

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

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In the Matter of the Arbitration Between:

The Estate of Erna M. Williams, Carole LaRowe, Executrix (Claimant) v. Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., Joseph G. Blanes, Steven W. Torrico, and Michele Crawford for the Estate of Robert Crawford (Respondents)

Case Number: 02-07067

Hearing Site: New York, New York

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Nature of the Dispute: Customer vs. Member, Non-Member, and Associated Persons.

**REPRESENTATION OF PARTIES**

Claimant The Estate of Erna M. Williams, Carole LaRowe, Executrix ("The Estate of E. Williams") hereinafter referred to as "Claimant": Dennis M. Haase, Esq., Sweeney Lev, Montclair, NJ.

Respondents Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup"), Joseph G. Blanes ("Blanes"), and Steven W. Torrico ("Torrico"): Hugo A. Hilgendorff, IV, Esq., Bressler, Amery & Ross, P.C., Florham Park, NJ. Previously represented by: Ellen Slipp, Esq., Citigroup Global Markets, Inc., New York, NY.

Respondent Michele Crawford for the Estate of Robert Crawford ("Estate of R. Crawford"): James J. Costello, Jr., Esq., Vizzoni & Costello, L.L.C. Bridgewater, NJ.

**CASE INFORMATION**

Statement of Claim filed on or about: November 20, 2002.

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

Claimant signed the Uniform Submission Agreement: November 9, 2002.

Joint Statement of Answer filed by Respondents Citigroup, Blanes, and Torrico on or about: February 19, 2003.

Joint Answer to Claimant's Amendment to the Statement of Claim filed by Respondents Citigroup, Blanes, and Torrico on or about: January 12, 2004.

Respondent Citigroup did not sign the Uniform Submission Agreement.

Respondent Blanes did not sign the Uniform Submission Agreement.

Respondent Torrico did not sign the Uniform Submission Agreement.

Statement of Answer filed by Respondent the Estate of R. Crawford on or about: February 18,

2003.

Answer to Claimant's Amendment to the Statement of Claim filed by Respondent the Estate of R. Crawford on or about: January 9, 2004.

Respondent the Estate of R. Crawford signed the Uniform Submission Agreement: February 12, 2003.

### **CASE SUMMARY**

Claimant asserted the following causes of action: negligence; misrepresentation; failure to comply with instructions; breach of contract; breach of fiduciary duty; unsuitability; unauthorized trading; and failure to supervise. In the Amendment to the Statement of Claim, Claimant asserted the following cause of action: failure to disclose conflict of interest in connection with the purchase of Rhythm NetConnections, Inc. The causes of action relate to shares of Rhythms NetConnections, Inc. as well as other common stock.

Unless specifically admitted in their Answer and Answer to the Amendment to the Statement of Claim, Respondent Citigroup, Blanes, and Torrico denied the allegations made in the Statement of Claim and Amendment and asserted various affirmative defenses.

Unless specifically admitted in its Answer, the Estate of R. Crawford denied the allegations made in the Statement of Claim and Amendment and asserted various affirmative defenses.

### **RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$255,662.82 and punitive damages in the amount of \$200,000.00.

Respondents Citigroup, Blanes, and Torrico requested that the Statement of Claim be dismissed.

Respondent the Estate of R. Crawford requested that Claimant's claims be denied, that the Director of Arbitration discharge the Estate of R. Crawford from all liability alleged in this action, costs, and such other relief deemed proper.

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

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

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. Claimant's claims are dismissed in their entirety.
2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Blanes' registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Blanes must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Torrico's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Torrico must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.
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, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, 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:

One (1) Pre-hearing session with a single arbitrator @ \$450.00	= \$ 450.00
Pre-hearing conference: October 28, 2003 1 session	
One (1) Pre-hearing session with Panel @ \$1,125.00	= \$1,125.00

Pre-hearing conference:	June 18, 2003	1 session	
Three (3) Hearing sessions @	\$1,125.00		= \$3,375.00
Hearing Dates:	December 6, 2004	2 sessions	
	December 7, 2004	1 session	
<hr/> Total Forum Fees			= \$4,950.00

1. The Panel has assessed \$4,950.00 of the forum fees against Respondent Citigroup.

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

1. Claimant requested photocopies = \$6.00

#### **Fee Summary**

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 300.00
<u>Administrative Costs</u>	= \$ 6.00
Total Fees	= \$ 306.00
<u>Less payments</u>	= \$1,425.00
Refund Due Claimant	= \$1,119.00

2. Respondent Citigroup is solely liable for:

Member Fees	= \$ 5,200.00
<u>Forum Fees</u>	= \$ 4,950.00
Total Fees	= \$10,150.00
<u>Less payments</u>	= \$ 5,200.00
Balance Due NASD Dispute Resolution	= \$ 4,950.00

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

**ARBITRATION PANEL**

Michael E. Curan, Esq.	-	Public Arbitrator, Presiding Chairperson
Kenneth B. Cutler, Esq.	-	Public Arbitrator
Mark D. Quinn, 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 which is my award.



Michael E. Curan, Esq.  
Public Arbitrator, Presiding Chairperson

Dec. 16, 2004  
Signature Date

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Kenneth B. Cutler, Esq.  
Public Arbitrator

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Signature Date

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Mark D. Quinn, Esq.  
Non-Public Arbitrator

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Signature Date

December 22, 2004  
Date of Service (For NASD Dispute Resolution use only)

**ARBITRATION PANEL**

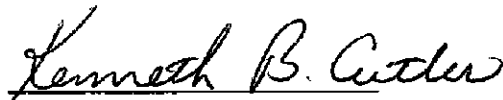
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Public Arbitrator, Presiding Chairperson

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Kenneth B. Cutler, Esq.  
Public Arbitrator

  
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12/21/04  
Signature Date

December 22, 2004

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Date of Service (For NASD Dispute Resolution use only)