

Signature Date

May 23, 2008

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

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Respondents are jointly and severally liable for:

<u>Hearing Session Fees</u>	= \$3,350.00
<u>Total Fees</u>	= \$3,350.00
<u>Less payments</u>	= \$ 750.00
<u>Balance Due FINRA Dispute Resolution</u>	= \$2,600.00

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

ARBITRATOR

Monica I. Salls

- Sole Public Arbitrator

Arbitrator's Signature


Monica I. Salls
Sole Public Arbitrator

5/23/08
Signature Date

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