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

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In the Matter of the Arbitration Between:

Names of the Claimants

Howard Hasbrouck  
Ruth J. Hasbrouck

Case Number: 03-00284

Names of the Respondents

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

Hearing Site: Tampa, Florida

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

**REPRESENTATION OF PARTIES**

For Howard Hasbrouck and Ruth J. Hasbrouck, hereinafter collectively referred to as "Claimants": Michael B. Lynch, Esq., Hooper & Weiss, L.L.C., Orlando, Florida.

For Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Ricardo A. Gonzalez, Esq., Greenberg Traurig, P.A., Miami, Florida.

**CASE INFORMATION**

Statement of Claim filed on or about: January 9, 2003.

Amended Statement of Claim filed on or about: March 31, 2004.

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

Statement of Answer filed by Respondents on or about: March 27, 2003.

Respondents' Answer to Amended Statement of Claim filed on or about: June 17, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: March 27, 2003.

Respondent Grubman signed the Uniform Submission Agreement: March 31, 2003.

Motion to Proceed solely on the Pleadings and Convert the Case to a Paper Case ("Motion to Proceed on the Pleadings") filed by Claimants on or about: March 15, 2005.

**CASE SUMMARY**

Claimants asserted the following causes of action: omission to state material facts and conflicts of interest in violation of Section 17(a) of the Securities Act of 1933; omission to state material facts and conflicts of interest in violation of Chapter 517.301 of the Florida Securities and Investor Protection Act; omission to state material facts and conflicts of interest in violation of NASD Rule 2210(d)(1), Communications with the Public-General Standards; breach of fiduciary duty; and, respondeat superior. The causes of action relate to the Claimants' investment in WorldCom stock.

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

### **RELIEF REQUESTED**

Claimants requested rescissory damages in the amount of \$16,911.50, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the undersigned arbitrator (the "Arbitrator").

Respondents requested that Claimants' Statement of Claim, as amended, be denied in its entirety, and dismissed with prejudice, with attorneys' fees and costs assessed against the Claimants.

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

On or about December 24, 2003, Claimants filed a notice with NASD Dispute Resolution representing that Claimants had complied with the procedure for opting out of the class action filed in court, entitled In Re WorldCom Securities Litigation.

On or about July 8, 2005, the Arbitrator entered an order which granted Claimants' Motion to Proceed on the Pleadings.

The parties agreed that a handwritten, signed Award may be entered in this matter.

### **AWARD**

After considering the pleadings, the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Respondents are liable, jointly and severally, for violation of Florida Statutes Chapter 517 and shall pay to Claimants rescissory damages in the sum of \$16,911.50 plus pre-judgment interest at the Florida statutory rate accruing from the date of purchase of the WorldCom stock until the date of payment of the Award.

Respondents are liable, jointly and severally, and shall pay to Claimants attorneys' fees and costs in an amount to be determined by a court of competent jurisdiction.

Respondents are liable, jointly and severally, and shall pay to Claimants the sum of \$125.00 representing reimbursement of the claim filing fee previously paid by Claimants to NASD Dispute Resolution.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages and Respondents' request for attorneys' 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 = \$125.00

**Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Citigroup is a party and a member firm.

Member surcharge = \$425.00

Total Member Fees = \$425.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed during these proceedings.

**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 assessed 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 assessed during these proceedings.

**Forum Fees and Assessments**

The Arbitrator has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

No hearing sessions were conducted during these proceedings.

**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.

No administrative costs were incurred during these proceedings.

**Fee Summary**

1. Claimants are jointly and severally liable for:

|                                     |             |
|-------------------------------------|-------------|
| <u>Initial Filing Fee</u>           | = \$ 125.00 |
| Total Fees                          | = \$ 125.00 |
| <u>Less payments</u>                | = \$ 125.00 |
| Balance Due NASD Dispute Resolution | = \$ 0.00   |

## 2. Respondent Citigroup is solely liable for:

|                                     |             |
|-------------------------------------|-------------|
| <u>Member Fees</u>                  | = \$ 425.00 |
| Total Fees                          | = \$ 425.00 |
| <u>Less payments</u>                | = \$ 425.00 |
| Balance Due NASD Dispute Resolution | = \$ 0.00   |

## 3. Respondents are jointly and severally liable for:

|                                     |             |
|-------------------------------------|-------------|
| <u>Paper Record Fee</u>             | = \$ 300.00 |
| Total Fees                          | = \$ 300.00 |
| <u>Less payments</u>                | = \$ 0.00   |
| Balance Due NASD Dispute Resolution | = \$ 300.00 |

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

**ARBITRATOR**

Patricia Gunn Zimmerman, CPA

Public Arbitrator

**Arbitrator's Signature**/s/Patricia Gunn Zimmerman, CPA  
Public ArbitratorSignature DateDecember 15, 2005

Date of Service (For NASD Dispute Resolution use only)

|  |             |
|--|-------------|
| <u>Initial Filing Fee</u>                  | = \$ 125.00 |
| <u>Total Fees</u>                          | = \$ 125.00 |
| <u>Less payments</u>                       | = \$ 125.00 |
| <u>Balance Due NASD Dispute Resolution</u> | = \$ 0.00   |

2. Respondent Citigroup is solely liable for:

|  |             |
|--|-------------|
| <u>Member Fees</u>                         | = \$ 425.00 |
| <u>Total Fees</u>                          | = \$ 425.00 |
| <u>Less payments</u>                       | = \$ 425.00 |
| <u>Balance Due NASD Dispute Resolution</u> | = \$ 0.00   |

3. Respondents are jointly and severally liable for:

|  |             |
|--|-------------|
| <u>Paper Record Fee</u>                    | = \$ 300.00 |
| <u>Total Fees</u>                          | = \$ 300.00 |
| <u>Less payments</u>                       | = \$ 0.00   |
| <u>Balance Due NASD Dispute Resolution</u> | = \$ 300.00 |


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

ARBITRATOR

Patricia Gunn Zimmerman, CPA

Public Arbitrator

Arbitrator's Signature

  
Patricia Gunn Zimmerman, CPA  
Public Arbitrator

12/14/05  
Signature Date

Date of Service (For NASD Dispute Resolution use only)