

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Kim Hammond

Case Number: 03-02205

Names of the Respondents

Frank Goldman

First Union Securities, Inc. n/k/a Wachovia Securities, Inc.

First Union Capital Markets Corp. n/k/a Wachovia Securities, Inc.

Prudential Securities, Inc.

Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc.

Hearing Site: Baltimore, MD

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

REPRESENTATION OF PARTIES

Claimant, Kim Hammond, hereinafter referred to as "Claimant", was represented by William Alden McDaniel, Jr., Esq., Law Offices of William A. McDaniel, Baltimore, Maryland.

Respondent, Frank Goldman ("Goldman"), was represented by Robert T. Shaffer III, Esq., Murphey & Shaffer, Baltimore, Maryland.

Respondents, First Union Securities n/k/a Wachovia Securities, Inc. and First Union Capital Markets, Inc. n/k/a Wachovia Securities, Inc., hereinafter collectively referred to as First Union, were represented by Brian A. Carlis, Stark & Stark, Lawrenceville, New Jersey.

Respondent, Prudential Securities, Inc. ("Prudential"), was represented by Daniel Fitch, Esq., Stradley Ronon Stevens & Young, LLP, Cherry Hill, New Jersey.

Respondent Salomon Smith Barney, Inc. n/k/a Citigroup Global Markets, Inc. ("Citigroup"), was represented by Joseph A. Ingrisano, Esq., Kutak Rock, L.L.C., Washington, D.C.

CASE INFORMATION

Statement of Claim filed on March 26, 2003.

Claimant signed the Uniform Submission Agreement on March 25, 2003.

Statement of Answer filed by Respondent Goldman on July 15, 2003.

Respondent Goldman signed the Uniform Submission Agreement on June 30, 2005.

Statement of Answer filed by First Union Respondents and Goldman, for the time period that he was employed by First Union, on July 15, 2003.

A representative of Respondent First Union executed the Uniform Submission Agreement on

July 15, 2003.

Statement of Answer filed by Respondent Prudential on June 27, 2003.

Respondent Prudential did not file a Uniform Submission Agreement with NASD Dispute Resolution.

Motion to Dismiss or, in the Alternative, Statement of Answer filed by Respondent Citigroup on June 16, 2003.

Respondent Cuitigroup did not file a Uniform Submission Agreement with NASD.

Claimant filed a Memorandum of Points and Authorities in Opposition to Citigroup's Motion to Dismiss on July 8, 2003.

CASE SUMMARY

Claimant asserted the following causes of action, among others: breach of contract, violations of Maryland Securities Act, violations of NASD and NYSE Conduct Rules, failure to supervise, and breach of fiduciary duty. The causes of action relate to the purchase and sale of various unspecified securities.

Unless specifically admitted in his Answer, Respondent Goldman denied the allegations made in the Statement of Claim and asserted the following defenses, among others: the Statement of Claim fails to state a claim upon which relief may be granted; the claims are barred by the applicable statute of limitations, statutes of repose, or laches; the claims are barred by the doctrine of waiver and estoppel; contributory negligence; assumption of the risk; and failure to mitigate damages.

Unless specifically admitted in their Answer, Respondents First Union and Goldman denied the allegations made in the Statement of Claim and asserted the following defenses, among others: the Statement of Claim fails to state a claim upon which relief may be granted; ratification; the Statement of Claim is barred by the doctrines of laches, waiver and estoppel; failure to mitigate damages; Claimant is barred from recovery because he directly instructed, authorized and consented to the transactions in question; and statute of limitations.

Unless specifically admitted in its Answer, Respondent Prudential denied the allegations made in the Statement of Claim and asserted the following defenses, among others: the Statement of Claim fails to state a claim upon which relief may be granted; statutes of limitations; and the Statement of Claim is barred by the doctrines of ratification, and waiver and estoppel.

