
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Sylvia Purisch Arthur Purisch Ttee FBO Sylvia Purisch Rev Trust
Arthur Purisch, IRA
Arthur Purisch Ttee FBO Arthur and Neil Purisch

Case Number: 04-05690

Names of the Respondents

Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc.
Jack B. Grubman

Hearing Site: Orlando, Florida

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

REPRESENTATION OF PARTIES

For Sylvia Purisch Arthur Purisch Ttee FBO Sylvia Purisch Rev Trust; Arthur Purisch, IRA; and, Arthur Purisch Ttee FBO Arthur and Neil Purisch, hereinafter collectively referred to as "Claimants": Michael B. Lynch, Esq., 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": Ricardo Gonzalez, Esq., Greenberg Traurig, P.A., Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: August 4, 2004.

Claimants signed the Uniform Submission Agreements: August 4, 2004.

Statement of Answer filed by Respondents on or about: November 1, 2004.

Respondent Citigroup did not file an executed Uniform Submission Agreement.

Respondent Grubman did not file an executed Uniform Submission Agreement.

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' investments in WorldCom stock and Targeted Growth - Enhanced Term Securities Trust.

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 \$16,112.58, 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

Respondents Citigroup and Grubman did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and are bound by the determination of the Arbitrator on all issues submitted.

On or about April 4, 2005, the parties jointly requested that the Arbitrator make a final determination of this matter on the papers in lieu of conducting an evidentiary hearing, following submission by the parties of final hearing briefs. On or about April 13, 2005, the Arbitrator issued an Order granting the parties' request.

On or about July 13, 2005, 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*.

On or about August 15, 2005, Claimant filed a voluntarily dismissal of the portion of the Statement of Claim relating to the Targeted Growth-Enhanced Term Securities Trust.

AWARD

After reviewing the documentation provided, including the legal arguments of counsel for all parties, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Claimants purchased or acquired publicly traded stock, bonds, or notes of WorldCom, Inc. during the period of April 29, 1999 through and including June 25, 2002.

Claimants timely filed a written request for exclusion from the class action suit (in effect, opting out of the action) styled *WorldCom, Inc. Securities Litigation* filed in the United States District Court, Southern District of New York, Case N. 02-CIV.3288 (DLC), and are, therefore, entitled to pursue this claim for rescissionary damages and other relief.

Claimants are therefore entitled to rescissionary damages for the purchase of common stocks in WorldCom, Inc. purchased during the calendar year 2000 in the amount of \$6,660.39.

Claimants are entitled to damages for "spinoff stocks" objected to by Respondents, because those "spinoff stocks" represent real damages to Claimants and, therefore, Respondents are not entitled to a setoff in the amount of Two Hundred Ninety-Three and 43/100 (\$293.43), as requested.

Claimants elected to file a Proof of Claim and Release in regard to the Targeted Growth-Enhanced Term Securities Trust, and did so in writing on June 11, 2005. Claimants are therefore estopped from claiming restitution for any damages sustained for the purchase of the Targeted Growth-Enhanced Term Securities Trust.

Respondents, jointly, profited by the actions of Respondent Grubman, and did so even after Respondent Citigroup knew of problems associated with Respondent Grubman's "analysis" of the securities purchased by Claimants, which gives rise to Claimants' action.

Respondent Citigroup either intentionally ignored the repeated warnings it was given about the actions of Respondent Grubman, or it was so grossly negligent in its duty to investors such as Claimants in this cause, that an award of punitive damages, jointly and severally against Respondents is appropriate.

Respondents are jointly and severally liable on the following claims: 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.

IT IS, THEREFORE, AWARDED as follows:

Respondents are jointly and severally liable and shall pay to Claimants rescissionary damages in the amount of \$6,660.39, plus pre-judgment interest at the Florida statutory rate, accruing from June 1, 2002 through payment of the Award.

Respondents are jointly and severally liable and shall pay to Claimants punitive damages in the amount of \$19,981.17, representing three times the actual damages awarded.

Attorneys' fees to be awarded in accordance with Chapter 517, Florida Statutes, as determined by a Court of competent jurisdiction against both Respondents, jointly and severally.

Any and all relief not specifically addressed herein is denied.

FEES

Pursuant to 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 = \$125.00

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	= \$425.00
<hr/> Total Member Fees	<hr/> = \$425.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournment fees assessed during these proceedings.

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 the Arbitrator @ \$450.00/session	= \$450.00
Pre-hearing conference: March 21, 2005 1 session	
<hr/> Total Forum Fees	<hr/> = \$450.00

The Arbitrator has assessed the total forum fees of \$450.00 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 during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$125.00
<u>Total Fees</u>	= \$125.00
<u>Less payments</u>	= \$125.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$425.00
<u>Total Fees</u>	= \$425.00
<u>Less payments</u>	= \$425.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents Citigroup and Grubman are jointly and severally liable for:

<u>Forum Fees</u>	= \$450.00
<u>Total Fees</u>	= \$450.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$450.00

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

ARBITRATOR

Kevin S. Doty, Esq.

Public Arbitrator

Arbitrator's Signature

 /s/
Kevin S. Doty, Esq.
Public Arbitrator

October 3, 2005
Signature Date

October 3, 2005

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

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<u>Balance Due NASD Dispute Resolution</u>	= \$450.00

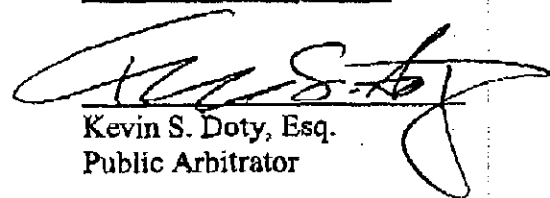
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ARBITRATOR

Kevin S. Doty, Esq.

Public Arbitrator

Arbitrator's Signature


 Kevin S. Doty, Esq.
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30 Oct 05
 Signature Date

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