
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Laura Wasserman and Irving Wasserman,
Trustees f/b/o Laura Wasserman Living Trust

Case Number: 03-06502

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 Laura Wasserman and Irving Wasserman, Trustees f/b/o Laura Wasserman Living Trust, hereinafter collectively referred to as "Claimants": Michael B. Lynch, Hooper & Weiss, L.L.C., 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": John D. Perry, Esq., Greenberg Traurig, P.A., Boca Raton, Florida.

CASE INFORMATION

Statement of Claim filed on or about: September 9, 2003.

Claimants signed the Uniform Submission Agreements: September 29, 2003.

Statement of Answer filed by Respondents on or about: November 17, 2003.

Respondent Citigroup signed the Uniform Submission Agreement: December 3, 2003.

Respondent Grubman signed the Uniform Submission Agreement: December 3, 2003.

Motion to Amend the Statement of Claim (with Amended Statement of Claim attached thereto) filed by Claimants on or about: August 4, 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 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 the Claimants' investment in WorldCom stock.

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

RELIEF REQUESTED

Claimants requested rescissionary damages in the amount of \$7,030.00, 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 Claimants' Statement of Claim 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.

Claimants initially filed this matter as a simplified arbitration to be decided on the papers. Thereafter, Claimants requested that an evidentiary hearing be conducted, to which Respondents objected. On or about October 13, 2004, the Arbitrator issued an Order stating that an evidentiary hearing would be conducted.

On or about October 13, 2004, the Arbitrator issued an Order granting Claimants' Motion to Amend the Statement of Claim and providing Respondents with 30 days to file a response thereto. Respondents did not file a response to the Amended Statement of Claim.

On or about May 20, 2005, the parties requested that, in lieu of conducting an evidentiary hearing, the Arbitrator make a final determination of this matter on the papers following submission by the parties of final hearing briefs. On or about May 31, 2005, the Arbitrator issued an Order granting the parties' request.

AWARD

After considering the pleadings and final hearing briefs submitted by the parties, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

The confirmation of Claimants' purchase of WorldCom stock shows that it was a solicited order, i.e., Respondent Citigroup recommended the purchase. Claimants relied on that recommendation by buying the stock. They were not informed that Respondents' "research" that led to the recommendation was based more on a desire to curry favor with WorldCom and not on a desire to do the best possible analysis for Respondent Citigroup's retail customers. Had Claimants been informed about Respondents' true

motivation, it is unlikely that they would have accepted any recommendations based on such biased "research." As a result, Claimants are entitled to rescission of their purchase in the amount of \$7,030.00.

I do not believe punitive damages are appropriate, although it is a close question whether the conduct here amounted to intentional deceit of Respondent Citigroup's retail customers rather than just greed and stupidity. Nor do I see any basis to award attorneys' fees. And I do not find any relationship between Respondent Grubman and Claimants that would lead to liability on his part.

The parties have not directed my attention to any authority with respect to interest, but Florida statute S. 55.03 appears relevant and provides 7% interest for judgments rendered in 2005. Even if that is not the correct statute, I find that 7% is a fair figure.

In conclusion, I award Claimants judgment against Respondent Citigroup for \$7,030.00, plus 7% interest from November 11, 2000 through payment of the Award.

All other claims 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 = \$ 75.00

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, Citigroup is a party and a member firm.

Member surcharge = \$325.00
Total Member Fees = \$325.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed.

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(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @\$250.00/session	= \$250.00
Pre-hearing conference: October 12, 2004 1 session	
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Total Forum Fees	= \$250.00

The Arbitrator has assessed the total forum fees of \$250.00 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 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

Claimant is solely liable for:

<u>Initial Filing Fee</u>	= \$ 75.00
Total Fees	= \$ 75.00
<u>Less payments</u>	= \$ 75.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

Member Fees	= \$325.00
<u>Forum Fees</u>	= \$250.00
Total Fees	= \$575.00
<u>Less payments</u>	= \$325.00
Balance Due NASD Dispute Resolution	= \$250.00

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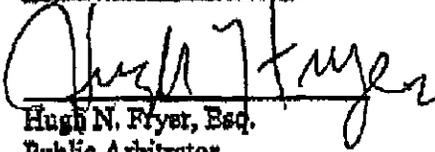
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Hugh N. Fryer, Esq.

Public Arbitrator

Arbitrator's Signature


Hugh N. Fryer, Esq.
Public Arbitrator

7-21-05
Signature Date

Date of Service (For NASD Dispute Resolution use only)