

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

Kevin Shaughnessy, Steve L. Cress,
Rhonda Robinson, and Jonathon R. Lamkin

vs.

Case Number: 04-00199
Hearing Site: Houston, Texas

Name of Respondent

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

NATURE OF THE DISPUTE

Customers vs. Member

REPRESENTATION OF PARTIES

Kevin Shaughnessy, Steve L. Cress, Rhonda Robinson, and Jonathon R. Lamkin ("Claimants") were represented by Jeremy B. Chalmers, Esq., Mars, Mars and Chalmers, Philadelphia, Mississippi, Thomas A. Hargett, Esq., Maddox, Hargett & Caruso, PC, Indianapolis, Indiana, and Michael J. Willner, Esq., Miller, Faucher & Cafferty, LLP, Philadelphia, Pennsylvania.

Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Respondent" or "Citigroup") was represented by Terry D. Weissman, Esq., Tina Winer, Esq., and Brody W. Weichbrodt, Esq., Neal, Gerber & Eisenberg, LLP, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about January 13, 2004. The Submission Agreement of Claimant, Kevin Shaughnessy, was signed on or about November 8, 2006. The Submission Agreement of Claimant, Steve L. Cress, was signed on or about October 20, 2006. The Submission Agreements of Claimants, Rhonda Robinson, and Jonathon R. Lamkin, were signed on or about October 2, 2003. On or about June 2, 2006, Claimants filed a Response to the Motion to Dismiss.

The Statement of Answer was filed by Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., on or about April 12, 2004. The Submission Agreement of Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., was signed on or about April 8, 2004. On or about May 2, 2006, Respondent filed a Motion to Dismiss.

CASE SUMMARY

Claimants asserted the following causes of action: breach of contract and warranties; promissory estoppel; consumer protection violations; violations of state securities statutes; violations of statutory mandates within the Employee Retirement Income Security Act ("ERISA"); respondeat superior; and vicarious liability. The causes of action related to the WorldCom employee stock option plan (the "Plan"). Claimants alleged that Smith Barney and its affiliates hid the true nature of their relationship, with WorldCom and its key officers, including Bernie Ebbers, who served as WorldCom's CEO. Claimants also alleged that Respondent concealed crucial facts, including those relating to steps taken to obtain investment banking assignments, highly irregular lending arrangements, and distributing a series of misleading and deceptive research reports associated with WorldCom. Claimants alleged that these actions caused them to suffer enormous losses.

Unless specifically admitted in its Answer, Respondent Citigroup denied the allegations made in the Statement of Claim and asserted affirmative defenses including the following: the Statement of Claim failed to state a claim upon which relief can be granted; Claimants have not alleged any fraud in connection with the purchase or sale of securities, thus their Statement of Claim lacks standing; Claimants' alleged damages are speculative and not legally cognizable; to the extent that Claimants suffered any of the damages alleged in the Statement of Claim, such damages were not proximately caused by any act, representation, or omission of Respondents; Claimants' claims are barred by the applicable statute of limitations; Claimants failed to take reasonable steps to mitigate or avoid their damages; Claimants are legally and equitably estopped from asserting their claims; and Claimants cannot recover attorneys' fees and/or punitive damages under applicable law.

RELIEF REQUESTED

Claimants requested an award in the amount of:

Actual/Compensatory Damages	\$ 10,000,000.00
Exemplary/Punitive Damages	Unspecified
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

Respondent requested that the claims asserted against it be denied in their entirety and that it be awarded its costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

On or about June 13, 2006, the Panel issued an Order denying Respondent's Motion to Dismiss.

The parties have 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 the evidence presented at the hearing the Panel has decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Claimants' claims, each and all, are hereby denied and dismissed with prejudice;
- 2.) Other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter; and
- 3.) Any relief not specifically enumerated, including punitive damages and attorneys' fees, is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial Claim filing fee = \$ 600.00

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 persons at the time of the events giving rise to the dispute. In this matter, the member firm is Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc.

Member surcharge = \$ 3,350.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 5,500.00

Adjournment Fees

Adjournments granted during these proceedings:

July 11-15, 2005, adjournment requested by Claimants = \$ 1,200.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. 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:

Five (5) Pre-hearing sessions with Panel x \$1,200.00 = \$ 6,000.00

Pre-hearing conferences:	June 22, 2004	1 session
	July 11, 2005	1 session
	July 12, 2006	1 session
	August 15, 2006	1 session
	October 9, 2006	1 session

Sixteen (16) Hearing sessions x \$1,200.00 = \$ 19,200.00

Hearing Dates:	September 25, 2006	2 sessions
	September 26, 2006	2 sessions
	September 27, 2006	2 sessions
	September 28, 2006	2 sessions
	September 29, 2006	2 sessions
	November 7, 2006	2 sessions
	November 8, 2006	2 sessions
	November 9, 2006	2 sessions

Total Forum Fees = \$ 25,200.00

The Panel has assessed \$12,600.00 of the forum fees jointly and severally to Kevin Shaughnessy, Steve L. Cress, Rhonda Robinson, and Jonathon R. Lamkin.