Unless specifically admitted in its Answer and Motion to Dismiss, Respondent Citigroup denied the allegations made in the Statement of Claim and asserted the following defenses, among others: the Statement of Claim fails to state a claim upon which relief may be granted; ratification and acquiescence; failure to mitigate damages; and Claimant's injuries or damages are due to the acts or omissions of third parties over which Respondent Citigroup had no control or right to control.

RELIEF REQUESTED

Claimant in his Statement of Claim requested:

| | |
|----------------------|--------------------|
| Compensatory Damages | \$1,000,000.00 |
| Punitive Damages | \$1,000,000.00 |
| Attorneys' Fees | amount unspecified |
| Other Costs | amount unspecified |

Respondent Goldman in his Statement of Answer requested that the Arbitration Panel (the "Panel") deny Claimant's claims, that they recommend that all reference to this arbitration be expunged from his record maintained by the NASD Central Registration Depository ("CRD"), and that he be awarded attorneys' fees and forum fees.

In its Statement of Answer Respondent First Union requested that the Panel dismiss the proceeding in its entirety; award it all costs, disbursements and attorneys' fees; and assess all forum fees against Claimant.

In its Statement of Answer, Respondent Prudential requested that the Statement of Claim be dismissed with prejudice in its entirety and that all costs and attorneys' fees be imposed against Claimant.

In its Statement of Answer, Respondent Citigroup requested the Panel dismiss with prejudice any and all claims against it and against Goldman while employed at Citigroup.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Prudential and Smith Barney did not file with NASD Dispute Resolution, properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code and having answered the claim, appeared and testified at the hearing, are bound by the determination of the Panel on all issues submitted.

At the hearing, Claimant dismissed all claims against Citigroup with prejudice. Claimant also dismissed all claims with prejudice against Goldman during the period he was employed at Citigroup.

At the hearing, Respondent First Union moved for a Directed Verdict. The Panel denied the motion.

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

1. All claims against Respondents Goldman, First Union and Prudential are denied with prejudice in their entirety;
2. All claims against Respondents Citigroup and Goldman, during the period he was employed at Smith Barney were jointly dismissed with prejudice by parties' counsel and this dismissal was accepted by the Panel;
3. All claims for punitive damages and attorneys' fees are denied in their entirety;
4. The parties shall bear their respective costs, except as Fees are specifically addressed below; and
5. Any and all relief not specifically addressed herein is denied in its entirety.

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 = \$ 500.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firms that employed the associated person(s) at the time of the events giving rise to the dispute. Accordingly, First Union, Prudential and Smith Barney are parties

First Union Member Fees.

| | |
|-------------------------|--------------|
| Member surcharge | = \$2,800.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$5,000.00 |
| Total Member Fees | = \$8,550.00 |

Prudential Member Fees.

| | |
|-------------------------|--------------|
| Member surcharge | = \$2,800.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$5,000.00 |
| Total Member Fees | = \$8,550.00 |

Citigroup Member Fees

| | |
|-------------------------|--------------|
| Member surcharge | = \$2,800.00 |
| Pre-hearing process fee | = \$ 750.00 |
| Hearing process fee | = \$5,000.00 |
| Total Member Fees | = \$8,550.00 |

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

September 13-14 and September 21-23, 2004
adjournment requested by Claimant = \$1,200.00

Forum Fees and Assessments

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

One (1) Pre-hearing session with Panel @ \$1,200.00 = \$ 1,200.00
Pre-hearing conference: January 29, 2004 1 session

Six (6) Hearing sessions @ \$1,200.00 = \$ 7,200.00
Hearing Dates: June 21, 2005 2 sessions
June 22, 2005 2 sessions
June 23, 2005 2 sessions

Total Forum Fees = \$ 8,400.00

1. The Panel has assessed \$4,200.00 of the forum fees to Claimant.
2. The Panel has assessed \$2,100.00 of the forum fees to Respondent First Union.
3. The Panel has assessed \$2,100.00 of the forum fees to Respondent Goldman.

