

**STIPULATED AWARD  
NASD Dispute Resolution**

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In the Matter of the Arbitration Between

Claimants

Scott W. Roberts, Steven D. Roberts,  
and Shauna M. Roberts, as Trustees for  
and on behalf of the Revocable Trust  
of Donald V. Roberts, Steven D. Roberts,  
individually, and as Trustee for and on behalf  
of the Wendy Jean Roberts Trust,  
Margot B.J. Roberts, individually,  
and Shauna M. Roberts, individually

v.

03-00236  
Minneapolis, Minnesota

Respondents

Citigroup Global Markets, Inc.,  
f/k/a Salomon Smith Barney, Inc.,  
Jack Grubman, Paul Olson,  
William Olson, and David Olson

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Nature of Dispute: Customers v. Member and Associated Persons

**REPRESENTATION OF PARTIES**

Claimants, Scott W. Roberts and Shauna M. Roberts, as Trustees for and on behalf of the Revocable Trust of Donald V. Roberts, and Shauna M. Roberts, individually, were represented by Todd A. Noteboom, Esq., Jane F. Godfrey, Esq., and Timothy P. Griffin, Esq., of Leonard, Street & Deinard, Minneapolis, Minnesota.

Claimants, Steven D. Roberts, as Trustee for and on behalf of the Wendy Jean Roberts Trust, as Trustee for and on behalf of the Revocable Trust of Donald V. Roberts, Steven D. Roberts, individually and Margot B.J. Roberts, individually, were represented by Joseph Anthony, Esq., and Steven Phillips, Esq., of Anthony, Ostlund & Baer, P.A., Minneapolis, Minnesota.

Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc. ("**Citigroup**"), Jack Grubman ("**Grubman**"), Paul Olson, William Olson, and David Olson, hereinafter referred to as ("**Respondents**") were represented by H. Nicholas Berberian, Esq., Tina L. Winer, Esq., and Jennifer Schoen Gilbert, Esq., of Neal Gerber & Eisenberg, LLP, Chicago, Illinois.

### **CASE INFORMATION**

The Statement of Claim was filed jointly by all Claimants on or about December 31, 2002. The Submission Agreements of Claimants were signed on or about December 31, 2002.

The Statement of Answer was filed jointly by Respondents, Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc., Jack Grubman, Paul Olson, William Olson and David Olson, on or about April 17, 2003. The Submission Agreement of Respondent, Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc., was signed on or about March 21, 2003. The Submission Agreement of Respondent, Jack Grubman, was signed on or about March 21, 2003. The Submission Agreement of Respondent, Paul Olson, was signed on or about April 2, 2003. The Submission Agreement of Respondent, William Olson, was signed on or about April 1, 2003. The Submission Agreement of Respondent, David Olson, was signed on or about April 1, 2003.

Claimants, Steven D. Roberts, individually and as Trustee for, and on behalf of the Wendy Jean Roberts Trust, and Margot B.J. Roberts, individually, filed a Motion for NASD to Confirm Right to Proceed in Arbitration on or about January 6, 2005. Respondents filed a Response in Opposition on or about January 25, 2005.

### **CASE SUMMARY**

Claimants asserted causes of action including the following: common law fraud, breach of fiduciary duty, violation of the Minnesota Consumer Fraud Act, violation of Section 10(b) and Rule 10b-5 of the Securities and Exchange Act of 1934, violation of Minnesota Statutes § 80A.01 et seq., negligence and breach of contract. The causes of action related to Claimants' allegation that Respondents lured investors to become Salomon Smith Barney clients by empathizing the value of stock recommendations from "expert" analysts like Jack Grubman. Claimants asserted that that Respondents recommended to "buy" and "hold" telecommunication stocks, such as WorldCom, not based on the analysts' expertise, research, and independent judgment, but rather to gain favor with the management of companies, such as WorldCom, a lucrative investment-banking client. Claimants alleged that by issuing "buy" recommendations, Respondents were corrupted by a desire to advance the interests of the very companies under evaluation, and by failing to disclose Respondents' fundamental conflicts of interest, SSB and its employees breached the trust of its brokerage clients, including Claimants.

