

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Michael H. Jacobson IRA, Michael H. Jacobson, Lana B. Jacobson, Barry M. Jacobson, and
Brian A. Fox, (Claimants) vs. Salomon Smith Barney Inc. and Timothy K. Fife, (Respondents)

Case Number: 01-01446

Hearing Site: Cleveland, Ohio

REPRESENTATION OF PARTIES

Claimant, Michael H. Jacobson IRA ("Jacobson IRA"), Michael H. Jacobson ("M. Jacobson"),
Lana B. Jacobson ("L. Jacobson"), Barry M. Jacobson ("B. Jacobson"), and Brian A. Fox ("Fox"),
hereinafter collectively referred to as "Claimants": Kevin R. McDermott, Esq., Schottenstein, Zox
& Dunn L.P.A., Columbus, OH.

Respondents, Salomon Smith Barney Inc. ("SSB") and Timothy K. Fife ("Fife"), hereinafter
collectively referred to as "Respondents": Sean J. Coughlin, Esq., Associate General Counsel,
Salomon Smith Barney Inc., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: March 13, 2001.

Jacobson IRA signed the Uniform Submission Agreement: April 12, 2001.

M. Jacobson signed the Uniform Submission Agreement: April 12, 2001.

L. Jacobson signed the Uniform Submission Agreement: April 12, 2001.

B. Jacobson signed the Uniform Submission Agreement: April 12, 2001.

Fox signed the Uniform Submission Agreement: April 12, 2001.

Joint Statement of Answer filed by Respondents on or about: June 22, 2001.

SSB signed the Uniform Submission Agreement: June 22, 2001.

Fife signed the Uniform Submission Agreement: June 20, 2001.

CASE SUMMARY

Claimants asserted the following causes of action: suitability; churning; negligence; common
law fraud; breach of fiduciary duty; respondeat superior; and control person liability.
Claimants' claim involved a variety of stocks and bonds.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: Claimants' demand for damages is improper as a matter of law and fact and therefore the Statement of Claim fails to state a claim upon which relief can be granted; Claimants directed and authorized all of the transactions in the account and are therefore estopped from bringing this action and obtaining recovery; to the extent that Claimants' account diminished in value, such diminution is the result, in whole or in part, of unforeseen market fluctuations, and not due to the actions of Respondents; Claimants' claims are barred by the equitable principles of waiver, estoppel, and ratification; Claimants' allegations relating to opportunity costs and attorneys' fees are merely conclusive and fail to set forth ultimate facts sufficient to recover such damages; Claimants have not incurred any damages arising from the actions of Respondents; and Claimants have failed to mitigate damages.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$310,000.00, plus benefit of the bargain damages, lost opportunity costs, model portfolio damages, prejudgment interest, attorneys' fees, punitive damages, and such other relief as is deemed necessary and proper.

Respondents requested that the Statement of Claim be, in all respects, dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

By letter dated October 31, 2001, NASD Dispute Resolution advised the parties that arbitrator Thaddeus Shalek's classification changed from public to non-public. Following this notification, the parties did not object to the composition of the Panel in this matter.

The parties have 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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Jacobson IRA's claims are hereby denied in their entirety.
2. M. Jacobson's claims are hereby denied in their entirety.

3. L. Jacobson's claims are hereby denied in their entirety.
4. B. Jacobson's claims are hereby denied in their entirety.
5. Respondents are jointly and severally liable for and shall pay to Fox the sum of \$10,000.00 as compensatory damages, plus interest at the rate of 10% per annum accruing from October 30, 2002 until the date of payment.
6. Claimants' request for punitive damages is hereby denied.
7. All other requests for relief are 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	= \$ 300.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, Salomon Smith Barney Inc. is a party.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$1,125.00
Pre-hearing conference: April 29, 2002	1 session

Four (4) Hearing sessions x \$1,125.00		= \$4,500.00
Hearing Dates:	October 1, 2002	2 sessions
	October 2, 2002	2 sessions
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Total Forum Fees		= \$5,625.00

1. The Panel has assessed \$2,812.50 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$2,812.50 of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	<u>= \$2,812.50</u>
Total Fees	= \$3,112.50
<u>Less payments</u>	<u>= \$1,425.00</u>
Balance Due NASD Dispute Resolution	= \$1,687.50
2. SSB is solely liable for:

<u>Member Fees</u>	<u>= \$4,600.00</u>
Total Fees	= \$4,600.00
<u>Less payments</u>	<u>= \$4,600.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00
3. Respondents are jointly and severally liable for:


<u>Forum Fees</u>	<u>= \$2,812.50</u>
Total Fees	= \$2,812.50
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$2,812.50

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

ARBITRATION PANEL

Thomas R. Skulina, Esq.	-	Public Arbitrator, Presiding Chair
Thaddeus J. Shalek	-	Non-Public Arbitrator
David A. Ruckman	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures



Thomas R. Skulina, Esq.
Public Arbitrator, Presiding Chair



Signature Date

Thaddeus J. Shalek
Non-Public Arbitrator

Signature Date

David A. Ruckman
Non-Public Arbitrator

Signature Date

October 28, 2002

Date of Service (For NASD Dispute Resolution use only)


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NASD Dispute Resolution
Arbitration No. 01-01446
Award Page 7

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