
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Robert Wolk and Dorothy Wolk, Trustees
of the Wolk Living Trust

Case Number: 03-04857

Names of the Respondents

Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc.
Jack B. Grubman

Hearing Site: Boca Raton, Florida

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

REPRESENTATION OF PARTIES

For Robert Wolk ("RW") and Dorothy Wolk ("DW"), Trustees of the Wolk Living Trust, hereinafter collectively referred to as "Claimants": Bill Young, Esq., Hooper & Weiss, LLC, Orlando, Florida.

For Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Jennifer Tomsen, Esq., Greenberg Traurig, P.A., Orlando, Florida.

CASE INFORMATION

Statement of Claim filed on or about: June 27, 2003.

Claimants signed the Uniform Submission Agreements: April 26, 2003.

Statement of Answer filed by Respondents on or about: December 1, 2003.

Respondent Citigroup signed the Uniform Submission Agreement: October 20, 2003.

Respondent Grubman signed the Uniform Submission Agreement: October 21, 2003.

Motion to Supplement Exhibits and to Amend the Statement of Claim filed by Claimants on or about: May 28, 2004.

Response to Motion to Supplement Exhibits and to Amend the Statement of Claim filed by Respondents on or about: June 14, 2004.

Amended Statement of Claim filed by Claimants on or about: May 28, 2004.

Answer to Amended Statement of Claim filed by Respondents on or about: July 7, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: omission to state material facts and conflicts of interest in violation of Section 17(a) of the Securities Act of 1933; omission to state material facts and conflicts of interest in violation of Chapter 517.301 of the Florida Securities and Investor Protection Act; omission to state material facts and conflicts of interest in violation of NASD Rule 2210(d)(1), Communications with the Public-General Standards; breach of fiduciary duty; and, respondeat superior. The causes of action relate to Claimants' investment in WorldCom stock.

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

RELIEF REQUESTED

Claimants requested rescissionary damages in the amount of \$40,250.15, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the Arbitrator.

Respondents requested that Claimant's Statement of Claim, as amended, be denied in its entirety, and dismissed with prejudice, with attorneys' fees and costs assessed against Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

On or about December 24, 2003, Claimants filed a notice with NASD Dispute Resolution representing that Claimants had complied with the procedure for opting out of the class action filed in court, entitled In Re WorldCom Securities Litigation.

On or about June 23, 2004, the Arbitrator issued an Order that granted Claimants' Motion to Supplement Exhibits and to Amend the Statement of Claim, subject to Respondents' reserved right to object to the Amended Statement of Claim at the final hearing.

The parties agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

The Arbitrator, having reviewed the documents and having heard the testimony, has concluded as follows:

The testimony showed that Claimant RW:

- (a) was a knowledgeable, sophisticated investor, who spoke to his broker daily, sometimes twice a day, and carefully followed his portfolio;
- (b) was a conservative investor who traded options in order to minimize his exposure; and
- (c) was a prudent investor who was satisfied with modest 10 or 15 % return.

Although the theory of recovery is a novel one, namely the "think twice" theory, Claimant RW was very straightforward in his testimony. He said, without contradiction:

- (a) he relied on his broker, an unnamed party to this arbitration, who, in the main, confirmed his testimony;
- (b) if the relationship between Respondent Citigroup and WorldCom had been disclosed, he would have thought twice about buying World Com;
- (c) if the relationship between Respondent Grubman and WorldCom had been disclosed, he would have thought twice about buying WorldCom;
- (d) if the loan from Travelers to WorldCom had been disclosed, he would have thought twice about buying WorldCom;
- (e) if the loan from Respondent Citigroup to Bernard Ebbers had been disclosed, he would have thought twice about buying WorldCom;
- (f) if the low esteem in which Respondent Grubman was held by his peers at Respondent Citigroup had been disclosed, he would have thought twice about buying WorldCom.
- (g) finally, he said if all of this had been disclosed, he would have thought twice about buying WorldCom and probably would not have bought the stock.

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Any investor, reading the pro forma "disclosures" made by Respondent Citigroup could not have known the extent of the incestuous relationship between Respondent Citigroup, its affiliates, Respondent Grubman, WorldCom and WorldCom's President.

Respondents challenged, but did not refute the evidence presented by Claimants, nor did Respondents discredit Claimant RW's testimony. In fact, Respondent Citigroup confirmed Claimants' investment strategy on cross-examination.

I don't know if Claimant RW would have bought the stock regardless of what he knew or didn't know, but based on the documents and testimony presented at the hearing, I believe Claimants were entitled to full disclosure so Claimant RW could make a decision, without having to think twice.

I therefore find:

Respondent Citigroup is liable on the claim of breach of fiduciary duty owed Claimants under Section 517.301 Florida Statutes, and shall pay to Claimants compensatory damages in the amount of \$40,250.15, plus interest as allowed by Florida statute from January 21, 2000, until the date of payment of the Award.

Respondent Citigroup is liable and shall reimburse Claimants the sum of \$87.50, representing one-half of the non-refundable claim filing fee paid by Claimants to NASD Dispute Resolution.

The testimony clearly showed that Claimants did not rely upon Respondent Grubman. Therefore, no award is made against Respondent Grubman, and all claims against Respondent Grubman are dismissed, with prejudice.

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

FEES

Pursuant to the NASD Code of Arbitration Procedure (the "Code"), the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 175.00

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 member firm and a party.

Member surcharge = \$ 875.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$1,000.00

Total Member Fees = \$2,625.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournments were requested in this matter.

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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 matter.

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 Arbitrator.

Injunctive relief fees were not assessed in this matter.

Forum Fees and Assessments

The Arbitrator has assessed forum 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:

Two (2) Pre-hearing sessions @ \$450.00/session			= \$ 900.00
Pre-hearing conferences:	April 12, 2004	1 session	
	November 1, 2004	1 session	
Two (2) Hearing sessions @ \$450.00/session			= \$ 900.00
Hearing Date:	February 23, 2005	2 sessions	
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Total Forum Fees			= \$1,800.00

The Arbitrator has assessed the total forum fees of \$1,800.00 to Respondent Citigroup.

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.

There were no administrative costs incurred in this matter.

Fee Summary

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 175.00
<u>Total Fees</u>	= \$ 175.00
<u>Less Payments</u>	= \$ 175.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$2,625.00
<u>Forum Fees</u>	= \$1,800.00
<u>Total Fees</u>	= \$4,425.00

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<u>Less Payments</u>	= <u>\$2,625.00</u>
<u>Balance Due NASD Dispute Resolution</u>	= <u>\$1,800.00</u>

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATOR

Carl Shechter, Esq.

Public Arbitrator

Arbitrator's Signature

/s/

Carl Shechter, Esq.
Public Arbitrator

March 1, 2005
Signature Date

March 1, 2005

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

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<u>Less Payments</u>	= \$2,625.00
Balance Due NASD Dispute Resolution	= \$1,800.00

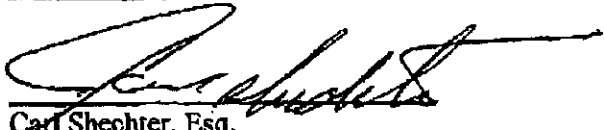
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATOR

Carl Shechter, Esq.

Public Arbitrator

Arbitrator's Signature



Carl Shechter, Esq.
Public Arbitrator

3-1-05

Signature Date

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