

---

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

---

In the Matter of the Arbitration Between:

Name of the Claimant  
Barbara Augenstein

Case Number: 03-06468

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

Hearing Site: Boca Raton, Florida

---

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

**REPRESENTATION OF PARTIES**

For Barbara Augenstein, hereinafter referred to as "Claimant": Douglas H. Glicken, Esq., 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": Jennifer Tomsen, Esq. and John Boudet, Esq., Greenberg Traurig, P.A., Orlando, Florida.

**CASE INFORMATION**

Statement of Claim filed on or about: September 8, 2003.

Claimant signed the Uniform Submission Agreement: July 18, 2003.

Answer and Affirmative Defenses filed by Respondents on or about: November 7, 2003.

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

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

Claimant's Reply to Respondents' Answer and Claimant's Preliminary Response to Respondents' Motion to Dismiss and Motion to Strike, as contained in Respondents' Answer, filed on or about: November 18, 2003.

Respondents' Supplement and Reply filed on or about: January 23, 2004.

Claimant's Response to Respondents' Supplement and Reply filed on or about: January 28, 2004.

Claimant's Motion to Supplement the Exhibits and Motion to Amend the Statement of Claim filed on or about: April 2, 2004.

First Amended Statement of Claim filed by Claimant on or about: April 2, 2004.

Motion in Limine to Exclude Evidence of Settlements and Other Inadmissible Documents filed by Respondents on or about: November 30, 2004.

**CASE SUMMARY**

Claimant asserted the following causes of action: omission to state material facts and conflicts of interest in violation of Section 17(A) of the Securities Act of 1933; omission to state material facts and conflicts of interest in violation of Chapter 517.301 of the Florida Securities and Investor Protection Act; omission to state material facts and conflicts of interest in violation of

NASD Rule 2210(d)(1); breach of fiduciary duty; and, 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 defenses.

### **RELIEF REQUESTED**

Claimant requested rescissory damages in the amount of \$29,825.31, punitive damages, interest, cost, attorney's fees and any other relief deemed just and proper.

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

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

On or about December 24, 2003, 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.

On or about May 6, 2004, Respondents notified NASD Dispute Resolution that they did not oppose Claimant's Motion to Supplement the Exhibits and Motion to Amend the Statement of Claim. The Arbitrator granted the Claimant's Motion to Amend.

On or about December 2, 2004, the Arbitrator issued an order stating that Respondents' Motion in Limine to Exclude Evidence of Settlements and Other Inadmissible Documents would be heard at the commencement of the evidentiary hearing on December 6, 2004. Thereafter, the Arbitrator granted the motion.

### **AWARD**

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

Claimant's demand for relief is denied in its entirety.

Each party to bear its own costs.

Any and all claims for relief not specifically addressed herein, including Claimant's claims for damages pursuant to Chapter 517.301 of the Florida Securities and Investor Protection Act and for punitive damages, are denied.

### **FEEES**

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 = \$ 150.00

**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. In this matter, the member firm Citigroup Global Markets, Inc. is a party.

Member surcharge = \$ 600.00  
Pre-hearing process fee = \$ 750.00  
Hearing process fee = \$1,000.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

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 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 Arbitrator has assessed forum fees for each session conducted. A session is any meeting between the parties and the arbitrator, including a pre-hearing conference with the arbitrator, that lasts four (4) hours or less. Fees associated with these proceedings are:

Two (2) Pre-hearing sessions with a single arbitrator @ \$450.00	= \$ 900.00
Pre-hearing conferences: January 26, 2004 1 session	
November 11, 2004 1 session	
Two (2) Hearing sessions @ \$450.00	= \$ 900.00
Hearing Date: December 6, 2004 2 sessions	
Total Forum Fees	= \$1,800.00

The Arbitrator has assessed \$900.00 of the forum fees to Claimant.

The Arbitrator has assessed \$900.00 of the forum fees jointly and severally to Respondents.

**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 are 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	= \$ 150.00
Forum Fees	= \$ 900.00
Total Fees	= \$ 1,050.00
<u>Less payments</u>	= \$ 600.00
Balance Due NASD Dispute Resolution	= \$ 450.00

Respondent Citigroup is solely liable for:

Member Fees	= \$ 2,350.00
Total Fees	= \$ 2,350.00
<u>Less payments</u>	= \$ 2,350.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

Forum Fees	= \$ 900.00
Total Fees	= \$ 900.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 900.00

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

**ARBITRATOR**

Neale J. Poller, Esq.                      -                      Public Arbitrator, Presiding Chairperson

**Arbitrator's Signature**

/s/  
Neale J. Poller, Esq.  
Public Arbitrator, Presiding Chairperson

12/9/04  
Signature Date

12/10/04  
Date of Service (For NASD Dispute Resolution office use only)

The Arbitrator has assessed \$900.00 of the forum fees jointly and severally to Respondents.

**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 are 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	= \$ 150.00
Forum Fees	= \$ 900.00
Total Fees	= \$ 1,050.00
Less payments	= \$ 600.00
Balance Due NASD Dispute Resolution	= \$ 450.00

Respondent Citigroup is solely liable for:

Member Fees	= \$ 2,350.00
Total Fees	= \$ 2,350.00
Less payments	= \$ 2,350.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

Forum Fees	= \$ 900.00
Total Fees	= \$ 900.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 900.00


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

**ARBITRATOR**

Neale J. Poller, Esq.

Public Arbitrator, Presiding Chairperson

Arbitrator's Signature



Neale J. Poller, Esq.  
Public Arbitrator, Presiding Chairperson

12/9/04  
Signature Date

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