

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Norman Ember, individually, and on behalf of the Estate of Susan Ember, and The Norman and Susan Ember Foundation (Claimants) v. Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc., Kenneth Edward Chapin, and Jack Benjamin Grubman (Respondents)

Case Number: 02-06920

Hearing Site: New York, New York

Nature of the Dispute: Customers vs. Member and Associated Persons.

REPRESENTATION OF PARTIES

Claimants Norman Ember ("Ember"), Norman Ember IRA ("Ember IRA"), Estate of Susan Ember ("Estate"), and The Norman and Susan Ember Foundation ("Foundation") hereinafter collectively referred to as "Claimants": Thomas J. Fleming, Esq., Olshan Grundman Frome Rosenzweig & Wolosky, LLP, New York, NY.

Respondents Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc. ("SSB"), Kenneth Edward Chapin ("Chapin"), and Jack Benjamin Grubman ("Grubman") hereinafter collectively referred to as "Respondents": Brian F. Amery, Esq., Bressler, Amery & Ross, P.C., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: November 14, 2002.

Ember signed the Uniform Submission Agreement: November 5, 2002.

Estate signed the Uniform Submission Agreement: November 5, 2002.

Foundation signed the Uniform Submission Agreement: November 5, 2002.

Joint Statement of Answer filed by Respondents on or about: February 28, 2003.

SSB signed the Uniform Submission Agreement: March 19, 2003.

Chapin signed the Uniform Submission Agreement: January 27, 2003.

Grubman signed the Uniform Submission Agreement: June 19, 2003.

CASE SUMMARY

Claimants asserted the following causes of action: negligence; breach of fiduciary duty; unsuitability; fraud; and negligent misrepresentation. Claimants' claims involved shares of Worldcom, Cisco, JDS Uniphase, Intel, Nokia, and Qualcomm.

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

RELIEF REQUESTED

Claimants requested compensatory damages of no less than \$500,000.00; plus costs and disbursements, including attorneys' fees; punitive damages; forum and hearing costs and expenses; and such other and further relief as the Arbitration Panel may deem just and proper.

Respondents requested that this Panel issue an order: (i) dismissing the Statement of Claim in its entirety with prejudice; (ii) assessing the costs of the proceeding against Claimants; and (iii) granting Respondents such further relief as the Panel may deem appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

During closing arguments Respondent Chapin requested that this matter be expunged from his record with Central Registration Depository (CRD).

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, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents SSB and Chapin are jointly and severally liable for and shall pay to the Foundation the amount of \$7,043.50 as compensatory damages, plus interest at the rate of 9% per annum from November 14, 2002 (the date this claim was filed) through the date of payment of the award.
2. Respondents SSB and Grubman are jointly and severally liable for and shall pay \$205,369.98 as compensatory damages plus interest, as follows:
 - (a) \$12,432.33 to the Foundation, plus interest at the rate of 9% per annum from November 14, 2002 (the date this claim was filed) through the date of payment of the award;
 - (b) \$34,778.92 to the Estate, plus interest at the rate of 9% per annum from November 14, 2002 (the date this claim was filed) through the date of payment of the award;
 - (c) \$158,158.73 to Ember, plus interest at the rate of 9% per annum from November 14, 2002 (the date this claim was filed) through the date of payment

of the award.

3. Respondent Chapin's request for expungement is denied.
4. 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	= \$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 persons at the time of the events giving rise to the dispute. Accordingly, Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc. is a party.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00

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:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$ 900.00
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Pre-hearing conferences:	December 12, 2003	1 session
	December 24, 2003	1 session

Two (2) Pre-hearing sessions with Panel @ \$1,125.00	= \$ 2,250.00
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Pre-hearing conferences:	June 13, 2003	1 session
	December 31, 2003	1 session

Seven (7) Hearing sessions @ \$1,125.00	= \$ 7,875.00
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Hearing Dates:	January 12, 2004	1 session
	January 13, 2004	2 sessions
	January 14, 2004	2 sessions
	January 26, 2004	2 sessions

Total Forum Fees	= \$11,025.00
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1. The Panel has assessed \$5,512.50 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$5,512.50 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>= \$5,512.50</u>
Total Fees	= \$5,812.50
<u>Less payments</u>	<u>= \$1,575.00</u>
Balance Due NASD Dispute Resolution	= \$4,237.50

2. SSB is solely liable for:

<u>Member Fees</u>	<u>= \$5,200.00</u>
Total Fees	= \$5,200.00
<u>Less payments</u>	<u>= \$5,200.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$5,512.50</u>
Total Fees	= \$5,512.50
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$5,512.50

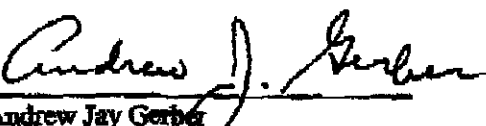
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Andrew Jay Gerber	-	Public Arbitrator, Presiding Chair
Ann C. Northern, Esq.	-	Public Arbitrator
Alan S. Braunschweiger	-	Non-Public Arbitrator

Concerning 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, which is my award.



Andrew Jay Gerber
Public Arbitrator, Presiding Chairperson

3/9/04

Signature Date

Ann C. Northern, Esq.
Public Arbitrator

Signature Date

Alan S. Braunschweiger
Non-Public Arbitrator

Signature Date

March 10, 2004
Date of Service (For NASD Dispute Resolution use only)

ARBITRATION PANEL


Andrew Jay Gerber	-	Public Arbitrator, Presiding Chair
Ann C. Northern, Esq.	-	Public Arbitrator
Alan S. Braunschweiger	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

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Andrew Jay Gerber
Public Arbitrator, Presiding Chairperson

Signature Date



Ann C. Northern, Esq.
Public Arbitrator



Signature Date

Alan S. Braunschweiger
Non-Public Arbitrator

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ARBITRATION PANEL

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Concurring Arbitrators' Signatures

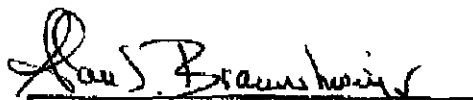
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Andrew Jay Gerber
Public Arbitrator, Presiding Chairperson


Signature Date

Ann C. Northern, Esq.
Public Arbitrator

Signature Date



Alan S. Braunschweiger
Non-Public Arbitrator



Signature Date

March 10, 2004
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