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

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In the Matter of the Arbitration Between:

Names of the Claimants

Nelson R. Henry  
Loretta A. Henry

Case Number: 04-03495

Names of the Respondents

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

Hearing Site: Orlando, Florida

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

**REPRESENTATION OF PARTIES**

For Nelson R. Henry ("N. Henry") and Loretta A. Henry ("L. Henry"), hereinafter collectively referred to as "Claimants": Richard J. Latinberg, Esq., Cooper, Ridge and Latinberg, Jacksonville, 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., Greenberg Traurig, P.A., Orlando, Florida.

**CASE INFORMATION**

Statement of Claim filed on or about: May 13, 2004.

Claimants signed the Uniform Submission Agreement: May 14, 2004.

Statement of Answer filed by Respondents on or about: November 5, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: December 15, 2004.

Respondent Grubman signed the Uniform Submission Agreement: January 1, 2005.

Motion in Limine to Exclude Evidence of Settlements and Other Inadmissible Documents filed by Respondents on or about: October 20, 2005.

Response to Respondents' Motion in Limine to Exclude Evidence of Settlements and Other Inadmissible Documents filed by Claimants on or about: November 2, 2005.

**CASE SUMMARY**

Claimants 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 the Claimants' 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**

Claimants requested rescissory damages in the amount of \$73,673.40, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the undersigned arbitrators (the "Panel").

Respondents requested that Claimants' Statement of Claim be denied in its entirety, and dismissed with prejudice, with attorneys' fees and costs assessed against Claimants.

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

On or about November 3, 2005, the Panel issued an Order denying Respondents' motion to exclude certain evidence, without prejudice. The Panel's Order further stated that Respondents could raise their objections at the evidentiary hearing.

### **AWARD**

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

Respondents are jointly and severally liable on the claim for violation of the Florida Blue Sky Law, Florida Statutes, Section 517 and shall pay Claimants rescissory damages in the amount of \$53,633.50. Respondents are further liable and shall pay to Claimants interest on the rescissory damages awarded, calculated at the legal rate from April 30, 2002 until paid.

The Panel finds that, as prevailing parties under Chapter 517 of the Florida Statutes, Claimants are entitled to attorneys' fees. As such, the Panel refers the determination of the amount of attorneys' fees to a court of competent jurisdiction.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages and Respondents' request for attorneys' fees, 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 = \$ 225.00

**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 party and a member firm.

|                         |              |
|-------------------------|--------------|
| Member surcharge        | = \$1,100.00 |
| Pre-hearing Process Fee | = \$ 750.00  |
| Hearing Process Fee     | = \$1,700.00 |
| Total                   | = \$3,550.00 |

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were assessed 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 assessed 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 Arbitrator.

No injunctive relief fees were assessed 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(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 the Panel @ \$750.00/session | = \$ 750.00  |
| Pre-hearing conference: February 1, 2005 1 session            |              |
| Three (3) Hearing sessions @ \$750.00/session                 | = \$2,250.00 |
| Hearing Dates: November 8, 2005 3 sessions                    |              |
| Total Forum Fees                                              | = \$3,000.00 |

The Panel has assessed forum fees in the amount of \$600.00 jointly and severally to Claimants.

The Panel has assessed forum fees in the amount of \$2,400.00 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 in this matter.

**Fee Summary**

Claimants are jointly and severally liable for:

|                                     |                    |
|-------------------------------------|--------------------|
| Initial Filing Fee                  | = \$ 225.00        |
| <u>Forum Fees</u>                   | <u>= \$ 600.00</u> |
| Total Fees                          | = \$ 825.00        |
| <u>Less payments</u>                | <u>= \$ 825.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 0.00          |

Respondent Citigroup is solely liable for:

|                                     |                     |
|-------------------------------------|---------------------|
| <u>Member Fees</u>                  | <u>= \$3,550.00</u> |
| Total Fees                          | = \$3,550.00        |
| <u>Less payments</u>                | <u>= \$3,550.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 0.00           |

Respondents are jointly and severally liable for:

|                                     |                      |
|-------------------------------------|----------------------|
| <u>Forum Fees</u>                   | <u>= \$ 2,400.00</u> |
| Total Fees                          | = \$ 2,400.00        |
| <u>Less payments</u>                | <u>= \$ 2,400.00</u> |
| Balance Due NASD Dispute Resolution | = \$ 0.00            |

**ARBITRATION PANEL**

|                       |   |                                          |
|-----------------------|---|------------------------------------------|
| David P. Slater, Esq. | - | Public Arbitrator, Presiding Chairperson |
| Gary E. Marcus        | - | Public Arbitrator                        |
| Peter F. Crowell      | - | Non-Public Arbitrator                    |

**Concurring Arbitrators Signatures**

/s/

11/14/05

\_\_\_\_\_  
David P. Slater, Esq.  
Public Arbitrator, Presiding Chairperson

\_\_\_\_\_  
Signature Date

/s/

11/14/05

\_\_\_\_\_  
Gary E. Marcus  
Public Arbitrator

\_\_\_\_\_  
Signature Date

/s/

11/14/05

\_\_\_\_\_  
Peter F. Crowell  
Non-Public Arbitrator

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Signature Date

November 15, 2005


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Date of Service (For NASD Dispute Resolution use only)

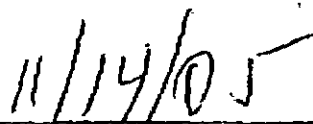
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Concurring Arbitrators Signatures

  
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David F. Slater, Esq.  
Public Arbitrator, Presiding Chairperson

  
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Signature Date

\_\_\_\_\_  
Gary E. Marcus  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Peter F. Crowell  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)

FROM : GARY E MARCUS PA

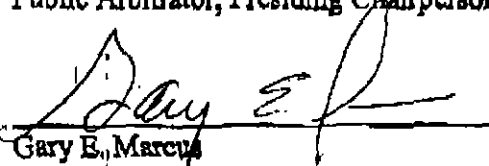
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David P. Slater, Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

  
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Gary E. Marcus  
Public Arbitrator

11/14/05  
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Signature Date

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Peter F. Crowell  
Non-Public Arbitrator

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Signature Date

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NASD Dispute Resolution

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Concurring Arbitrators Signatures

\_\_\_\_\_  
David P. Slater, Esq.


Public Arbitrator, Presiding Chairperson

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Signature Date

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Gary E. Marcus

Public Arbitrator

\_\_\_\_\_  
Signature Date



Peter F. Crowell

Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

11/14/05

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Date of Service (For NASD Dispute Resolution use only)