

NASD DISPUTE RESOLUTION AWARD
NASD DISPUTE RESOLUTION

CASE: 03-05258

David Hunter, (Claimant) vs. Citigroup Global Markets, Inc., and Jack B. Grubman,
(Respondents)

ATTORNEYS:

For Claimant appeared James Richard Hooper, Esq., of the firm Hooper & Weiss, L.L.C.,
Orlando, FL.

For Respondents appeared Mark L. Parmelee, Esq., of the firm Greenberg Traurig, LLP, New
York, NY.

NATURE OF DISPUTE: Customer v. Member and Associated Person

DATE FILED: July 18, 2003

CASE SUMMARY: Claimant alleged that Respondents failed to disclose material facts
regarding the sale of WorldCom Stock. Claimant further alleged breach of fiduciary duty, failure
to supervise, suitability and conflicts of interest. Claimant maintained that due to Respondents'
actions, he suffered a loss. Claimant's claim involved WorldCom Stock.

ARBITRATOR'S REPORT: See attached Exhibit A.

Claim Data

Claim: \$19,517.50
Punitive: Unspecified
Interest: Unspecified
Attorney Fees: Unspecified
Filing Fees: Unspecified
Other: Unspecified

Award Data

Award: \$.00
Punitive: \$.00
Interest: \$.00
Attorney Fees: \$.00
Filing Fees: \$212.50
Other: \$.00

AWARD: The undersigned arbitrator has decided and determined in full and final resolution of
the issues submitted for determination as follows: 1) The claims of Claimant are dismissed in
their entirety. 2) All requests for attorney fees are denied. 3) All requests for punitive damages
are denied. 4) All requests for interest are denied. 5) All other relief requests are denied. 6)
NASD Dispute Resolution shall retain the \$425.00 filing fee that the Claimant deposited
previously. 7) Respondent, Citigroup Global Markets, Inc., is liable and shall pay Claimant
\$212.50 as reimbursement of one half of the filing fee. 8) Claimant shall be assessed \$225.00 of
the forum fee for the Initial Pre-Hearing Conference that was held on November 17, 2004. 9)
Respondent, Citigroup Global Markets, Inc., shall be assessed \$225.00 of the forum fee for the
Initial Pre-Hearing Conference that was held on November 17, 2004.

OTHER FEES: Pursuant to Rule 10333 of the Code, Respondent has paid to NASD Dispute
Resolution the \$425.00 Member Surcharge previously invoiced.

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Award 03-05258

Craig Scott Bartlett, Jr.

Sole Public Arbitrator

AFFIRMATION

I, Craig Scott Bartlett, Jr., do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.

C Scott Bartlett /
Craig Scott Bartlett, Jr.

8 / 17 / 05
(Signature Date)

September 1, 2005
Date of Service (For NASD-DR office use only)

EXHIBIT A

The above case alleges that Respondents failed to make a number of disclosures, that had they been made, would have caused Claimant "to think twice" regarding the purchase of WorldCom stock. Claimant, therefore, says that this lack of disclosure resulted in Claimant losing sums of money for which respondents should be liable (rescission) plus punitive damages, legal fees and other costs. While there are timing differences related to the information presented, there is not much disagreement as to the facts themselves.

No doubt, David Hunter purchased \$19,517.50 of WorldCom stock in November of 1998 and by June of 2002 that stock was virtually worthless. Was this apparent loss the result of a lack of disclosure by Salomon Smith Barney and Jack Grubman or a result of the combination of a huge deterioration in the market for telecom securities, a general malaise in the market for "tech" securities and the huge fraud perpetrated by members of management of WorldCom? This is the real question here.

Claimant is obligated to prove his case as to how he has been damaged by Respondents, and in the view of this arbitrator, there is no evidence to support that case. Yes, there existed conflicts because of Grubman's role as an analyst, partial investment banker, and advisor to management. However, there is no evidence that he did anything wrong other than to have mistaken judgment. Grubman is also a victim as his reputation and career were ruined by the WorldCom fraud. It is interesting to note that some of the alleged conflicts of interest cited by Claimant might well have convinced an investor of the

intrinsic value of WorldCom, not otherwise. After all, would a sophisticated lender like Citicorp lend "billions" if they expected to lose money or accept WorldCom stock as collateral if they were not convinced of the merits of WorldCom?

I find it curious also that Mr. Hunter's registered representative is not a party to the case, and we have no information as to how or why Mr. Hunter purchased the WorldCom stock. To the best of our knowledge, Mr. Hunter had no contact with Mr. Grubman nor is it stated that he ever saw or read a Grubman research report. Nor is it alleged that there were factual errors in any of Mr. Grubman's reports.

WorldCom is(was) a tragedy for all involved, investors, management, lenders, supporters like Grubman, and even a misguided management which is the root of the problem in this situation.

In this matter, the arbitrator finds in favor of respondents Citigroup Global Markets and Jack B. Grubman. Further, each of the parties is responsible for its own legal costs, and forum fees are to be divided equally between Citigroup and the Claimant.

Respectfully submitted,

C. Scott Bartlett, Jr.

C. Scott Bartlett, Jr.
Arbitrator