
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Guy Shapiro and Alice Shapiro, JTWROS

Case Number: 04-01208

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 Guy Shapiro and Alice Shapiro, JTWROS, hereinafter referred to as "Claimants": William B. Young, 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": John A. Boudet, Esq., Greenberg Traurig, P.A., Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: February 24, 2004.

Claimants signed the Uniform Submission Agreement: January 27, 2004.

Statement of Answer filed by Respondents on or about: April 30, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: March 29, 2004.

Respondent Grubman signed the Uniform Submission Agreement: April 21, 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 NASD Rule 2210(d)(1), Communications with the Public-General Standards; breach of fiduciary duty; and, respondeat superior. The causes of action relate to 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

Claimant requested rescissionary damages in the amount of \$49,999.00, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the Panel.

Respondents requested that the Statement of Claim be dismissed in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

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, the testimony and evidence presented at the hearing, and the submission of Exhibit C and especially the Exhibit containing the third and final report of Richard Thornburgh, the Bankruptcy Court Examiner, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Respondent Citigroup is liable and shall pay to Claimants the sum of \$49,999.00 as rescissionary damages for failure to fully disclose the relationship with Mr. Ebbers, the CEO of WorldCom, and its effect on upholding the ratings on WorldCom stock.

Respondent Grubman owed no duty to Claimants and his opinions were not based on the fraud perpetrated by WorldCom and no knowledge was attributed to him by the Bankruptcy Court Examiner. As such, all claims against Respondent Grubman are dismissed with prejudice.

Claimants' request for interest and attorneys' fees are denied.

Any and all claims for relief not specifically addressed herein, including Claimants' claims for relief pursuant to Section 517.301 of the Florida Securities and Investor Protection Act and Claimants' request for punitive damages, are denied

FEEES

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 = \$ 175.00

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 = \$ 875.00

Pre-hearing process fee = \$ 750.00

Hearing process fee = \$1,000.00

Total Member Fees = \$2,625.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which 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 Arbitrator.

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 the Arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: June 15, 2004 1 session	
Two (2) Hearing sessions @ \$450.00/session	= \$ 900.00
Hearing Date: May 10, 2005 2 sessions	
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Total Forum Fees	= \$1,350.00

The Arbitrator has assessed forum fees of \$675.00 to Claimants, jointly and severally.

The Arbitrator has assessed forum fees of \$675.00 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 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

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 175.00
<u>Forum Fees</u>	= \$ 675.00
Total Fees	= \$ 850.00
<u>Less Payments</u>	= \$ 625.00
Balance Due NASD Dispute Resolution	= \$ 225.00

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Respondent Citigroup is solely liable for:

Member Fees	= \$2,625.00
<u>Forum Fees</u>	= \$ 675.00
Total Fees	= \$3,300.00
<u>Less Payments</u>	= \$3,300.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATOR

Edwin Fradkin, Esq.

Public Arbitrator, Presiding Chairperson

Arbitrator's Signature

/s/
Edwin Fradkin, Esq.
Public Arbitrator, Presiding Chairperson

May 17, 2005
Signature Date

May 17, 2005
Date of Service (For NASD Dispute Resolution office use only)

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Respondent Citigroup is solely liable for:

Member Fees	= \$2,625.00
Forum Fees	= \$ 675.00
Total Fees	= \$3,300.00
Less Payments	= \$3,300.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATOR

Edwin Fradkin, Esq.

Public Arbitrator, Presiding Chairperson

Arbitrator's Signature



Edwin Fradkin, Esq.
Public Arbitrator, Presiding Chairperson

5/17/05
Signature Date

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