
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
James A. Baumhart

Case Number: 03-06423

Names of the Respondents
Citigroup Global Markets, Inc. f/k/a
Salomon Smith Barney, Inc. and
Jack Grubman

Hearing Site: Boca Raton, Florida

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

REPRESENTATION OF PARTIES

For James A. Baumhart, hereinafter referred to as "Claimant": Adam S. Doner, Esq., Gordon & Doner, P.A., Palm Beach Gardens, Florida.

For Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Jacqueline Becerra, Esq., Holly Skolnick, Esq., and D. Porpoise Evans, Esq., Greenberg Traurig, P.A., Miami, Florida.

CASE INFORMATION

Statement of Claim filed on or about: September 5, 2003.

Claimant signed the Uniform Submission Agreement: July 1, 2003.

Statement of Answer filed by Respondents on or about: November 17, 2003.

Respondent Citigroup did not file an executed Uniform Submission Agreement.

Respondent Grubman did not file an executed Uniform Submission Agreement.

Motion to Dismiss Research-Related Claims filed by Respondents on or about: October 21, 2004.

Motion in Limine to Exclude the Thornburgh Reports filed by Respondents on or about: October 21, 2004.

Motion in Limine to Exclude Evidence of Settlement Agreements and Related Documents filed by Respondents on or about: October 21, 2004.

Claimant's Response to 1) Respondents' Motion in Limine to Exclude Evidence of Settlement Agreements and Related Documents; and 2) Respondents' Motion in Limine to Exclude the Thornburgh Reports filed on or about: October 25, 2004.

CASE SUMMARY

Claimant asserted the following causes of action: breach of fiduciary duty; violation of Section 17(a) of the Securities Act of 1933; violation of Chapter 517.301 of the Florida Securities and Investor Protection Act; violation of NASD Rule 2210(d)(1), communication with the public-general standards; violation of Florida Blue Sky Law; and, respondeat superior. The causes of action relate to Respondents' research reports as they relate to Claimant's failure to exercise some of his options to purchase 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 compensatory damages of \$1,149,667.70, rescissory damages, punitive damages, prejudgment interest at the prevailing rate, attorneys' fees, costs, expenses, and such other and further relief as the Panel deemed just and proper.

Respondents requested that Claimant's claims be denied in their entirety and dismissed with prejudice, and that attorneys' fees and costs be assessed against Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Citigroup did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and having answered the claim is bound by the determination of the Panel on all issues submitted.

Respondent Grubman did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and having answered the claim is bound by the determination of the Panel on all issues submitted.

On or about October 14, 2004, Claimant filed with NASD a Notice of Withdrawal of his claims for attorneys' fees pursuant to Chapter 517.301 of the Florida Securities and Investor Protection Act.

During the evidentiary hearing, on or about October 25, 2004, the Panel ruled on several motions, as follows: *denied, without prejudice*, Respondents' Motion to Dismiss Research-Related Claims; granted Respondents' Motion in Limine to Exclude Evidence of Settlement Agreements and Related Documents; and, as to the Respondents' Motion [re the Thornburgh reports], *denied in part and granted in part*, in that factual portions of the final report were admitted and the other portions of that report, along with the preliminary reports in their entirety, were excluded. Subsequently, counsel for the parties met and redacted the final Thornburgh Report, in accordance with this ruling.

AWARD

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

Claimant's claims are denied in their entirety.

Any and all relief not specifically addressed herein, including Claimant's request for punitive damages and 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	= \$ 500.00
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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, Citigroup is a member firm and a party.

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred 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 three-day cancellation fees were incurred in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

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 @ \$450.00/session	= \$ 450.00
Pre-hearing conference: October 7, 2004 1 session	
One (1) Pre-hearing session with the Panel @ \$1,200.00/session	= \$1,200.00
Pre-hearing conference: March 9, 2004 1 session	
Four (4) Hearing sessions @ \$1,200.00/session	= \$4,800.00
Hearing Dates: October 25, 2004 2 sessions	
October 26, 2004 2 sessions	
Total Forum Fees	= \$6,450.00

The Panel assessed forum fees of \$3,225.00 to Claimant.

The Panel assessed forum fees of \$3,225.00 to Respondents, jointly and severally.

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 in this matter.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 500.00
Forum Fees	= \$3,225.00
Total Fees	= \$3,725.00
Less payments	= \$1,700.00
Balance Due NASD Dispute Resolution	= \$2,025.00

Respondent Citigroup is solely liable for:

Member Fees	= \$8,550.00
Total Fees	= \$8,550.00
Less payments	= \$8,550.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

Forum Fees	= \$3,225.00
Total Fees	= \$3,225.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$3,225.00

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

ARBITRATION PANEL

Will Murphy, Esq.	-	Public Arbitrator, Presiding Chairperson
Judy Avey	-	Public Arbitrator
James D. McDonald	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/
Will Murphy, Esq.
Public Arbitrator, Presiding Chairperson

November 3, 2004
Signature Date

/s/
Judy Avey
Public Arbitrator

November 4, 2004
Signature Date

/s/
James D. McDonald
Non-Public Arbitrator

November 5, 2004
Signature Date

November 8, 2004
Date of Service (For NASD Dispute Resolution office use only)

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Judy Avey	-	Public Arbitrator
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Will Murphy, Esq.
Public Arbitrator, Presiding Chairperson



Signature Date

Judy Avey
Public Arbitrator

Signature Date

James D. McDonald
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James D. McDonald	-	Non-Public Arbitrator

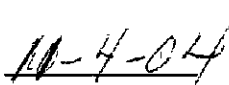
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Public Arbitrator, Presiding Chairperson

Signature Date



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Public Arbitrator



Signature Date

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Non-Public Arbitrator

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Concurring Arbitrators' Signatures

Will Murphy, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

Judy Avey
Public Arbitrator

Signature Date


James D. McDonald
Non-Public Arbitrator

Nov 5, 2004
Signature Date

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