
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Joseph M. Jesuele

Case Number: 03-06525

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

Hearing Site: Tampa, FL

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

REPRESENTATION OF PARTIES

For Joseph M. Jesuele, hereinafter referred to as "Claimant": Michael B. Lynch, Esq., Hooper & Weiss, L.L.C., Orlando, FL.

For Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Clay Deatherage, Esq., Greenberg Traurig, P.A., Orlando, FL.

CASE INFORMATION

Statement of Claim filed on or about: September 9, 2003.

Amended Statement of Claim filed on or about: July 20, 2004.

Claimant signed the Uniform Submission Agreement: March 31, 2003.

Answer to Statement of Claim filed by Respondents on or about: November 10, 2003.

Answer to Amended Statement of Claim filed by Respondents on or about: August 27, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: December 3, 2003.

Respondent Grubman signed the Uniform Submission Agreement: December 3, 2003.

CASE SUMMARY

Claimant alleged that Respondents omitted material facts in connection with the offer and sale of WorldCom stock. Claimant alleged that Respondents violated Section 17(a) of the Securities Act of 1933, Section 517.301 of the Florida Securities and Investor Protection Act and NASD Rule 2210(d)(1). Claimant further alleged that Respondents breached their fiduciary duty and that Citigroup Global Markets, Inc. is liable under the doctrine of 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, as amended, and asserted various defenses.

RELIEF REQUESTED

Claimant requested rescissionary damages in the amount of \$4,579.45, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other damages the undersigned arbitrator (the "Arbitrator") deemed appropriate.

Respondents requested that Claimant's Statement of Claim, as amended, be denied in its entirety and dismissed, with prejudice, with attorneys' fees and costs assessed against the 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.

During the evidentiary hearing in this matter, Claimant, through counsel, orally limited its claim to violation of §517.301 of the Florida Statutes.

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 Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Claimant failed to prove its claim under §517.301 of the Florida Statutes, the sole basis for recovery, having waived its other claims. Claimant testified that he had not seen the Grubman recommendations to purchase WorldCom stock before he purchased the stock. Hence, there was no reliance on Grubman's representations, a necessary element of recovery under §517.301. Furthermore, I find that the research reports in question clearly disclosed Respondent Citigroup was involved with public offerings of WorldCom stock which, combined with other disclosures, would indicate the possibility of bias. The decline in value of the WorldCom stock was not caused by Grubman's reports or Respondent Citigroup's dealing with WorldCom, but rather by WorldCom's fraud. While Claimant does not have to show loss causation to recover under §517.301, he must show omission of material facts in Respondent Citigroup's recommendations which has not been established in this matter.

I find for Respondents. All claims for interest, punitive damages, and attorneys' fees are denied.

Respondents are liable, jointly and severally, and shall pay to Claimant the sum of \$50.00 representing reimbursement of the claim filing fee previously paid by Claimant to NASD Dispute Resolution.

Any and all claims for relief not specifically addressed herein 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 = \$ 50.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent Citigroup is a member firm and a party.

Member surcharge = \$ 200.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed during these proceedings.

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 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.

No injunctive relief fees were assessed during these proceedings.

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(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 a single arbitrator @ \$125.00/session	= \$ 125.00
Pre-hearing conference: December 21, 2004 1 session	

Two (2) Hearing sessions with a single arbitrator @ \$125.00/session	= \$ 250.00
Hearing Date: March 17, 2005 2 sessions	

Total Forum Fees	= \$ 375.00
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The Arbitrator has assessed \$187.50 of the forum fees to Claimant.

The Arbitrator has assessed \$187.50 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 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 during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$	50.00
Forum Fees	= \$	187.50
Total Fees	= \$	237.50
Less payments	= \$	175.00
Balance Due NASD Dispute Resolution	= \$	62.50

Respondent Citigroup is solely liable for:

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

Respondents are jointly and severally liable for:

Forum Fees	= \$	187.50
Total Fees	= \$	187.50
Less payments	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	187.50

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

ARBITRATOR

Noel K. Evans, Esq.

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Public Arbitrator

Arbitrator's Signature

/s/

Noel K. Evans, Esq.
Public Arbitrator

Signature Date

March 31, 2005

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

MAR. 31. 2005 3:18PM

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No administrative costs were incurred during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 50.00
<u>Forum Fees</u>	= \$ 187.50
Total Fees	= \$ 237.50
<u>Less payments</u>	= \$ 175.00
Balance Due NASD Dispute Resolution	= \$ 62.50

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	= \$ 200.00
Total Fees	= \$ 200.00
<u>Less payments</u>	= \$ 200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

<u>Forum Fees</u>	= \$ 187.50
Total Fees	= \$ 187.50
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 187.50

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

ARBITRATOR

Noel K. Evans, Esq.

Public Arbitrator

Arbitrator's Signature

Noel K. Evans, Esq.
Public Arbitrator

3/31/05
Signature Date

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