Respondents denied the allegations set forth in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; Claimants' alleged damages are speculative and not legally cognizable; to the extent that Claimants did suffer any of the damages alleged in the Statement of Claim, such damages were not proximately caused by an act, representation, or omission of Respondents; Claimants' claims are barred by the applicable statute of limitations; to the extent that Claimants did suffer any of the

damages alleged in the Statement of Claim, Claimants failed to take reasonable steps to mitigate or avoid those damages; and Claimants are legally and equitable estopped from asserting their claims.

### **RELIEF REQUESTED**

Claimants requested an award in excess of \$16,000,000 in out-of-pocket losses, attorneys' fees, punitive damages, lost opportunity damages, costs, interest, and any other relief the Panel deemed just and equitable.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees. In addition, Respondents requested that this matter be expunged from the individual Respondents' permanent registration records maintained by the Central Registration Department ("CRD").

### **OTHER ISSUES CONSIDERED & DECIDED**

On or about February 1, 2005, Judge Denis Cote of the United States District Court for the Southern District of New York ordered that Claimants, Steven D. Roberts, individually, as Trustee for and on behalf of the Revocable Trust of Donald V. Roberts, and as Trustee for and on behalf of the Wendy Jean Roberts Trust and, and Margot B.J. Roberts, individually, were permanently barred and enjoined from instituting, commencing or prosecuting in arbitration, including but not limited to, the claims asserted by Claimants, Steven D. Roberts, individually, as Trustee for and on behalf of the Revocable Trust of Donald V. Roberts, and as Trustee for and on behalf of the Wendy Jean Roberts Trust, and Margot B.J. Roberts, individually in their Statement of Claim in this matter. Therefore, the panel did not adjudicate any matter relating to those Claimants.

Claimants, Scott W. Roberts and Shauna M. Roberts, as Trustees for and on behalf of the Revocable Trust of Donald V. Roberts, and Shauna M. Roberts, individually, and the Respondents 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 proposed stipulated award submitted by the parties, and after reviewing the pleadings and files contained herein, but without making any findings of fact or conclusions of law, the undersigned arbitrators order as follows:

1. Any and all claims asserted in this matter against Respondents, Paul Olson, William Olson, and David Olson, have been withdrawn by Scott W. Roberts and Shauna M. Roberts, as Trustees for and on behalf of the Revocable Trust of Donald V. Roberts, and Shauna M. Roberts, individually, and are hereby dismissed with prejudice;

2. The arbitration panel recommends the expungement of all reference to the above captioned arbitration from Respondents, Paul Olson's, William Olson's, and David Olson'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, Respondents, Paul Olson, William Olson, and David Olson, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive;
3. All claims brought by Claimants, Scott W. Roberts and Shauna M. Roberts, as Trustees for and on behalf of the Revocable Trust of Donald V. Roberts, and Shauna M. Roberts, individually, against Citigroup Global Markets, Inc., and Jack Grubman, are hereby dismissed with prejudice pursuant to a settlement reached between the parties; and
4. To the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto, are denied with prejudice.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

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

Initial claim filing fee	= \$ 600
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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. In this matter, the member firm is Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc.

Member surcharge	= \$ 3,750
Pre-hearing process fee	= \$ 750
Hearing process fee	= \$ 5,500

#### **Adjournment Fees**

Adjournments granted during these proceedings:

April 12 -16, 2004 and June 14-16, 2004 - Adjournment requested by all parties (Fee Waived by the Panel)	= \$ 1,200
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**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:

Three (3) Pre-hearing sessions with the Chairperson x \$ 450 = \$ 1,350

Pre-hearing conferences:	10/04/2004	1 session
	10/07/2004	1 session
	12/02/2003	1 session

One (1) Pre-hearing session with Panel x \$ 1,200 = \$ 1,200

Pre-hearing conference: 10/17/2003 1 session

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Total Forum Fees = \$ 2,550

The Arbitration Panel has assessed \$ 1,275 of the forum fees to Claimants, Scott W. Roberts and Shauna M. Roberts, as Trustees for and on behalf of the Revocable Trust of Donald V. Roberts, and Shauna M. Roberts, individually.

