

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant / Counter Respondent

Trudy K. Walker

V.

01-02198

Denver, Colorado

Respondent / Counter Claimant

Salomon Smith Barney, Inc.

REPRESENTATION OF PARTIES

Trudy K. Walker ("Claimant") was represented by Linda M. Deola, Esq., of Reynolds, Motl and Sherwood, Helena, Montana.

Salomon Smith Barney, Inc. ("SSB") was represented by Marcy A. Mintz, Esq., of Salomon Smith Barney, New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about April 27, 2001. Submission Agreement of Claimant Trudy K. Walker was signed on April 24, 2001.

Statement of Answer and Counter Claim was filed by Respondent Salomon Smith Barney, Inc. on or about July 27, 2001. Submission Agreement of Respondent Salomon Smith Barney, Inc. was signed on July 27, 2001.

Claimants Reply to Respondent SSB's Counter Claim was filed on or about July 31, 2001.

CASE SUMMARY

Claimant asserted the following causes of action: fraud, fraudulent inducement, fraudulent misrepresentations, deceit, constructive fraud, negligence, negligent supervision, breach of contract, and breach of implied duty of good faith and fair dealing. The causes of action relate to the alleged breach of an employment contract in regards to a letter of understanding, which outlined her business relationship with Respondent SSB. Claimant alleged that due to the results of SSB's wrongful acts or omissions, Claimant has suffered damages including, but not limited to loss of income and benefits, loss of earning capacity and of prospective advantage, loss and damage to her business reputation, loss of her career, damage of her mental and physical health and loss of expenses incurred in connection with her employment with Respondent SSB.

Respondent SSB denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant's claims should be dismissed for failure to state a claim upon which relief may be granted; Claimant's claims are barred by the applicable statutes of limitation, and as such, fail to state a claim upon which relief may be granted; all actions taken by Respondent SSB with respect to Claimant were undertaken in good faith, for legitimate business reasons and, hence, Claimant's claims should be dismissed, any relief that could be due to Claimant should be denied or reduced to Claimant's failure to make diligent efforts to mitigate her alleged damages; and that Claimant's claims are barred by the statutes of frauds, and as such, fail to state a claim upon which relief may be granted.

Respondent SSB asserted the following causes of action in their counterclaim: breach of employment contract. The causes of action relate to the Claimant's alleged failure to honor a promissory note that became due when she voluntarily resigned from SSB.

Claimant denied the allegations made in the Statement of Counter Claim and asserted the following defenses: Respondent's claims should be dismissed for failure to state a claim upon which relief may be granted; Respondent's comparative fault and lack of due diligence bar respondent from recovering any damages from Claimant; and the equitable doctrines of waiver, unclean hands, estoppel, and laches bar SSB from recovering any of Respondent's asserted claims against Claimant.

RELIEF REQUESTED

Claimant requested an award in the amount of \$7,500,000 in compensatory damages. In addition Claimant had also requested an award reflecting punitive damages, pre and post-judgment interest, costs, and any other costs the panel may deem appropriate.

Respondent SSB requested that the claims asserted against them be denied in its entirety. Respondent SSB requested in their counterclaim an award in the amount of \$40,066.40 for a failure to honor a promissory note. In addition SSB had also requested an award reflecting interest accruing from January 2, 2001, costs, attorneys' fees, and any other costs the panel may deem appropriate.

OTHER ISSUES CONSIDERED & DECIDED

At the conclusion of Claimant's case in chief, Respondent SSB asserted a Motion to Dismiss. After considering the Motion, arguments of the parties, and the evidence presented the Panel denied Respondent SSB's Motion to Dismiss.

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. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Salomon Smith Barney, Inc., is liable for and shall pay to Claimant, Trudy K. Walker, the sum of One Million Four Hundred and Seventy Three Thousand and No Cents (\$1,473,000) as compensatory damages.
2. Respondent Salomon Smith Barney, Inc., is liable for and shall pay to Claimant, Trudy K. Walker, interest at the rate of 10% per annum as specified by Montana State Law on said award from October 25, 2002 until award is paid in full.
3. Respondent Salomon Smith Barney, Inc., is liable for and shall pay to Claimant, Trudy K. Walker, the sum of Three Hundred Thousand Dollars and No Cents (\$300,000) in punitive damages.
4. Respondent Salomon Smith Barney, Inc., is liable for and shall pay to Claimant, Trudy K. Walker, the sum of Eleven Thousand Eight Hundred Twenty Five Dollars and No Cents (\$11,825) for witness and travel related costs in this matter.
5. That to the extent not specifically awarded or otherwise provided for above, all other claims, counterclaims, and requests for relief by any party hereto are denied with prejudice.
6. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 600
Counter claim filing fee	= \$1,000

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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is Salomon Smith Barney, Inc.

Member surcharge	= \$ 3,000
Pre-hearing process fee	= \$ 600
Hearing process fee	= \$ 5,000

Forum Fees and Assessments

The Arbitration 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 a single arbitrator x \$450.00	= \$ 450
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Pre-hearing conference:	<u>Date</u>	
	09/09/2002	1 session

One (1) Pre-hearing session with Panel x \$1,200	= \$ 1,200
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Pre-hearing conference:	<u>Date</u>	
	03/08/2002	1 session

Eight (8) Hearing sessions x \$1,200	= \$ 9,600
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Hearing Dates:	<u>Date</u>	
	10/22/2002	2 sessions
	10/23/2002	2 sessions
	10/24/2002	2 sessions
	10/25/2002	2 sessions

Total Forum Fees	= \$11,250
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The Arbitration Panel has assessed \$11,250 of the forum fees to Salomon Smith Barney, Inc.

Fee Summary

Claimant, Trudy K. Walker is liable for:

Initial Filing Fee	= \$ 600
Total Fees	= \$ 600
Less payments	= \$ 1,800
Balance Refund From NASD Dispute Resolution	= \$ 1,200

Respondent, Salomon Smith Barney, Inc. is liable for:

Counter Claim Filing Fee	= \$ 1,000
Member Fees	= \$ 8,600
Forum Fees	= \$11,250
Total Fees	= \$20,850
Less payments	= \$ 8,600
Balance Due NASD Dispute Resolution	= \$12,250

All balances are due to NASD Dispute Resolution

ARBITRATION PANEL

Michael J. Norton - Public Arbitrator, Presiding Chair
Jerome B. Kelly - Public Arbitrator
Michael A. Sabian, Esq. - Industry Arbitrator

Concurring Arbitrators:

Michael J. Norton
Public Arbitrator, Presiding Chair

Signature Date

Jerome B. Kelly
Public Arbitrator

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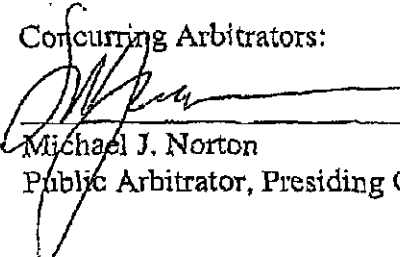
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Industry Arbitrator

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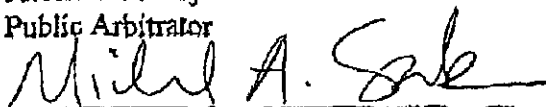
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