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

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In the Matter of the Arbitration Between:

Names of the Claimants

Case Number: 03-06441

Victoria Alexandra Ueltschi  
Ueltschi Enterprises  
James Tyler Ueltschi  
James Tyler Ueltschi, Jr.  
James Tyler Ueltschi, Jr. Trust

Names of the Respondents

Hearing Site: Orlando, Florida

Citigroup Global Markets, Inc.  
f/k/a Salomon Smith Barney, Inc.  
Jack Grubman

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

**REPRESENTATION OF PARTIES**

For Victoria Alexandra Ueltschi, Ueltschi Enterprises, James Tyler Ueltschi, James Tyler Ueltschi, Jr. and James Tyler Ueltschi, Jr. Trust, hereinafter collectively referred to as "Claimants": 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": Tucker H. Byrd, Esq., Greenberg Traurig, P.A., Orlando, Florida.

**CASE INFORMATION**

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

Amended Statement of Claim filed on or about: December 2, 2003.

Claimant Victoria Alexandra Ueltschi signed Uniform Submission Agreements on: August 7, 2003 and November 29, 2003.

Claimant Ueltschi Enterprises signed the Uniform Submission Agreement on: November 26, 2003.

Claimant James Tyler Ueltschi signed the Uniform Submission Agreement on: August 7, 2003.

Claimant James Tyler Ueltschi, Jr. signed the Uniform Submission Agreement on: August 7, 2003.

Claimant James Tyler Ueltschi, Jr. Trust signed Uniform Submission Agreements on: November 29, 2003 and

January 22, 2004.

Statement of Answer and Affirmative Defenses filed by Respondents on or about: December 23, 2003.

Respondent Citigroup signed the Uniform Submission Agreement on: October 20, 2003.

Respondent Grubman signed the Uniform Submission Agreement on: October 21, 2003.

### **CASE SUMMARY**

Claimants alleged the following causes of action: 1) breach of contract; 2) breach of fiduciary duty – the duties of care, loyalty, full disclosure, fair dealing and good faith; 3) violation of Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934; 4) common law fraud; 5) constructive fraud; 6) violations of SRO Conduct Rules; 7) violation of the Florida Blue Sky Laws (Fla. Stat. Ch. 517); 7) negligence; 8) failure to supervise; and 9) *respondeat superior*. The causes of action relate to investments in shares of stock in WorldCom.

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

### **RELIEF REQUESTED**

Claimants requested: 1) compensatory damages in the amount of \$1,680,559.90; 2) disgorgement and restitution of all earnings, profits, compensation and benefits received by Respondents as a result of their unlawful acts and practices; 3) punitive damages; 4) pre and post-judgment interest at the legal rate; 5) costs; 6) attorneys' fees; and 7) such other relief the undersigned arbitrators (the "Panel") deemed just and proper.

Respondents requested dismissal of the Statement of Claim in its entirety.

### **OTHER ISSUES CONSIDERED AND DECIDED**

On or about December 2, 2003, Claimants filed their Amended Statement of Claim wherein Ueltschi Enterprises and James Tyler Ueltschi, Jr. Trust substituted as party claimants for James Tyler Ueltschi and James Tyler Ueltschi, Jr.

On or about October 15, 2004, Claimants filed their Withdrawal of F.S. 517 Claims. The Panel deemed Claimants' claims under Chapter 517, Florida Statutes, including Claimants' request for attorneys' fees, as withdrawn with prejudice.

On or about October 25, 2004, Respondents filed their Motion to Dismiss the Claims of Ueltschi Enterprises. On or about October 29, 2004, Claimants filed their response and opposition to the motion. At the evidentiary hearing, the Panel denied the motion.

On or about November 1, 2004, Respondents filed their Motion in Limine. At the evidentiary hearing, Claimants opposed the motion. The Panel denied the motion.

Respondent Grubman did not appear at the evidentiary hearing, but Respondent Grubman was represented by counsel at the evidentiary hearing. Upon review of the file and the representations made by/on behalf of the Claimants, the Panel determined that Respondent Grubman was properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without Respondent Grubman present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

The parties 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, and the post-hearing submissions (if any), the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimants Victoria Alexandra Ueltschi, Ueltschi Enterprises and James Tyler Ueltschi, Jr. Trust's claims are denied in their entirety.
2. Claimants Victoria Alexandra Ueltschi, Ueltschi Enterprises and James Tyler Ueltschi, Jr. Trust's request for punitive damages is denied.
3. Any and all claims or relief not specifically addressed herein are denied.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

NASD 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, Respondent Citigroup is a member firm and a party.

