

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

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In the Matter of the Arbitration Between:

Name of the Claimant

Case Number: 03-05302

Paul Friedberg

Names of the Respondents

Hearing Site: Charlotte, North Carolina

Citigroup Global Markets, Inc.  
Jack B. Grubman

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

REPRESENTATION OF PARTIES

Claimant, Paul Friedberg, hereinafter referred to as "Claimant", was represented by Michael B. Lynch, Esq., Hooper & Weiss, L.L.C., Orlando, Florida.

Respondents, Citigroup Global Markets, Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents", were represented by Tucker H. Byrd, Esq., Greenberg Traurig, P.A., Orlando, Florida.

CASE INFORMATION

Statement of Claim filed on July 18, 2003.

Claimant signed the Uniform Submission Agreement on March 21, 2003.

Statement of Answer filed by Respondents on September 15, 2003.

Respondent Grubman signed the Uniform Submission Agreement on September 9, 2003.

A representative of Respondent Citigroup executed the Uniform Submission Agreement on September 8, 2003.

Claimant's Motion to Supplement the Exhibits and Amend the Statement of Claim filed on November 4, 2004

Respondents' Response to the Claimant's Motion to Supplement the Exhibits and Amend the Statement of Claim filed on November 24, 2004.

Claimant's Amended Statement of Claim filed on November 4, 2004.

Respondents' Answer to the Amended Statement of Claim filed on January 13, 2005.

CASE SUMMARY

Claimant asserted the following causes of action, among others: violation of section 17(a) of the Securities Act of 1933, violation of Section 35-1-1210 of the South Carolina Uniform Securities Act, violation of NASD Rule 2210(d)(1), breach of fiduciary duty, and *respondeat superior*. The

causes of action relate to the purchase of Worldcom stock.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: failure to state a claim upon which relief may be granted, waiver, estoppel, ratification, contributory negligence, assumption of risk, Respondent acted in good faith, Claimant's contract with Respondent bars all tort claims, Respondent's acted in good faith, and laches.

#### RELIEF REQUESTED

Claimant in his Amended Statement of Claim requested rescission damages in the amount of 164,521.89, punitive damages, interest, costs, attorneys' fees and such other damages the Panel deems appropriate.

Respondents in their Statement of Answer requested Claimant's Amended Statement of claim be *dismissed with prejudice in its entirety and that attorneys' fees and costs be assessed against Claimant.*

#### OTHER ISSUES CONSIDERED AND DECIDED

By Order dated December 8, 2004, the Panel granted Claimant's Motion to Supplement Exhibits and to Amend the Statement of Claim

#### 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 are denied in their entirety;
2. The parties shall bear their respective costs, including attorneys' fees, except as Fees are specifically addressed below; and
3. Any and all relief not specifically addressed herein, including punitive damages, 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 = \$ 300.00

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, Respondent Citigroup is a party.

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$2,750.00
Total Member Fees	= \$5,200.00

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 the Panel @ \$1,125.00	= \$1,125.00
Pre-hearing conference: March 5, 2004 1 session	
Two (2) Hearing sessions @ \$1,125.00	= \$2,250.00
Hearing Date: March 1, 2005 2 sessions	
Total Forum Fees	= \$3,375.00

1. The Panel has assessed \$1,687.50 of the forum fees to Claimant.
2. The Panel has assessed \$1,687.50 of the forum fees jointly and severally to Respondents.

FEE SUMMARY

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

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$1,687.50
Total Fees	= \$1,987.50
Less payments	= \$1,425.00
Balance Due NASD Dispute Resolution	= \$ 562.50

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

Member Fees	= \$5,200.00
Total Fees	= \$5,200.00
Less payments	= \$5,200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

3. Respondents are jointly and severally assessed the following fees:

Forum Fees	= \$1,687.50
Total Fees	= \$1,687.50
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$1,687.50

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

ARBITRATION PANEL

Thomas W. Steed, Jr., Esq.

N. John Garcia

Harold Engelman

- Public Arbitrator, Presiding Chairperson
- Public Arbitrator, Panelist
- Non-Public Arbitrator, Panelist

*Thomas W. Steed, Jr.*  
Thomas W. Steed, Jr., Esq.  
Public Arbitrator, Presiding Chairperson

3/15/05  
Signature Date

**Signature Date**

**Signature Date**

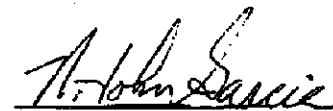
March 15, 2005  
Date of Service (For NASD Dispute Resolution office use only)

Concurring Arbitrators' Signatures

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Thomas W. Steed, Jr., Esq.  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

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N. John Garcia  
Public Arbitrator, Panelist

  
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Harold Engelman  
Non-Public Arbitrator, Panelist

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