SEE SUMMARY

1. Claimant is assessed and shall pay the following fees:

| | |
|-------------------------------------|----------------------|
| Initial Filing Fee | = \$ 500.00 |
| Adjournment Fee | = \$ 1,200.00 |
| <u>Forum Fees</u> | <u>= \$ 4,200.00</u> |
| Total Fees | = \$ 5,900.00 |
| <u>Less payments</u> | <u>= \$ 1,800.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 4,100.00 |
2. Respondent Goldman is assessed and shall pay the following fees:

| | |
|-------------------------------------|----------------------|
| <u>Forum Fees</u> | <u>= \$ 2,100.00</u> |
| Total Fees | = \$ 2,100.00 |
| <u>Less payments</u> | <u>= \$ 00.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 2,100.00 |
3. Respondent First Union is assessed and shall pay the following fees:

| | |
|-------------|---------------|
| Member Fees | = \$ 8,550.00 |
|-------------|---------------|

| | |
|--|---------------|
| <u>Forum Fees</u> | = \$ 2,100.00 |
| <u>Total Fees</u> | = \$10,650.00 |
| <u>Less payments</u> | = \$ 8,550.00 |
| <u>Balance Due NASD Dispute Resolution</u> | = \$ 2,100.00 |

4. Respondent Prudential is assessed and shall pay the following fees:

| | |
|--|--------------|
| <u>Member Fees</u> | = \$8,550.00 |
| <u>Total Fees</u> | = \$8,550.00 |
| <u>Less payments</u> | = \$8,550.00 |
| <u>Balance Due NASD Dispute Resolution</u> | = \$ 00.00 |

4. Respondent Citigroup is assessed and shall pay the following fees:

| | |
|--|---------------|
| <u>Member Fees</u> | = \$ 8,550.00 |
| <u>Total Fees</u> | = \$ 8,550.00 |
| <u>Less payments</u> | = \$ 8,550.00 |
| <u>Balance Due NASD Dispute Resolution</u> | = \$ 00.00 |

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

ARBITRATION PANEL

| | | |
|-------------------------------|---|--|
| Maureen Power Wilkerson, Esq. | - | Public Arbitrator, Presiding Chairperson |
| M. Michael Cramer, Esq. | - | Public Arbitrator, Panelist |
| Daniel J. Donovan, Esq. | - | Non-Public Arbitrator, Panelist |

07/14/05 15:46

301 564 4988

M WILKERSON ESQ

002

07/14/2005 14:11 FAX 202 728 8082

NASD DISPUTE RESOLUTION

008/008

NASD Dispute Resolution
Arbitration No. 03-02205
Award Page 7

Concurring Arbitrators' Signatures

Maureen Power Wilkerson

Maureen Power Wilkerson, Esq
Public Arbitrator, Presiding Chairperson

7-14-05
Signature Date

M. Michael Cramer, Esq
Public Arbitrator, Panelist

Signature Date

Daniel J. Donovan, Esq
Non-Public Arbitrator, Panelist

Signature Date

7/29/05
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution

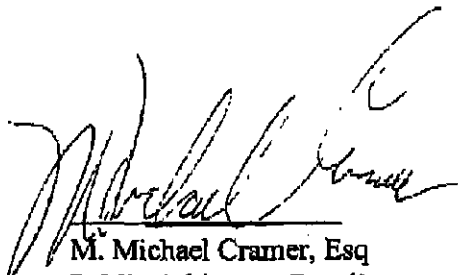
Arbitration No. 03-02205

Award Page 7

Concurring Arbitrators' Signatures

Maureen Power Wilkerson, Esq
Public Arbitrator, Presiding Chairperson

Signature Date



M. Michael Cramer, Esq
Public Arbitrator, Panelist



Signature/Date

Daniel J. Donovan, Esq
Non-Public Arbitrator, Panelist

Signature Date

Date of Service (For NASD Dispute Resolution office use only)