The Panel has assessed \$12,600.00 of the forum fees to Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc.

FEE SUMMARY

Claimants, Kevin Shaughnessy, Steve L. Cress, Rhonda Robinson, and Jonathon R. Lamkin, are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 12,600.00
<u>Total Fees</u>	<u>= \$ 14,400.00</u>
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 12,600.00

Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for:

Member Fees	= \$ 9,600.00
Forum Fees	= \$ 12,600.00
<u>Total Fees</u>	<u>= \$ 22,200.00</u>
<u>Less payments</u>	<u>= \$ 9,600.00</u>
Balance Due NASD Dispute Resolution	= \$ 12,600.00

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

ARBITRATION PANEL

Leonard J. Sullivan, Esq. - Public Arbitrator, Presiding Chair
Thomas D. Nagle - Public Arbitrator
Kathy R. Holler - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

/s/ Leonard J. Sullivan, Esq.
Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chair

November 16, 2006
Signature Date

/s/ Thomas D. Nagle
Thomas D. Nagle
Public Arbitrator

November 14, 2006
Signature Date

/s/ Kathy R. Holler
Kathy R. Holler
Non-Public Arbitrator

November 15, 2006
Signature Date

November 15, 2006
Date of Service (For NASD office use only)

FEE SUMMARY

Claimants, Kevin Shaughnessy, Steve L. Cress, Rhonda Robinson, and Jonathon R. Lamkin, are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fee	= \$ 1,200.00
<u>Forum Fees</u>	<u>= \$ 12,600.00</u>
Total Fees	= \$ 14,400.00
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 12,600.00

Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for:

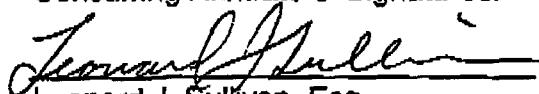
Member Fees	= \$ 9,600.00
<u>Forum Fees</u>	<u>= \$ 12,600.00</u>
Total Fees	= \$ 22,200.00
<u>Less payments</u>	<u>= \$ 9,600.00</u>
Balance Due NASD Dispute Resolution	= \$ 12,600.00

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

ARBITRATION PANEL

Leonard J. Sullivan, Esq. - Public Arbitrator, Presiding Chair
Thomas D. Nagle - Public Arbitrator
Kathy R. Holler - Non-Public Arbitrator

Concurring Arbitrators' Signatures:


Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chair

11/16/06
Signature Date

Thomas D. Nagle
Public Arbitrator

Signature Date

Kathy R. Holler
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

FEE SUMMARY

Claimants, Kevin Shaughnessy, Steve L. Cress, Rhonda Robinson, and Jonathon R. Lamkin, are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 12,600.00
Total Fees	= \$ 14,400.00
Less payments	= \$ 1,800.00
Balance Due NASD Dispute Resolution	= \$ 12,600.00

Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for:

Member Fees	= \$ 9,600.00
Forum Fees	= \$ 12,600.00
Total Fees	= \$ 22,200.00
Less payments	= \$ 9,600.00
Balance Due NASD Dispute Resolution	= \$ 12,600.00

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

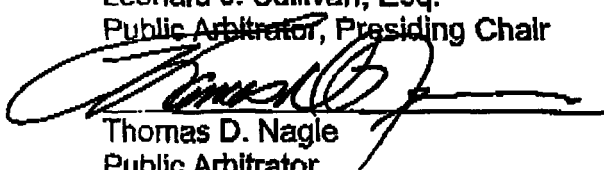
ARBITRATION PANEL

Leonard J. Sullivan, Esq. - Public Arbitrator, Presiding Chair
Thomas D. Nagle - Public Arbitrator
Kathy R. Holler - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chair

Signature Date


Thomas D. Nagle
Public Arbitrator

Nov. 14, 2006
Signature Date

Kathy R. Holler
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

FEE SUMMARY

Claimants, Kevin Shaughnessy, Steve L. Cress, Rhonda Robinson, and Jonathon R. Lamkin, are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fee	= \$ 1,200.00
Forum Fees	= \$ 12,600.00
<u>Total Fees</u>	<u>= \$ 14,400.00</u>
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 12,600.00

Respondent, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc., is liable for:

Member Fees	= \$ 9,600.00
Forum Fees	= \$ 12,600.00
<u>Total Fees</u>	<u>= \$ 22,200.00</u>
<u>Less payments</u>	<u>= \$ 9,600.00</u>
Balance Due NASD Dispute Resolution	= \$ 12,600.00

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

ARBITRATION PANEL

Leonard J. Sullivan, Esq. - Public Arbitrator, Presiding Chair
Thomas D. Nagle - Public Arbitrator
Kathy R. Holler - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Leonard J. Sullivan, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Thomas D. Nagle
Public Arbitrator

Signature Date



Kathy R. Holler
Non-Public Arbitrator

Nov 15, 2006
Signature Date

Date of Service (For NASD office use only)