
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

William E. Ryan and
Maya J. Ryan JTWROS

Case Number: 04-05968

Names of the Respondents

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

Hearing Site: Tampa, Florida

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

REPRESENTATION OF PARTIES

For William E. Ryan and Maya J. Ryan JTWROS, hereinafter referred to as "Claimants":
Michael 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": Michael Wallander, Esq., Greenberg Traurig, West Palm Beach, Florida.

CASE INFORMATION

Statement of Claim filed on or about: August 13, 2004.

Claimants signed the Uniform Submission Agreement: January 6, 2003.

Statement of Answer filed by Respondents on or about: October 21, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: March 14, 2005.

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

Joint Motion to Have this Matter Determined on the Paper Record and Request to Submit Final Briefs filed by the parties on or about: May 18, 2005.

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 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 the Claimants' investment in WorldCom stock.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses and other additional defenses.

RELIEF REQUESTED

Claimants requested: 1) rescissionary damages in the amount of \$10,039.11; 2) an unspecified amount of punitive damages; 3) interest; 4) costs; 5) attorneys' fees; and, 6) such other relief as deemed appropriate by the Arbitrator.

Respondents requested that Claimants' Statement of Claim be denied in its entirety, and dismissed with prejudice and an award of attorneys' fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

On or about February 6, 2004, 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 May 23, 2005, the Arbitrator granted the parties' Joint Motion for the above-captioned arbitration to Proceed on the Paper Record and Request to file Final Briefs. Thereafter, on or about June 22, 2005, Claimants filed their Final Brief and, on or about July 26, 2005, Respondents filed their Final Brief.

AWARD

After considering the pleadings the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Respondents are found liable for violation of Florida Statutes, Chapter 517.301. Respondent Citigroup shall pay to Claimants compensatory damages in the amount of \$5,019.56 and Respondent Grubman shall pay to Claimants compensatory damages in the amount of \$5,019.55.

Respondents are liable and shall pay to Claimants interest at the state of Florida statutory rate from the date of purchase of their WorldCom stock to the date of service of the Award herein.

Respondent Citigroup is liable for failure to disclose the material fact that Mr. Ebbers was indebted to it for substantial loans secured by his WorldCom stock and Respondents Citigroup and Grubman's concealment of the fact that the latter's publicly circulated analysis of WorldCom was conflicted with his role of generating investment making income for Citigroup. Therefore, Respondent Citigroup shall pay to Claimants punitive damages in the amount of \$2,500.00 and Respondent Grubman shall pay to Claimants punitive damages in the amount of \$2,500.00

Respondents Citigroup and Grubman are liable for violation of Florida Statutes, Chapter 517.301, omission to state material facts and conflicts of interest, and shall pay to Claimants

attorneys' fees in an amount to be determined by a court of competent jurisdiction.

Respondents are liable and shall pay to Claimants the total sum of \$125.00 representing reimbursement of the claim filing fee previously paid by Claimants to NASD Dispute Resolution. Respondent Citigroup shall pay to Claimants \$62.50 and Respondent Grubman shall pay to Claimants \$62.50.

Any and all relief not specifically addressed herein, including Respondents' request for attorneys' fees, is 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	= \$ 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.

<u>Member Surcharge</u>	= \$ 425.00
<u>Total Member Fees</u>	= \$ 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, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00 = \$ 450.00
Pre-hearing conferences: December 17, 2004 1 session

Total Forum Fees = \$ 450.00

The Arbitrator has assessed \$225.00 of the forum fees to Respondent Citigroup.
The Arbitrator has assessed \$225.00 of the forum fees to Respondent Grubman.

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

Respondent Citigroup is solely liable for:

Member Fees	= \$ 425.00
<u>Forum Fees</u>	= \$ 225.00
Total Fees	= \$ 650.00
<u>Less payments</u>	= \$ 425.00
Balance Due NASD Dispute Resolution	= \$ 225.00

Respondent Grubman is solely liable for:

<u>Forum Fees</u>	= \$ 225.00
Total Fees	= \$ 225.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 225.00

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

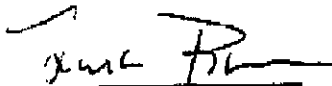
NASD Dispute Resolution
Arbitration No. 04-05968
Award Page 5 of 5

ARBITRATION PANEL

Frank Brenner, Esq.

Public Arbitrator

Arbitrator's Signature



Frank Brenner, Esq.
Public Arbitrator

8-3-05

Signature Date

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