
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant

Susanne H. Brown

Case Number: 03-04841

Names of the Respondents

Citigroup Global Markets Inc., f/k/a

Salomon Smith Barney Inc.

Jack B. Grubman

Hearing Site: Tampa, Florida

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

REPRESENTATION OF PARTIES

For Susanne H. Brown, hereinafter referred to as "Claimant": James Richard Hooper, Esq., Hooper & Weiss, LLC, Orlando, Florida.

For Citigroup Global Markets Inc., f/k/a Salomon Smith Barney Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Holly Sutton, Esq., Greenberg Traurig, LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: June 27, 2003.

Claimant signed the Uniform Submission Agreement: May 7, 2003.

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

Respondent Citigroup signed Uniform Submission Agreement: September 23, 2003.

Respondent Grubman signed the Uniform Submission Agreement: September 24, 2003.

Amended Statement of Claim filed by Claimant on or about: May 11, 2004.

Statement of Answer to Amended Statement of Claim filed by Respondents on or about: July 9, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: 1) omission to state material facts and conflicts of interest in violation of Section 17(A) of the Securities Act of 1933; 2) omission to state material facts and conflicts of interest in violation of Chapter 517.301 of the Florida Securities and Investor Protection Act; 3) omission to state material facts and conflicts of interest in violation of NASD Rule 2210(d)(1), Communications with the Public-General Standards; 4) breach of fiduciary duty; and 5) respondeat superior. The causes of action relate to Claimant's investment in WorldCom stock.

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

RELIEF REQUESTED

Claimant requested rescissionary damages in the amount of \$7,116.10, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the Panel.

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

OTHER ISSUES CONSIDERED AND DECIDED

On or about January 5, 2004, Claimant filed a notice with NASD Dispute Resolution representing that Claimant had complied with the procedure for opting out of the class action filed in court, entitled In Re WorldCom Securities Litigation.

By Order of the Arbitrator, on September 20, 2004, Respondents were granted the opportunity to move, via a motion, to strike content from the Amended Statement of Claim. The original request to strike content was within Respondents' Answer to the Amended Statement of Claim. Respondents did not file their formal motion. However, thereafter, on or about December 3, 2004, the Arbitrator issued an Order that granted the request, within the Answer to the Amended Statement of Claim, to strike certain content from the Amended Statement of Claim.

On or about March 28, 2005, the parties filed with NASD Dispute Resolution a Joint Motion to have this Matter Determined on the Paper Record Only with a request to file final briefs.

On or about March 30, 2005, the Arbitrator granted the Joint Motion to have this Matter Determined on the Paper Record Only and granted the parties' request to file final briefs.

On or about May 2, 2005, Claimant submitted to NASD Dispute Resolution her final brief. Thereafter, on or about June 20, 2005, Respondents submitted their final brief.

AWARD

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

Respondents are found liable for violation of Section 17(A) of the Securities Act of 1933 and violation of Florida Statute 517.301. Pursuant to this, Respondent Citigroup shall pay to Claimant compensatory damages in the amount of \$3,558.05 and Respondent Grubman shall pay to Claimant compensatory damages in the amount of \$3,558.05.

Respondents are liable and shall pay to Claimant interest per annum at the state of Florida statutory rate from the date of Claimant's purchase of WorldCom stock to the date of service of the award herein.

Respondents are liable and shall pay to Claimant punitive damages pursuant to Florida Statutes, Chapter 517.

Respondents demonstrated intentional misconduct by Respondent Citigroup's failure to disclose the material fact that Mr. Ebberts was indebted to them for substantial loans secured by his WorldCom stock and Respondents Citigroup and Grubman's concealment of the fact that the latter's publicly circulated analysis of WorldCom was conflicted with his role of generating investment banking income for Respondent Citigroup. In view of this, this Arbitrator is of the opinion that compensatory damages alone do not suffice. Therefore, Respondent Citigroup shall pay to Claimant punitive damages in the amount of \$2,500.00 and Respondent Grubman shall pay to Claimant punitive damages in the amount of \$2,500.00.

Respondents are liable for violation of Section 17(A) of the Securities Act of 1933 and Florida Statutes, Chapter 517.301 and shall pay to Claimant attorneys' fees in an amount to be determined by a court of competent jurisdiction.

Respondent Citigroup is liable and shall pay to Claimant the sum of \$37.50 and Respondent Grubman is liable and shall pay to Claimant the sum of \$37.50 representing reimbursement of the claim filing fee previously paid by Claimant to NASD Dispute Resolution.

Any and all claims for relief not specifically addressed herein, including 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	= \$ 75.00
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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 person at the time of the events giving rise to the dispute. Accordingly, Respondent Citigroup is a party to this dispute and was a member of NASD at the time the following fees were assessed:

Member surcharge	= \$ 325.00
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Adjournment Fees

No requests for adjournments were filed in this matter.

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 cancellation fees were assessed in this matter.

Injunctive Relief Fees

No injunctive relief fees were incurred during this proceeding.

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 @ \$250.00	= \$250.00
Pre-hearing conference: September 20, 2004 1 session	
Total Forum Fees	= \$250.00

The Arbitrator has assessed \$125.00 of the forum fees to Respondent Citigroup.
The Arbitrator has assessed \$125.00 of the forum fees to Respondent Grubman.

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 this proceeding.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 75.00
Total Fees	= \$ 75.00
Less payments	= \$ 75.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

Member Fees	= \$ 325.00
Forum Fees	= \$ 125.00
Total Fees	= \$ 450.00
Less payments	= \$ 325.00
Balance Due NASD Dispute Resolution	= \$ 125.00

Respondent Grubman is solely liable for:

Forum Fees	= \$ 125.00
Total Fees	= \$ 125.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 125.00

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

ARBITRATOR

Frank Brenner

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Public Arbitrator, Presiding Chairperson

Arbitrator's Signature

/s/

Frank Brenner

Public Arbitrator, Presiding Chairperson

06/24/05

Signature Date

06/24/05

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

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ARBITRATOR

Frank Brenner

Public Arbitrator, Presiding Chairperson

Arbitrator's Signature



Frank Brenner
Public Arbitrator, Presiding Chairperson

6-24-05
Signature Date

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