

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

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CASE: 03-07496

Erwin and Meredith Danielson Rev. Trust, Erwin D. Danielson and Meredith N. Danielson, Trustees, 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 Erwin and Meredith Danielson Rev. Trust, Erwin D. Danielson and Meredith N. Danielson, Trustees ("Claimant") appeared Douglas H. Glicken, Esq., of The Law Offices of Douglas H. Glicken, P.A., Orlando, FL.

For Respondents Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and Jack B. Grubman (collectively "Respondents") appeared Mark L. Parmelee, Esq. and Bradford D. Kaufman, Esq., of the firm Greenberg Traurig, P.A., New York, NY.

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

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DATE FILED: October 17, 2003.

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CASE SUMMARY: Claimant alleged that Respondents omitted to state material facts in connection with the offer and sale of WorldCom stock to Claimant. Claimant further alleged that Respondents violation Section 17(a) of the Securities Act of 1933, Chapter 517.301 of the Florida Securities and Investor Protection Act, and NASD Rule 2210(d)(1). Claimant additionally alleged that Respondents breached their fiduciary duty to Claimant, and that Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. is liable to Claimant under the doctrine of Respondeat Superior. Claimant's claim involved shares of WorldCom stock.

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**Claim Data**

Claim: \$7,748.75  
Punitive: Unspecified  
Interest: Unspecified  
  
Attorney Fees: Unspecified  
  
Filing Fees: Unspecified  
Other: Unspecified

**Award Data**

Award: \$7,748.75  
Punitive: \$17,251.25  
Interest: 4% p.a. fr. 1/19/99-date of payment in full  
Attorney Fees: As provided by Florida Law  
Filing Fees: \$325.00  
Other: \$0.00

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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) Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. is liable for and shall pay to Claimant \$3,874.38, plus interest at a rate of 4% per annum from January 19, 1999 through the date of payment of the award. Respondent Jack B. Grubman is liable for and shall pay to Claimant \$3,874.37, plus interest at the rate of 4% per annum from January 19, 1999 through the date of payment of the award. 2) Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. is liable for and shall pay to Claimant punitive damages in the amount of \$8,625.63. Respondent Jack B.

Grubman is liable for and shall pay to Claimant punitive damages in the amount of \$8,625.62. The basis for awarding punitive damages is as follows: both Respondents are guilty of breach of fiduciary duty – *Shields & Co. vs. Bright*, 254F. Supp 2d 1253 (MB. Fl. 2003) as well as conflicts of interest in 1933 Securities Act Sec 17(a)(2) and Florida Securities and Investor Protection Act 517.301 as well as NASD Rule 2210(d)(1) withholding information and deceptive practices to Claimant are covered in all three authorities mentioned. 3) Respondents are jointly and severally liable for and shall pay to Claimant all reasonable attorney fees and expenses as determined by a court of competent jurisdiction in accordance with Florida Statute Section 517.211(b) of 1997; see also *Raymond James & Associates vs. Wieneke*, Fl. 1991. 4) All other relief requests are denied. 5) NASD Dispute Resolution shall retain the \$325.00 filing fee that the Claimant deposited previously. 6) Respondent Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. is liable and shall pay Claimant \$162.50 as reimbursement of one-half of the filing fee. 7) Respondent Jack B. Grubman is liable and shall pay to Claimant \$162.50 as reimbursement of one-half 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 \$325.00 Member Surcharge previously invoiced.

Page Three  
Award 03-07496

George W. Rodormer - Sole Public Arbitrator

AFFIRMATION

I, George W. Rodormer, 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.

  
George W. Rodormer

  
Signature Date

February 11, 2005  
Date of Service (For NASD-DR office use only)