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

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In the Matter of the Arbitration Between:

Name of the Claimant  
Fred M. Kermode IRA

Case Number: 04-05078

Names of the Respondents  
Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc.  
Jack Grubman

Hearing Site: Tampa, Florida

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Nature of the Dispute: Customer vs. Member and Associated Person.

**REPRESENTATION OF PARTIES**

For Fred M. Kermode IRA, hereinafter referred as "Claimant": Douglas H. Glicker, Esq., Law Office of Douglas H. Glicker, P.A., Orlando, Florida.

For Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Clay Deatherage, Esq., Greenberg Traurig, P.A., Orlando, Florida.

**CASE INFORMATION**

Statement of Claim filed on or about: July 12, 2004.

Claimant signed, but did not date, the Uniform Submission Agreement.

Statement of Answer filed by Respondents on or about: September 7, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: August 12, 2004.

Respondent Grubman signed the Uniform Submission Agreement: August 26, 2004.

**CASE SUMMARY**

Claimant 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 Claimant's 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 \$53,654.66, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the Panel.

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

**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 and the record in this matter, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

Respondents are jointly and severally liable on the claim for violation of Chapter 517.301(1)(c) of the Florida Statutes, and shall pay to Claimant compensatory damages in the amount of \$53,654.66, plus interest at the Florida statutory rate accruing from May 11, 2002 until the Award is paid.

Inasmuch as the Panel has awarded full compensatory damages pursuant to the Panel's finding that Respondents violated Chapter 517.301(1)(c) of the Florida Statutes, the following causes of action asserted by Claimant were deemed moot: violations of Section 17(A) of the Securities Act of 1933 and NASD Rule 2210(d)(1); breach of fiduciary duty; and, respondeat superior.

Respondents are jointly and severally liable and shall reimburse Claimant the sum of \$225.00, representing the non-refundable claim-filing fee paid by Claimant to NASD Dispute Resolution.

Claimant's request for attorneys' fees is granted.

Any and all claims for relief not specifically addressed herein, including Claimant's request for punitive damages, 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 = \$225.00

**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	= \$1,100.00
Pre-hearing process fee	= \$ 750.00
<u>Hearing process fee</u>	<u>= \$1,700.00</u>
Total Member Fees	= \$3,550.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

No adjournments were requested in this matter.

**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.

No three-day cancellation fees were assessed in this matter.

**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.

Injunctive relief fees were not assessed in this matter.

**Forum Fees and Assessments**

The Panel 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 Panel @ \$750.00/session	= \$ 750.00
Pre-hearing conference: December 1, 2004 1 session	
Two (2) Hearing sessions with the Panel @ \$750.00/session	= \$1,500.00
Hearing Dates: May 26, 2005 2 sessions	
<hr/> Total Forum Fees	<hr/> = \$2,250.00

The Panel has assessed the total forum fees of \$2,250.00 to Respondents, jointly and severally.

**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 in this matter.

**Fee Summary**

Claimant is solely liable for:

<u>Initial Filing Fee</u>	= \$ 225.00
<u>Total Fees</u>	= \$ 225.00
<u>Less Payments</u>	= \$ 225.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$3,550.00
<u>Total Fees</u>	= \$3,550.00
<u>Less Payments</u>	= \$3,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

<u>Forum Fees</u>	= \$2,250.00
<u>Total Fees</u>	= \$2,250.00
<u>Less Payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$2,250.00

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

**ARBITRATION PANEL**

James R. Kennedy, Jr., Esq.	-	Public Arbitrator, Presiding Chairperson
Donald R. Ommrod, Sr.	-	Public Arbitrator
Neal J. Tourdo	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

         /s/  
James R. Kennedy, Jr., Esq.  
Public Arbitrator, Presiding Chairperson

June 1, 2005  
Signature Date

NASD Dispute Resolution

Arbitration No. 04-05078

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/s/

Donald R. Ormrod, Sr.  
Public Arbitrator

June 1, 2005

Signature Date

/s/

Neal J. Tourdo  
Non-Public Arbitrator

June 1, 2005

Signature Date

June 2, 2005

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

JUN. 1. 2005 10:37AM

NASD REGULATIONS

NO. 748 P. 5/6

**NASD Dispute Resolution**  
**Arbitration No. 04-05078**  
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**Administrative Costs**

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<u>Less Payments</u>	= \$3,550.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondents are jointly and severally liable for:

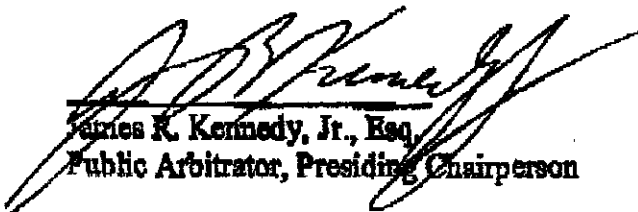
<u>Forum Fees</u>	= \$2,250.00
<u>Total Fees</u>	= \$2,250.00
<u>Less Payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$2,250.00

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Donald R. Ormrod, Sr.	-	Public Arbitrator
Neal J. Tourdo	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

  
 James R. Kennedy, Jr., Esq.  
 Public Arbitrator, Presiding Chairperson

6-1-05  
 Signature Date

Gerald R. Ormrod, Sr.

Donald R. Ormrod, Sr.  
Public Arbitrator

June 1-2005  
Signature Date

Neal J. Tourdo  
Non-Public Arbitrator

Signature Date

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

JUN. 1. 2005 3:58PM

NASD REGULATIONS

NO. 772 P. 6/6

NASD Dispute Resolution

Arbitration No. 04-05078

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\_\_\_\_\_  
Donald R. Ozmrod, Sr.  
Public Arbitrator

\_\_\_\_\_  
Signature Date



Neal J. Tourdo  
Non-Public Arbitrator

6/1/05  
Signature Date

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