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

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In the Matter of the Arbitration Between:

Name of the Claimant

Jack S. Nachman

Case Number: 03-05279

Names of the Respondents

Citigroup Global Markets, 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 Jack S. Nachman, hereinafter referred to as "Claimant": Michael B. Lynch, Esq., Hooper & Weiss, L.L.C., Orlando, Florida.

For Citigroup Global Markets, Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": John D. Perry, Esq., Greenberg Traurig, Boca Raton, Florida.

**CASE INFORMATION**

Statement of Claim filed on or about: July 18, 2003.

Claimant signed the Uniform Submission Agreement: February 27, 2003.

Respondent Citigroup signed the Uniform Submission Agreement: September 23, 2003.

Respondent Grubman signed the Uniform Submission Agreement: September 24, 2003.

Amended Statement of Claim filed by Claimant on or about: July 20, 2004.

Answer to Amended Statement of Claim filed by Respondents on or about: August 27, 2004.

**CASE SUMMARY**

Claimant asserted the following causes of action: violation of Section 17(a) of the Securities Exchange Act of 1933; violation of New Jersey Uniform Securities Law, Blue Sky provisions 49:3-52 and 49:3-71; violation of NASD Rule 2210(d)(1); breach of fiduciary duty; and respondeat superior. The causes of action relate to the purchase and sale of WorldCom stock.

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

### **RELIEF REQUESTED**

Claimants requested rescissory damages in the amount of \$14,448.31, punitive damages in the amount to be determined from the evidence accumulated during discovery, plus interest, costs, attorneys' fees and such other damages the arbitration panel deems appropriate.

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

### **OTHER ISSUES CONSIDERED AND DECIDED**

By Order dated October 1, 2004, the undersigned arbitrator (the "Arbitrator") denied Respondent's request that this matter be decided on the pleadings.

At the commencement of the evidentiary hearing, Respondents made an ore tenus Motion to Bar Claimant's Pre-hearing Brief. The Arbitrator granted the motion with leave for both sides to file Post-hearing briefs on or before May 27, 2005.

At the evidentiary hearing on May 18, 2005, Claimant abandoned all theories of liability with the exception of the breach of fiduciary duty claim and the violation of New Jersey Uniform Securities Law, Blue Sky provisions 49:3-52 and 49:3-71 claim.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

### **AWARD**

After considering the pleadings, the testimony and evidence presented at the hearing, and post-hearing submissions, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondents are liable jointly and severally and shall pay to Claimant the sum of \$14,450.94 in compensatory damages, plus interest at the New Jersey statutory rate from July 18, 2003, until the date of payment of the Award. Damages are awarded based upon breach of fiduciary duty and violations of New Jersey Statutes 49:3-52 and 49:3-71.
- 2) Any and all claims for relief not specifically addressed herein, including Claimant's request for punitive damages, is 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 that employed the associated person at the time of the events giving rise to the dispute. Accordingly, Respondent Citigroup is a party and a member firm.

<u>Member surcharge</u>	= \$425.00
Total Member Fees	= \$425.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournment fees assessed during these proceedings.

**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:

There were no three-day cancellation fees assessed during these proceedings.

**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.

There were no injunctive relief fees assessed during these proceedings.

**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, 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	= \$450.00
Pre-hearing conferences: September 30, 2004	1 session
One (1) Hearing session with a single arbitrator @ \$450.00	= \$450.00
<u>Hearing Date: May 18, 2005</u>	<u>1 session</u>
Total Forum Fees	= \$900.00

1. The Arbitrator has assessed \$450.00 of the forum fees to Claimant.
2. The Arbitrator has assessed \$450.00 of the forum fees 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 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 during these proceedings.

**Fee Summary**

1. Claimant is solely liable for:	
Initial Filing Fee	= \$125.00
<u>Forum Fees</u>	= \$450.00
Total Fees	= \$575.00
<u>Less payments</u>	= \$575.00
Balance Due NASD Dispute Resolution	= \$ 0.00
2. Respondent Citigroup is solely liable for:	
<u>Member Fees</u>	= \$425.00
Total Fees	= \$425.00
<u>Less payments</u>	= \$425.00
Balance Due NASD Dispute Resolution	= \$ 0.00
3. Respondents Citigroup and Grubman are jointly and severally liable for:	
Forum Fees	= \$450.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$450.00

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

**ARBITRATOR**

Leslie L. Cooney, Esq.

Public Arbitrator

**Arbitrator's Signature**

      /s/        
 Leslie L. Cooney, Esq.  
 Public Arbitrator

                                  
 Signature Date

June 15, 2005  
 Date of Service (For NASD Dispute Resolution use only)

**Fee Summary**

1. Claimant is solely liable for:	
Initial Filing Fee	= \$125.00
Forum Fees	= \$450.00
Total Fees	= \$575.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 0.00
2. Respondent Citigroup is solely liable for:	
Member Fees	= \$425.00
Total Fees	= \$425.00
Less payments	= \$425.00
Balance Due NASD Dispute Resolution	= \$ 0.00
3. Respondents Citigroup and Grubman are jointly and severally liable for:	
Forum Fees	= \$450.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$450.00

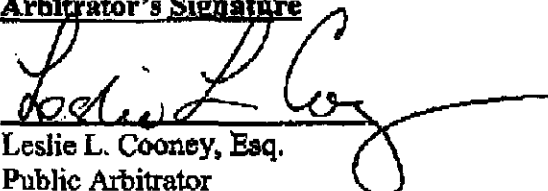
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**ARBITRATOR**

Leslie L. Cooney, Esq.

Public Arbitrator

**Arbitrator's Signature**

  
Leslie L. Cooney, Esq.  
Public Arbitrator

6-13-05  
Signature Date

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Date of Service (For NASD Dispute Resolution use only)