The Arbitration Panel has assessed \$ 1,275 of the forum fees jointly and severally to Respondents, Citigroup Global Markets, Inc., Jack Grubman, Paul Olson, William Olson and David Olson.

**FEE SUMMARY**

Claimants, Scott W. Roberts and Shauna M. Roberts, as Trustees for and on behalf of the Revocable Trust of Donald V. Roberts, and Shauna M. Roberts, individually, are jointly and severally liable for:

Initial Filing Fee	= \$ 600
<u>Forum Fees</u>	= \$ 1,275
Total Fees	= \$ 1,875
<u>Less payments</u>	= \$ 1,800
Balance Due NASD Dispute Resolution	= \$ 75

Respondent, Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc., is liable for:

<u>Member Fees</u>	= \$ 10,000
Total Fees	= \$ 10,000
<u>Less payments</u>	= \$ 10,000
Balance Due NASD Dispute Resolution	= \$ 0

Respondents, Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc., Jack Grubman, Paul Olson, William Olson and David Olson, are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 1,275
<u>Total Fees</u>	= \$ 1,275
<u>Less payments</u>	= \$ 0
<u>Balance Due NASD Dispute Resolution</u>	= \$ 1,275

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

**ARBITRATION PANEL**

James A. Lundberg, Esq. - Public Arbitrator, Presiding Chair  
Sandra L. Shearer - Public Arbitrator  
Donald F. James - Non-Public Arbitrator

Concurring Arbitrators:

\_\_\_\_\_  
James A. Lundberg, Esq.  
Public Arbitrator, Presiding Chair

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

\_\_\_\_\_  
Sandra L. Shearer  
Public Arbitrator

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

\_\_\_\_\_  
Donald F. James  
Non-Public Arbitrator

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

6/6/05  
\_\_\_\_\_  
Date of Service (NASD use only)

NASD Dispute Resolution  
Arbitration No. 03-00236  
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Respondents, Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc., Jack Grubman, Paul Olson, William Olson and David Olson, are jointly and severally liable for:

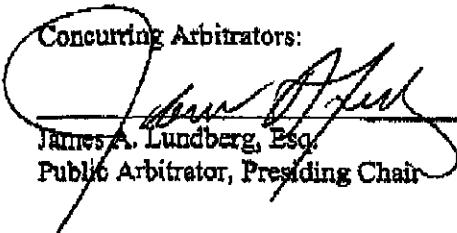
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Total Fees	= \$ 1,275
Less payments	= \$ 0
Balance Due NASD Dispute Resolution	= \$ 1,275

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Sandra L. Shearer - Public Arbitrator  
Donald F. James - Non-Public Arbitrator

Concurring Arbitrators:

  
James A. Lundberg, Esq.  
Public Arbitrator, Presiding Chair

5/26/2005  
Signature Date

Sandra L. Shearer  
Public Arbitrator

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

Donald F. James  
Non-Public Arbitrator

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

6/6/05  
Date of Service (NASD use only)

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Concurring Arbitrators:

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Sandra L. Shearer  
Public Arbitrator

Donald F. James  
Non-Public Arbitrator

Signature Date

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**RECEIVED**  
JUN 06 2005

NASD Dispute Resolution  
Arbitration No. 03-00236  
Stipulated Award Page 6 of 6

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Concurring Arbitrators:

James A. Lundberg, Esq.  
Public Arbitrator, Presiding Chair

Signature Date

Sandra L. Shearer  
Public Arbitrator

Signature Date

Donald F. James  
Non-Public Arbitrator

Signature Date

6/6/05  
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