

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

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In the Matter of the Arbitration Between:

Lori Hurson (Claimant) v. Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. and Abbey H. Gladstone (Respondents)

Case Number: 02-05009

Hearing Site: New York, New York

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

**REPRESENTATION OF PARTIES**

Claimant Lori Hurson ("Hurson") hereinafter referred to as "Claimant": J. Kirkland Grant, Esq., Law Offices of J. Kirkland Grant, Huntington, NY.

Respondents Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Abbey H. Gladstone ("Gladstone") hereinafter collectively referred to as "Respondents": Jonathan C. Thau, Luboja & Thau, LLP, New York, NY. Previously represented by: Susan E. Harkins, Esq., Citigroup Global Markets, Inc. New York, NY.

**CASE INFORMATION**

Statement of Claim filed on or about: August 22, 2002.

Amended Statement of Claim filed on or about: October 17, 2003.

Claimant signed the Uniform Submission Agreement: April 11, 2002.

Statement of Answer filed by Respondents on or about: October 24, 2002.

Response to the Amended Statement of Claim filed by Respondents on or about: November 26, 2003.

Respondent Citigroup signed the Uniform Submission Agreement: June 23, 2003.

Respondent Gladstone did not sign the Uniform Submission Agreement.

**CASE SUMMARY**

In the Statement of Claim and Amended Statement of Claim, Claimant asserted the following causes of action: suitability; churning; failure to supervise; violation of NASD rules; and breach of fiduciary duty. Claimant's claim involved AOL, Novel, and Microsoft, as well as other unspecified securities.

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

### **RELIEF REQUESTED**

In the Amended Statement of Claim, Claimant requested compensatory damages in the amount of \$838,250.00; punitive damages in the amount of \$700,000.00; and costs and attorneys' fees.

In their Answer, Respondents requested that the Statement of Claim be dismissed with costs and expenses assessed against Claimant. In their Response to the Amended Statement of Claim, Respondents requested that the Amended Statement of Claim be dismissed, with costs assessed against Claimant, and that the regulatory records of Respondent Gladstone be expunged of all references to this claim.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Respondent Gladstone did not file with NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and, having answered the claim, and appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

At the hearing on July 21, 2004, the Claimant asked that Arbitrator Janet McEneaney, Esq., recuse herself. The Arbitrator granted the request. The parties agreed to proceed with the remaining two arbitrators.

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, and 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. Respondent Citigroup is liable for and shall pay to Claimant compensatory damages in the amount of \$66,888.00, plus interest thereon at a rate of 4% per annum from October 1, 2001 through the date of payment of the award.
2. The claims of Claimant against Respondent Gladstone are dismissed. Gladstone's request for expungement of his CRD records is denied.
3. Any and all relief not specifically addressed herein, including punitive damages, 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	= \$500.00
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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. Accordingly, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. is a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

#### Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

December 8-10, 2003, adjournment by Respondents	= \$1,200.00
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#### Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A 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 @ \$450.00	= \$ 450.00
Pre-hearing conference: January 12, 2004 1 session	

Three (3) Pre-hearing sessions with Panel @ \$1,200.00	= \$ 3,600.00
Pre-hearing conferences: May 23, 2003 1 session	
March 16, 2004 1 session	
March 24, 2004 1 session	

Twelve (12) Hearing sessions @ \$1,200.00	= \$14,400.00
Hearing Dates: May 3, 2004 2 sessions	
June 1, 2004 2 sessions	
June 7, 2004 2 sessions	
July 19, 2004 2 sessions	
July 21, 2004 2 sessions	
August 5, 2004 2 sessions	

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Total Forum Fees	= \$18,450.00
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1. The Panel has assessed \$18,450.00 of the forum fees against Respondent Citigroup.

**Fee Summary**

1. Claimant is solely liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 1,700.00
<u>Refund Due Claimant</u>	= \$ 1,200.00

2. Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$ 8,550.00
<u>Forum Fees</u>	= \$18,450.00
<u>Total Fees</u>	= \$27,000.00
<u>Less payments</u>	= \$ 9,550.00
<u>Balance Due NASD Dispute Resolution</u>	= \$17,450.00

3. Respondents are jointly and severally liable for:

<u>Adjournment Fee</u>	= \$ 1,200.00
<u>Total Fees</u>	= \$ 1,200.00
<u>Less payments</u>	= \$ 1,200.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

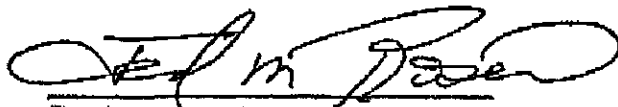
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Ted M. Rosen, Esq.	-	Public Arbitrator, Presiding Chairperson
John E. Frary, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument is which is my award.



Ted M. Rosen, Esq.  
Public Arbitrator, Presiding Chairperson

8/24/04  
Signature Date

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John E. Frary, Esq.  
Non-Public Arbitrator

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

August 25, 2004

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Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

Ted M. Rosen, Esq.                      -            Public Arbitrator, Presiding Chairperson  
John E. Frary, Esq.                    -            Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument in which is my award.

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Ted M. Rosen, Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

  
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John E. Frary, Esq.  
Non-Public Arbitrator

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

August 25, 2004

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Date of Service (For NASD Dispute Resolution use only)