

**NASD DISPUTE RESOLUTION AWARD**  
**NASD DISPUTE RESOLUTION**

CASE: 03-06566

Everett H. Erlick TTEE, FBO Everett H. Erlick, Claimant v. Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and Jack B. Grubman, Respondents.

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**ATTORNEYS:**

For Claimant, Everett H. Erlick TTEE, FBO Everett H. Erlick, ("Claimant"), appeared Douglas H. Glicker, Esq., of The Law Offices of Douglas H. Glicker, P.A., Orlando, FL.

For Respondents, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., and Jack B. Grubman, ("Respondents"), appeared Bradford D. Kaufman, Esq., of the firm Greenberg Traurig, P.A., West Palm Beach, FL.

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**NATURE OF DISPUTE:** Customer v. Member and Associated Person

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**DATE FILED:** September 9, 2003

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**CASE SUMMARY:** Claimant alleged that Respondents were in violation of each of the following: Section 17(a) of the Securities Act of 1933, Chapter 517.301 of the Florida Securities Act and Investor Protection Act, NASD Rule 2210(d)(1), and New York Stock Exchange Rule 202.02. Claimant alleged that Respondents breached their fiduciary duty, and omitted to state material facts in connection with the offer and sale of WorldCom stock. Claimant additionally alleged that Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for the unlawful and negligent acts of its representative, Respondent Jack B. Grubman, under the doctrine of respondeat superior. Claimant maintained that due to Respondents' action, his trust account suffered financial losses.

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**ARBITRATOR'S REPORT:** Please find attached.

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**Claim Data**

Claim: \$11,510.18

Punitive: Unspecified

Interest: Unspecified

Attorney Fees: Unspecified

Filing Fees: Unspecified

Other: Unspecified

**Award Data**

Award: \$11,510.18, less any profit or income Claimant may have made from this investment

Punitive: \$.00

Interest: At the legal Florida rate from the date of purchase until the award is paid in full

Attorney Fees: TBD by a Court of competent jurisdiction

Filing Fees: \$425.00

Other: \$.00

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**AWARD:** The undersigned arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows: 1) Respondents are jointly and severally liable and shall pay to the Claimant \$11,510.18, minus any profit or income the Claimant may have made from this investment. 2) Respondents are jointly and severally liable and shall pay to the Claimant interest at the legal Florida rate from the date of purchase until the award is paid. 3) Respondents are jointly and severally liable and shall pay to the Claimant attorney fees in an amount to be determined by a Florida Court of competent jurisdiction. 4) All requests for punitive damages are denied. 5) All other relief requests are denied. 6) NASD Dispute Resolution shall retain the \$425.00 filing fee that the Claimant deposited previously. 7) Respondents are jointly and severally liable and shall pay to the Claimant \$425.00 as reimbursement of the filing fee.

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**OTHER FEES:** Pursuant to Rule 10333 of the Code, Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. has paid to NASD Dispute Resolution the \$425.00 Member Surcharge previously invoiced.


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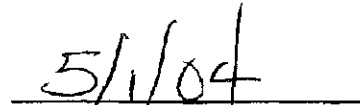
**ARBITRATOR**

Elizabeth L. Clark - Sole Public Arbitrator

**AFFIRMATION**

I, Elizabeth L. Clark, do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.

  
Elizabeth L. Clark  
AO 8888

  
Signature Date

May 14, 2004  
Date of Service (For NASD-DR office use only)



**As to the crux of this matter: it actually addresses the very heart of a primary strength of American business, in which a prudent man may rely on the integrity of professionals who hold themselves out as being knowledgeable in a particular field and offer counseling as such.**

**Notwithstanding the 418 pages of pleadings, this is not a terribly complicated case. It is not a case about what took place in the courts of New York or the arbitration offices of Georgia. It is a simple matter of integrity .**

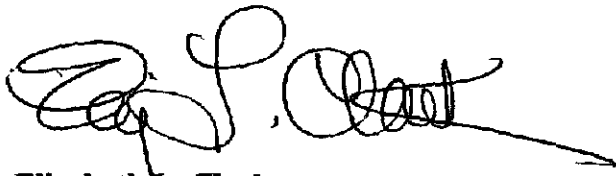
**It is a matter of the dual roles SSB and Mr. Grubman played in acting both as investment banker and as advisor to clients, and their knowledge that, as their own legal representative stated, "it was a dual role obviously fraught with complications and potential conflicts."  
(Respondent's Answer to Statement of Claim, page 13.)**

**The Respondents knew of their own conflict of interest but failed to disclose it in violation of NASD Rule 2201(d)(1), Florida Statute sec. 517.301. The fact that Mr. Grubman enjoyed an unusual celebrity and respect in the investment community placed on him an even greater obligation of integrity than that expected of the average broker. In that he failed. His failure brings judgment for the Claimant.**

**Respondents shall make rescission to Claimant in the amount of his WorldCom investment, \$11,510.18 less any profit or income Claimant may have made from this investment, plus interest at the legal Florida rate from the date of purchase until the award is paid.**

**All forum fees and attorneys' fees shall be paid by the Respondents. Forum fees shall be calculated by the NASD and attached to this order. The award is joint and several.**

**Signed 24 February 2004,**



**Elizabeth L. Clark  
AO8888**