

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between

Claimant

Michael B. Burke and Constance Burke

v.

03-00342
Denver, Colorado

Respondents

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

Nature of Dispute: Customers v. Member and Associated Person

REPRESENTATION OF PARTIES

Michael B. Burke and Constance Burke ("**Claimants**") were represented by James Richard Hooper, Esq., of Hooper & Weiss, L.L.C., Orlando, Florida.

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("**Citigroup**") and Jack B. Grubman ("**Grubman**"), hereinafter referred to as "**Respondents**," were represented by Holly J. Sutton, Esq., of Greenberg Traurig, P.A., New York, New York.

CASE INFORMATION

The Statement of Claim was filed on or about January 9, 2003. The Submission Agreement of Claimants was signed on or about January 3, 2003.

The Statement of Answer was filed jointly by Respondents on or about March 14, 2003. The Submission Agreement of Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., was signed on or about March 27, 2003. The Submission Agreement of Respondent, Jack B. Grubman, was signed on or about March 31, 2003.

CASE SUMMARY

Claimants asserted causes of action including the following: breach of contract; breach of fiduciary duty; violation of Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934; common law fraud; constructive fraud; negligence; failure to supervise; and respondeat superior. The causes of action related to Claimants' allegation that they were defrauded by Respondents as a result of their alleged deliberate and willful fraudulent practices of issuing misleading research reports, failing to disclose material conflicts of interest, and failing to perform objective analysis, meaningful compliance and supervision. Claimants alleged that Grubman provided high ratings for

telecommunication stocks, such as MCI Worldcom, regardless of the stock's true value, for the purpose of serving Salomon Smith Barney's investment banking department. Claimants also alleged that Grubman failed to disclose his relationship with Worlcom's CEO, Bernie Ebbers, and that Respondents provided unduly favorable investment ratings from Grubman in return for more than \$100 million in investment banking business from Worldcom. Claimants stated that had they known about this relationship and the true value of the Worldcom stock, they would never have agreed to purchase the stock.

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 were fully advised and understood the nature of the investments; Claimants had full, complete, accurate and contemporaneous knowledge of the transaction complained of in the Statement of Claim; Claimants failed to exercise due diligence and timely disaffirm the transactions that allegedly gave rise to Claimants' losses; Claimants' losses were proximately caused by Claimants' own decisions, conduct and/or negligence, and not by any acts or omissions of Respondents. The claims are, therefore, barred in whole or in part to the extent to which Claimants' negligence contributed to any of the losses incurred by Claimants; the Statement of Claim is barred by Claimants, assumption and acceptance of the risk of loss regarding each of the investments in Claimants' account; and Claimants may not recover because Respondents acted, at all times, in good faith and with a reasonable basis and exercised due diligence.

RELIEF REQUESTED

Claimants requested an award of \$7,177.02 in compensatory damages, plus, interest, costs, attorneys' fees, and any other relief the arbitrator deemed just and equitable. At the November 19, 2004 pre-hearing conference call, Claimants amended their claim and restated their compensatory damages at \$4,707.57.

Respondents requested that the claims asserted against them be denied in their entirety and that they be awarded their costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On or about July 8, 2004, Claimants submitted a request for an in-person hearing and to forgo their earlier request to proceed under Rule 10302 of the Code of Arbitration Procedures.

At the November 19, 2004 pre-hearing conference call, Claimants mad an oral request to Amend the Statement of Claim. Respondents did not object, and the arbitrator granted Claimants' request to amend the damages sought in the Statement of Claim.

On or about February 28, 2005, Claimants withdrew their request for an in-person hearing and asked for the arbitrator to make a determination on the documents presented. On or about March 2, 2005,

Respondents consented to Claimants' withdrawal of their request for an in-person hearing in this matter. The arbitrator consented to their request and hereby issued an Award based on the pleading 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. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with NASD Dispute Resolution ("NASD").

AWARD

After considering the pleadings, the testimony, and the evidence presented, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants' claims, each and all, are hereby denied and dismissed with prejudice in their entirety;
2. 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; and
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to attorneys' fees.

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 = \$ 75

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 = \$ 325

Forum Fees and Assessments

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

Two (2) Pre-hearing sessions with the arbitrator x \$ 250.00 = \$ 500.00

Pre-hearing conference: 10/12/2004 1 session
11/19/2004 1 session

One (1) Pre-hearing session with the arbitrator x \$ 125.00 = \$ 125.00
(After Statement of Claim was Amended)

Pre-hearing conference: 02/23/3005 1 session

Total Forum Fees = \$ 625.00

The arbitrator has assessed \$ 312.50 of the forum fees jointly and severally to Michael B. Burke and Constance Burke.

The arbitrator has assessed \$ 312.50 of the forum fees jointly and severally to Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., and Jack B. Grubman.

EEE SUMMARY

Claimants, Michael B. Burke and Constance Burke, are jointly and severally liable for:

Initial Filing Fee	= \$ 75.00
Forum Fees	= \$ 312.50
Total Fees	= \$ 387.50
Less payments	= \$ 325.00
Balance Due NASD Dispute Resolution	= \$ 62.50

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

Member Fees	= \$ 325.00
Total Fees	= \$ 325.00
Less payments	= \$ 325.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

Forum Fees	= \$ 312.50
Total Fees	= \$ 312.50
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 312.50

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

ARBITRATOR

Carl G. Mohr - Public Arbitrator, Presiding Chair

Arbitrator's Signature:

Carl G. Mohr
Public Arbitrator, Presiding Chair

Signature Date

4/1/05
Date of Service (NASD use only)

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

Forum Fees	= \$ 312.50
Total Fees	= \$ 312.50
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 312.50

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

ARBITRATOR

Carl G. Mohr - Public Arbitrator, Presiding Chair

Arbitrator's Signature:


Carl G. Mohr
Public Arbitrator, Presiding Chair

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