

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
William L. Jennings

Case Number: 04-02950

Name of the Respondents
Citigroup Global Markets, Inc.;
Jack B. Grubman; and,
Citigroup, Inc.

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Customer vs. Member Firm, Associated Person and Non-Member Firm

REPRESENTATION OF PARTIES

Claimant William L. Jennings, hereinafter referred to as "Claimant": H. Allen Pennington, Jr., Esq., of the firm of Pennington, Hill & Baker, LLP, located in Fort Worth, Texas.

Respondents Citigroup Global Markets, Inc. ("Citigroup"), Citigroup, Inc. and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Scott A. Browdy, Esq., of the firm of Neal, Gerber & Eisenberg LLP, located in Chicago, Illinois.

CASE INFORMATION

Statement of Claim filed: April 21, 2004.

Claimant signed the Uniform Submission Agreement: April 19, 2004.

Statement of Answer filed by Respondents on: August 13, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: July 14, 2004.

Respondent Citigroup, Inc. signed the Uniform Submission Agreement on or about: November 30, 2004.

Respondent Grubman signed the Uniform Submission Agreement: September 24, 2004.

Respondents' Amended Answer and Affirmative Defenses filed on: November 30, 2004.

Respondents' Pre-Hearing memorandum filed: November 17, 2005.

Claimant's Response to Respondents' Pre-hearing Memorandum filed: February 28, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: violations of Section 10(b) of the Exchange

Act and Rule 10b-5; violations of Section 20(a) of the Exchange Act; breach of fiduciary duty; violation of Section 27.01 of the Texas Business and Commerce Code; violation of the Texas Securities Act; common law fraud; and, negligent misrepresentation. These causes of action related to Claimant's purchase of WorldCom stock based upon the analysts' reports and recommendations of Respondent Grubman.

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

1. The Statement of Claim fails to state a claim upon which relief may be granted;
2. Claimant's alleged damages are speculative and not legally cognizable;
3. To the extent that Claimant suffered any of the damages alleged in the Statement of Claim, such damages were not proximately caused by any act, representation, or omission of Citigroup;
4. Claimant's claims are barred by the applicable statute of limitations;
5. To the extent that Claimant suffered any of the damages alleged in the Statement of Claim, Claimant failed to take reasonable steps to mitigate or avoid those damages;
6. Claimant is legally and equitably estopped from asserting damages;
7. Claimant cannot recover attorneys' fees and/or punitive damages under applicable law; and,
8. Claimant ratified, and has waived any objections to, the transactions and positions described in the Statement of Claim.

RELIEF REQUESTED

Claimant William L. Jennings requested:

Compensatory Damages	Approximate \$6,500,000.00
Punitive Damages	Unspecified
Interest	Prejudgment interest at the maximum rate prescribed by law
Attorneys' Fees	Reasonable fees as provided by Section 27.01 of the Texas Business and Commerce Code and/or the Texas Securities Act
Other Costs	Including expert fees and other disbursements
Other Monetary/Non-Monetary Relief if any:	Such other and further relief as may be deemed just and proper under the circumstances.

Respondents requested that the Statement of Claim be dismissed in its entirety and that Respondents be awarded their attorneys' fees and costs with respect to the defense of this action.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Arbitrator (Panel) has decided in full and final resolution of the issues submitted for determination as follows:

1. The claims asserted by Claimant William L. Jennings against Respondents Citigroup Global Markets, Inc., Citigroup, Inc. and Jack B. Grubman are dismissed with prejudice and denied in their entirety;
2. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically enumerated in this decision; and,
3. Any and all relief not specifically addressed herein, including punitive damages, is 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	= \$ 600.00
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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, Citigroup Global Markets, Inc. is a party and the following member fees are assessed:

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

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

December 6-9, 2005 adjournment by all parties	= \$ 1,200.00
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Pursuant to the Panel's ruling, the postponement fee is split 50/50 between Claimant and the Respondents.

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:

December 6-9, 2005 adjournment by all parties = \$ 300.00

Pursuant to the Panel's ruling, the 3-day cancellation is split 50/50 between Claimant and the Respondents.

Forum Fees and Assessments

The Panel 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:

Two (2) Pre-hearing session(s) with Panel @ \$1,200.00	= \$ 2,400.00
Pre-hearing conference(s):	
October 19, 2004	1 session
December 2, 2005	1 session
Seven (7) Hearing sessions @ \$1,200.00	= \$ 8,400.00
Hearing Dates:	
March 7, 2006	2 sessions
March 8, 2006	3 sessions
March 9, 2006	2 sessions
<hr/> Total Forum Fees	<hr/> = \$10,800.00

The Panel has assessed \$5,400.00 of the forum fees to Claimant William L. Jennings and has assessed the remaining \$5,400.00 of the forum fees, jointly and severally, to Respondents Citigroup Global Markets, Inc., Citigroup, Inc. and Jack B. Grubman.

FEE SUMMARY

Claimant William L. Jennings is solely liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fee	= \$ 600.00
Three Day Cancellation Fee	= \$ 150.00
Forum Fees	= \$ 5,400.00
Total Fees	= \$ 6,750.00
Less payments	= \$ 1,950.00
Balance Due NASD Dispute Resolution	= \$ 4,800.00

Respondent Citigroup Global Markets, Inc. is solely liable for:

Member Fees	= \$ 9,600.00
Less payments	= \$ 9,600.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents Citigroup Global Markets, Inc., Citigroup, Inc. and Jack B. Grubman are jointly and severally liable for:

Adjournment Fee	= \$ 600.00
Three Day Cancellation Fee	= \$ 150.00

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Forum Fees	= \$ 5,400.00
Total Fees	= \$ 6,150.00
Less payments	= \$ 150.00
Balance Due NASD Dispute Resolution	= \$ 6,000.00

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

ARBITRATION PANEL

Alice A. Waters, Esq. - Public Arbitrator, Presiding Chairperson
J. Ken Lanyon - Public Arbitrator
William D. Connally - Non-Public Arbitrator

Concurring Arbitrators' Signatures

Alice A. Waters
Alice A. Waters, Esq.
Public Arbitrator, Presiding Chairperson

3.22.06
Signature Date

J. Ken Lanyon
Public Arbitrator

Signature Date

William D. Connally
Non-Public Arbitrator

Signature Date

3/22/06 wen
Date of Service (For NASD Dispute Resolution office use only)

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Alice A. Waters, Esq.
Public Arbitrator, Presiding Chairperson

Signature Date



J. Ken Lanyon
Public Arbitrator

MARCH 21, 2006

Signature Date

William D. Connally
Non-Public Arbitrator

Signature Date

3/22/06 

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Public Arbitrator, Presiding Chairperson

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Public Arbitrator

Signature Date

W D Connally
William D. Connally
Non-Public Arbitrator

3 - 28 - 06
Signature Date

3/22/06 mm
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