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BOCA RATON FAMILY AWARDED \$1.8 MILLION IN FUND-MISMANAGEMENT CASE

Citigroup Sold Risky Investments 'Like Tickets on the Titanic' – Attorney Robert Pearce

Boca Raton, FL (Aug. 9, 2010) — An arbitration panel of the Financial Industry Regulatory Authority (FINRA) has awarded a Boca Raton investor and his adult son more than \$1.8 million after finding that Citigroup Global Markets (Citigroup) negligently mismanaged and negligently supervised employees who managed two funds that later imploded, wiping out their investment.

Gerald Kazma and his family invested in the ASTA Three and ASTA Five funds, which were sold to them by Citigroup Fixed Income Alternatives (CFIA) and its affiliate as a safe fixed-income opportunity that would profit from interest-rate differences between tax-exempt municipal bonds and taxable markets. In reality, the funds employed a highly risky arbitrage strategy that exposed their investors to a complete loss of principal.

“One day they said we had lost about 20 percent of our money. Then, a week later, they said we lost our entire investment,” said Kazma, who along with his son is in the cable television business. “Just like that, it was gone.”

Beginning in January 2006, a Citigroup representative persuaded the Kazmas to invest, first in ASTA Three, then ASTA Five, contending that the funds were conservative fixed income alternative investments that benefited from “rigorous risk management” and a “disciplined and experienced” approach to the markets. But the firm launched the funds at a time that was inconsistent with their investment strategy and failed to manage the leverage and hedges as promised, said Kazma’s attorney, Robert Pearce of The Law Offices of Robert Wayne Pearce, P.A. in Boca Raton (www.rwpearce.com). The fund managers knew the subprime mortgage crisis was affecting all of the credit markets in the fall of 2007 and failed to take the actions necessary to protect the funds. By the end of February 2008, the funds were worth less than 10 percent of their original value.

“Citigroup sold these products like tickets on the Titanic, and now they’re going to pay the people they killed,” said Pearce, who added that he was able to win the case because of the large number of internal Citigroup documents he recovered and examined that had not been made available publicly.

The FINRA arbitrators found Citigroup and its affiliate negligent both in managing the funds and in supervising their employees. The panel, which heard the case in Boca Raton, awarded the Kazmas two separate judgments of \$908,648, amounting to \$1.817 million in total.

Pearce said the ruling opens the door for the estimated 2,000 high net-worth investors in the MAT/ASTA funds to use a negligent management claim to attempt a recovery of their losses.

Pearce is actively representing a number of other MAT/ASTA investors.

“I was skeptical that I would recover any of my money,” Gerald Kazma said. “This restores my faith in the system.”

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The Law Offices of Robert Wayne Pearce, P.A. (www.rwpearce.com), located in Boca Raton, Fla., represents investors, stockbrokers, commodities brokers and others in courtroom litigation, arbitration, and mediation proceedings. The firm aggressively litigates and arbitrates cases in a number of different forums throughout the United States.

Robert Wayne Pearce, the firm's principal attorney, has more than 30 years of experience with broker and investor disputes, related government and industry regulatory investigations, and enforcement actions. Mr. Pearce has an "AV" rating from Martindale-Hubbell, and works as a mediator for the Florida Circuit Court system and the NASD mediation program.

Under Mr. Pearce's direction, The Law Offices of Robert Wayne Pearce, P.A. and its trial lawyers have tried, arbitrated, and mediated numerous disputes involving complex legal issues affecting investors and investment advisors and brokers. The firm has extensive experience in a number of securities practice areas, including the following: securities; commodities and investment disputes; federal, state, and industry enforcement actions; trust / estate / guardianship disputes; employment disputes; and business disputes.

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