

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Lawrence C. Mahoney, Jr. and
Carole A. Mahoney JTWROS

Case Number: 04-01025

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

Hearing Site: Orlando, Florida

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

REPRESENTATION OF PARTIES

For Lawrence C. Mahoney, Jr. and Carole A. Mahoney JTWROS, hereinafter referred to as "Claimant": Marshall P. Richer, Esq., Finkelstein & Partners, LLP, Newburgh, New York.

For Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": J. Carlos Real, Esq. and Tucker H. Byrd, Esq., Greenberg Traurig, P.A., Orlando, Florida.

CASE INFORMATION

Statement of Claim filed on or about: February 13, 2004.
Claimant signed the Uniform Submission Agreement: December 10, 2003.
Statement of Answer filed by Respondents on or about: April 12, 2004.
Claimant's Response to Respondents' Reply filed on or about: May 17, 2004.
Respondents Supplement and Reply filed on or about: May 24, 2004.
Respondent Citigroup signed Uniform Submission Agreements: June 21, 2004 and October 5, 2004.
Respondent Grubman signed Uniform Submission Agreements: June 18, 2004 and October 5, 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), Communications with the Public-General Standards; 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 affirmative defenses.

RELIEF REQUESTED

Claimant requested rescissory damages in the amount of \$6,855.00, punitive damages in the amount of \$3,100.00, interest, costs, attorneys' fees, and such other relief as deemed appropriate by the undersigned arbitrator (the "Arbitrator").

Respondents requested that Claimant's Statement of Claim be denied in its entirety, and dismissed with prejudice, 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 August 10, 2005, the parties jointly requested that the Arbitrator make a final determination of this matter on the papers in lieu of conducting an evidentiary hearing. On or about August 15, 2005, the Arbitrator issued an Order granting the parties' request. On or about October 13, 2005, Claimant filed a Pre-hearing Brief. On or about December 16, 2005, Respondents filed a Final Arbitration Brief and Memorandum of Law on Issue of Reliance. On or about January 10, 2006, NASD Dispute Resolution requested the parties to advise whether they had reached an agreement to stay the above-captioned arbitration proceeding. On or about May 8, 2006, the parties filed their response and request for a ruling on the papers and waiver of evidentiary hearing. Thereafter, the Arbitrator reviewed the parties' written submissions and reached a final determination on the claims.

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

1. Claimant's claims against Respondent Citigroup are denied in their entirety. This includes Claimant's claims for relief under Chapter 517.301 of the Florida Statutes, punitive damages and attorneys' fees against Respondent Citigroup.
2. Respondent Grubman is liable for violation of Chapter 517.301 of the Florida Statutes and for fraud and shall pay to Claimant compensatory damages in the amount of \$6,855.00, plus interest at the Florida statutory rate which shall accrue from February 13, 2004 until the date of payment of the Award.
3. Respondent Grubman is liable for violation of Chapter 517.301 of the Florida

Statutes and for fraud and shall pay to Claimant punitive damages in the amount of \$3,100.00. Respondent Grubman gave false analysis and recommendations to buy WorldCom stock in an effort to bolster the market price. Respondent Grubman knew the analysis was false and he had a direct and serious conflict of interest. This conduct was egregious and misled the brokers and investors.

4. Respondent Grubman is liable and shall pay to Claimant attorneys' fees in an amount to be determined by a court of competent jurisdiction. Attorneys' fees are awarded for violation of Chapter 517.301 of the Florida Statutes and pursuant to Chapter 517 of the Florida Statutes.
5. Respondent Grubman is liable and shall reimburse Claimant the sum of \$75.00 that represents reimbursement of the initial claim filing fee previously paid by Claimant to NASD Dispute Resolution.
6. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to 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	= \$ 75.00
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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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Respondent Citigroup is a party and member firm.

Member surcharge	= \$325.00
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Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

There were no adjournment fees 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:

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

One (1) Pre-hearing session with a single arbitrator @ \$250.00 = \$250.00
Pre-hearing conference: November 8, 2004 1 session

Forum Fee for Decision on the Paper Record = \$250.00

Total Forum Fees = \$500.00

The Arbitrator has assessed the total forum fees in the amount of \$500.00 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 assessed during these proceedings.

Fee Summary

Claimant is solely liable for:

Initial Filing Fee	= \$ 75.00
Total Fees	= \$ 75.00
Less payments	= \$ 75.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

Member Fees	= \$ 325.00
Total Fees	= \$ 325.00
Less payments	= \$ 325.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Grubman is solely liable for:

Forum Fees	= \$ 500.00
Total Fees	= \$ 500.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 500.00

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

ARBITRATION PANEL

Charles Tindell, Esq.

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Public Arbitrator

Arbitrator's Signature

/s/
Charles Tindell, Esq.
Public Arbitrator

June 15, 2006
Signature Date

June 16, 2006
Date of Service (For NASD Dispute Resolution use only)


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

ARBITRATION PANEL

Charles Tindell, Esq.

Public Arbitrator

Arbitrator's Signature


Charles Tindell, Esq.
Public Arbitrator

6-15-06
Signature Date

Date of Service (For NASD Dispute Resolution use only)