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**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Name of the Claimant  
Peter E. Brulatour

Case Number: 03-05003

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

Hearing Site: Boca Raton, Florida

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

**REPRESENTATION OF PARTIES**

For Peter E. Brulatour, hereinafter referred to as "Claimant": Michael B. Lynch, 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": Tucker H. Byrd, Esq., Greenberg Traurig, P.A., Orlando, Florida.

**CASE INFORMATION**

Statement of Claim filed on or about: July 7, 2003.

Amended Statement of Claim filed on or about: July 19, 2004.

Claimant signed the Uniform Submission Agreement: April 16, 2003.

Statement of Answer to Statement of Claim filed by Respondents on or about: September 17, 2003.

Statement of Answer to Amended Statement of Claim filed by Respondents on or about: August 30, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: December 15, 2004.

Respondent Grubman signed the Uniform Submission Agreement: December 15, 2004.

**CASE SUMMARY**

Claimant 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 Claimant's 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**

Claimant requested rescissionary damages in the amount of \$22,754.00, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the undersigned arbitrator (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 Claimant.

**OTHER ISSUES CONSIDERED AND DECIDED**

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

On or about March 11, 2005, the parties filed their joint request for the above-captioned arbitration to proceed solely on the pleadings and without oral evidentiary hearing. On or about March 17, 2005, the Arbitrator granted the request.

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**

After considering the pleadings and the parties' written submissions, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents are liable on the claims of omission to state material facts and conflicts of interest in violation of Section 17(A) of the Securities Act of 1933, and omission to state material facts and conflicts of interest in violation of Chapter 517.301 of the Florida Securities and Investor Protection Act.
2. Respondent Citigroup is liable and shall pay to Claimant compensatory damages in the amount of \$10,935.00, plus interest at the Florida statutory rate that shall accrue from the date of purchase of the WorldCom stock through the date of service of the Award.
3. Respondent Grubman is liable and shall pay to Claimant compensatory damages in the amount of \$10,935.00, plus interest at the Florida statutory rate that shall accrue from the date of purchase of the WorldCom stock through the date of service of the Award.
4. Respondent Citigroup is liable and shall pay to Claimant punitive damages in the amount of \$2,500.00. Punitive damages are awarded because of Respondent Citigroup's failure to disclose the material fact that Mr. Ebbers was indebted to it for substantial loans secured by his WorldCom stock and its and Respondent Grubman's concealment that the latter's publicly circulated analysis of WorldCom was conflicted with his role of generating investment income for Respondent Citigroup.
5. Respondent Grubman is liable and shall pay to Claimant punitive damages in the amount of \$2,500.00. Punitive damages are awarded because of Respondent Citigroup's failure to disclose the material fact that Mr. Ebbers was indebted to it for substantial loans secured by his WorldCom stock and its and Respondent Grubman's concealment that the latter's publicly circulated analysis of WorldCom was conflicted with his role of generating investment income for Respondent Citigroup.
6. Respondent Citigroup is liable and shall reimburse Claimant \$62.50, representing one-half of the non-refundable filing fee paid by Claimant to NASD Dispute Resolution.
7. Respondent Grubman is liable and shall reimburse Claimant \$62.50, representing one-half of the non-refundable filing fee paid by Claimant to NASD Dispute Resolution.

8. Claimant's and Respondents' requests for attorneys' fees are deferred to a court of competent jurisdiction for determination.
9. Any and all claims for relief not specifically addressed herein 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 = \$125.00

**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 = \$425.00  
Total Member Fees = \$425.00

**Adjournment Fees**

No adjournments were requested in this matter.

**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, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session = \$450.00  
Pre-hearing conference: October 15, 2004 1 session

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Total Forum Fees = \$450.00

The Panel has assessed forum fees in the amount of \$225.00 to Respondent Citigroup and \$225.00 to Respondent Grubman.

**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**

Claimant is solely liable for:

<u>Initial Filing Fee</u>	= \$125.00
<u>Total Fees</u>	= \$125.00
<u>Less Payments</u>	= \$125.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$425.00
<u>Forum Fees</u>	= \$225.00
<u>Total Fees</u>	= \$650.00
<u>Less Payments</u>	= \$650.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondent Grubman is solely liable for:

<u>Forum Fees</u>	= \$225.00
<u>Total Fees</u>	= \$225.00
<u>Less Payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$225.00

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

**ARBITRATION PANEL**

Frank Brenner

- Public Arbitrator

**Arbitrator's Signature**

\_\_\_\_\_  
/s/  
Frank Brenner  
Public Arbitrator

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June 1, 2005  
Signature Date

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June 2, 2005  
Date of Service (For NASD Dispute Resolution office use only)

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Arbitration No. 03-05003  
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There were no administrative costs incurred in this matter.

**Fee Summary**

Claimant is solely liable for:

<u>Initial Filing Fee</u>	= \$125.00
<u>Total Fees</u>	= \$125.00
<u>Less Payments</u>	= \$125.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$425.00
<u>Forum Fees</u>	= \$225.00
<u>Total Fees</u>	= \$650.00
<u>Less Payments</u>	= \$650.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Grubman is solely liable for:

<u>Forum Fees</u>	= \$225.00
<u>Total Fees</u>	= \$225.00
<u>Less Payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$225.00

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

**ARBITRATION PANEL**

Frank Brenner

Public Arbitrator

Arbitrator's Signature



Frank Brenner  
Public Arbitrator

June 1, 2005  
Signature Date

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