Member surcharge	= \$2,800.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,000.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournments requested during these proceedings for which fees were assessed.

**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:

There were no three-day cancellation fees assessed during these proceedings.

**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.

There were no injunctive relief fees assessed during these proceedings.

**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:

Three (3) Pre-hearing sessions with Panel @ \$1,200.00 per session = \$3,600.00

Pre-hearing conferences:	March 16, 2004	1 session
	October 29, 2004	1 session
	November 2, 2004	1 session

Five (5) Hearing sessions @ \$1,200.00 per session = \$6,000.00

Hearing Dates:	November 2, 2004	1 session
	November 3, 2004	2 sessions
	November 4, 2004	2 sessions

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Total Forum Fees = \$9,600.00

The Panel has assessed forum fees in the amount of \$4,800.00 to Respondent Citigroup.

The Panel has assessed forum fees in the amount of \$4,800.00 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.

There were no administrative costs incurred during these proceedings.

**Fee Summary**

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 500.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$ 8,550.00
<u>Forum Fees</u>	= \$ 4,800.00
<u>Total Fees</u>	= \$13,350.00
<u>Less payments</u>	= \$ 8,550.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 4,800.00

Respondent Grubman is solely liable for:

<u>Forum Fees</u>	= \$ 4,800.00
<u>Total Fees</u>	= \$ 4,800.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 4,800.00

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

**ARBITRATION PANEL**

<i>Jacob I. Levine</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>Alun Hywel Jones</i>	-	<i>Public Arbitrator</i>
<i>Thomas C. Krumenacker</i>	-	<i>Non-Public Arbitrator</i>

**Concurring Arbitrators' Signatures**

\_\_\_\_\_/s/\_\_\_\_\_  
Jacob I. Levine  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
11/09/04  
Signature Date

\_\_\_\_\_/s/\_\_\_\_\_  
Alun Hywel Jones  
Public Arbitrator

\_\_\_\_\_  
11/09/04  
Signature Date

/s/  
Thomas C. Krumenacker  
Non-Public Arbitrator

11/15/04  
Signature Date

11/12/04  
Date of Service (For NASD Dispute Resolution office use only)

Nov. 9. 2004 11:55AM NASD

No. 9062 P. 6

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**Fee Summary**

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 500.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$ 8,550.00
<u>Forum Fees</u>	= \$ 4,800.00
<u>Total Fees</u>	= \$ 13,350.00
<u>Less payments</u>	= \$ 8,550.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 4,800.00

Respondent Grubman is solely liable for:

<u>Forum Fees</u>	= \$ 4,800.00
<u>Total Fees</u>	= \$ 4,800.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 4,800.00

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

**ARBITRATION PANEL**

Jacob I. Levine	-	Public Arbitrator, Presiding Chairperson
Alun Hywel Jones	-	Public Arbitrator
Thomas C. Krumenacker	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

Jacob I. Levine  
Jacob I. Levine  
Public Arbitrator, Presiding Chairperson

11/9/04  
Signature Date

\_\_\_\_\_  
Alun Hywel Jones  
Public Arbitrator

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

NASD Dispute Resolution  
 Arbitration No. 03-06441  
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Fee Summary

Claimants are jointly and severally liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
<u>Total Fees</u>	= \$ 500.00
<u>Less payments</u>	= \$ 500.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$ 8,550.00
<u>Forum Fees</u>	= \$ 4,800.00
<u>Total Fees</u>	= \$13,350.00
<u>Less payments</u>	= \$ 8,550.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 4,800.00

Respondent Grubman is solely liable for:

<u>Forum Fees</u>	= \$ 4,800.00
<u>Total Fees</u>	= \$ 4,800.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution</u>	= \$ 4,800.00

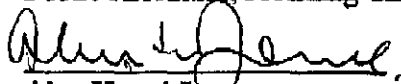
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Jacob I. Levine	-	Public Arbitrator, Presiding Chairperson
Alun Hywel Jones	-	Public Arbitrator
Thomas C. Krumenacker	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Jacob I. Levine  
 Public Arbitrator, Presiding Chairperson

  
 Alun Hywel Jones  
 Public Arbitrator

Signature Date

November 9, 2004  
 Signature Date



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Thomas C. Krumeracker  
Not-Public Arbitrator

11/15/04  
Signature Date

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