
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

D.R./C.L. Lewis Family Ltd. Partnership
D. Robert Lewis
Cyra L. Lewis

Case Number: 02-05588

Name of the Respondent

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

Hearing Site: Boca Raton, FL

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

For D.R./C.L. Lewis Family Ltd. Partnership ("Lewis Family"), D. Robert Lewis ("DRL") and Cyra L. Lewis ("CLL"), hereinafter referred to as "Claimants": Adam S. Doner, Esq., Gordon & Doner, P.A., Palm Beach Gardens, Florida.

For Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("CGMI") hereinafter referred to as "Respondent": Holly R. Skolnick, Esq., Greenberg Traurig, P.A., Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: October 10, 2002.

Claimants signed the Uniform Submission Agreements: September 13, 2002 and October 7, 2002.

Statement of Answer filed by Respondent on or about: January 9, 2003.

Respondent signed the Uniform Submission Agreement: January 7, 2003.

Motion to Amend and Request for the Panel to Take Judicial Notice of Publicly Filed

Documents filed by Claimants on or about: August 3, 2004.

Response to Request for the Panel to Take Judicial Notice of Publicly Filed Documents filed by Respondent on or about: August 10, 2004.

Response to Motion to Amend filed by Respondent on or about: August 10, 2004.

Motion in Limine to Exclude Evidence of Settlements and other Inadmissible Documents filed by Respondent on or about: August 11, 2004.

Response to Motion in Limine to Exclude Evidence of Settlement Agreements and Other Evidence filed by Claimants on or about: August 18, 2004.

Motion in Limine to Exclude Playing of DVD at Final Hearing filed by Respondent on or about: August 13, 2004.

Response to Motion in Limine to Exclude Playing of DVD at Final Hearing filed by Claimants on or about: August 19, 2004.

CASE SUMMARY

Claimants asserted the following: 1) Respondent made misleading statements and material omissions; 2) Respondent made unsuitable investments for Claimants; 3) Respondent breached its fiduciary duties; 4) Respondent engaged in fraud in violation of Chapter 517, Florida Statutes; 5) Respondent was negligent; 6) Respondent failed to exercise compliance, oversight and supervision of its employees as required by Article III, Section 27 of the NASD Rules of Fair Practice and NYSE Rule 405; 7) Respondent violated Article III, Section 1 of the NASD Rules of Fair Practice; and 8) Respondent failed to provide the necessary and appropriate degree of diligence in exercising compliance and oversight responsibilities. The causes of action relate to the failure to sell shares of WorldCom stock and a loan made on margin against Claimants' WorldCom stock in Claimants' accounts.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimants requested: that Respondent be found to have violated Chapter 517, Florida Statutes, compensatory damages of \$2,938,000.00, plus commissions and fees, attorney's fees, punitive damages, costs and such other relief as is deemed just and proper.

Respondent requested that all claims against it be dismissed, that all forum costs be assessed against Claimants and such other and further relief as is deemed just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

On August 17, 2004, the undersigned arbitrators (the "Panel") entered an Order denying Claimants' Motion to Amend and Request for Panel to Take Judicial Notice. Claimants Motion to Amend and Request for the Panel to Take Judicial Notice was presented again orally at the commencement of the evidentiary hearing at which time the Panel again denied same.

At the commencement of the evidentiary hearing, the Panel heard oral argument on Respondent's Motions in Limine and denied these Motions indicating that the evidence would be restricted as submitted during the course of the hearing.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

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. Claimants' claims are dismissed in their entirety.
2. Any and all claims for relief not specifically addressed herein, including Claimants' claims for relief pursuant to Chapter 517, Florida Statutes and Claimants' request for punitive damages and attorney's fees, are 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 | = \$ 500.00 |
|--------------------------|-------------|

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, Respondent CGMI is a member firm and a party.

| | |
|----------------------------|---------------------|
| Member surcharge | = \$2,800.00 |
| Pre-hearing process fee | = \$ 750.00 |
| <u>Hearing process fee</u> | <u>= \$5,000.00</u> |
| Total Member Fees | = \$8,550.00 |

Adjournment Fees

Adjournments granted during these proceedings:

February 25, 2004 hearing date, adjournment jointly requested by Claimants and Respondent. The Panel waived the adjournment fee.

March 15 through 18, 2004 hearing dates, adjournment jointly requested by Claimants and Respondent. The Panel waived the adjournment fee.

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.

No three-day cancellation fees were incurred 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.

No injunctive relief fees were incurred during these proceedings.

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: September 11, 2003 | 1 session |

| | |
|--|--------------|
| Two (2) Pre-hearing sessions with the Panel @ \$1,200.00 | = \$2,400.00 |
| Pre-hearing conferences: June 12, 2003 | 1 session |
| February 13, 2004 | 1 session |

| | |
|--|--------------|
| Six (6) Hearing sessions with the Panel @ \$1,200.00 | = \$7,200.00 |
| Hearing Dates: August 23, 2004 | 2 sessions |
| August 24, 2004 | 2 sessions |
| August 25, 2004 | 2 sessions |

| | |
|------------------|---------------|
| Total Forum Fees | = \$10,050.00 |
|------------------|---------------|

The Panel has assessed \$5,025.00 of the forum fees jointly and severally to Claimants.

The Panel has assessed \$5,025.00 of the forum fees to Respondent.

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 are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

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|-------------------------------------|---------------------|
| Initial Filing Fee | = \$ 500.00 |
| <u>Forum Fees</u> | <u>= \$5,025.00</u> |
| Total Fees | = \$5,525.00 |
| <u>Less payments</u> | <u>= \$3,200.00</u> |
| Balance Due NASD Dispute Resolution | = \$2,325.00 |

Respondent is solely liable for:

| | |
|-------------------------------------|----------------------|
| Member Fees | = \$ 8,550.00 |
| Forum Fees | = \$ 5,025.00 |
| Total Fees | = \$13,575.00 |
| <u>Less payments</u> | <u>= \$ 8,550.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 5,025.00 |

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

ARBITRATION PANEL

| | | |
|-----------------------|---|--|
| James W. Geiger, Esq. | - | Public Arbitrator, Presiding Chairperson |
| Abe Mintz | - | Public Arbitrator |
| David W. Newman | - | Non-Public Arbitrator |

Concurring Arbitrators' Signatures

James W. Geiger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

/s/
Abe Mintz
Public Arbitrator

September 7, 2004
Signature Date

/s/
David W. Newman
Non-Public Arbitrator

September 8, 2004
Signature Date

September 13, 2004
Date of Service (For NASD Dispute Resolution office use only)

Respondent is solely liable for:

| | |
|-------------------------------------|---------------|
| Member Fees | = \$ 8,550.00 |
| Forum Fees | = \$ 5,025.00 |
| Total Fees | = \$13,575.00 |
| Less payments | = \$ 8,550.00 |
| Balance Due NASD Dispute Resolution | = \$ 5,025.00 |

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| Abe Mintz | - | Public Arbitrator |
| David W. Newman | - | Non-Public Arbitrator |

Concurring Arbitrators' Signatures

James W. Geiger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Abe Mintz
Abe Mintz
Public Arbitrator

9/7/04
Signature Date

David W. Newman
Non-Public Arbitrator

Signature Date

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

Respondent is solely liable for:

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| Member Fees | = \$ 8,550.00 |
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| Balance Due NASD Dispute Resolution | = \$ 5,025.00 |

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| Abe Mintz | - | Public Arbitrator |
| David W. Newman | - | Non-Public Arbitrator |


Concurring Arbitrators' Signatures

James W. Geiger, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Abe Mintz
Public Arbitrator

Signature Date



David W. Newman
Non-Public Arbitrator

9/8/04

Signature Date

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