
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

James R. and Elizabeth A. McCarthy JTWROS

Case Number: 04-03786

Names of the Respondents

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

Hearing Site: Tampa, Florida

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

REPRESENTATION OF PARTIES

For James R. and Elizabeth A. McCarthy JTWROS, hereinafter collectively referred to as "Claimants":
Douglas H. Glick, Law Office of Douglas H. Glick, Orlando, 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": John D. Perry, Esq., Greenberg Traurig, Boca Raton, Florida.

CASE INFORMATION

Statement of Claim filed on or about: May 27, 2004.

Claimants signed the Uniform Submission Agreement: March 18, 2003.

Statement of Answer filed by Respondents on or about: August 10, 2004.

Respondents did not file signed Uniform Submission Agreements.

Reply to Respondents' Statement of Answer filed by Claimant on or about: August 16, 2004.

Joint Motion to Have This Matter Determined on the Paper Record Only and Claimants' Motion to Amend the Statement of Claim filed on or about: June 13, 2005.

Amended Statement of Claim filed by Claimants on or about: July 15, 2005.

Response to Amended Statement of Claim filed by Respondents on or about: July 26, 2005.

CASE SUMMARY

Claimants asserted the following causes of action: 1) omission to state material facts and conflicts of interest in violation of Section 17(A) of the Securities Act of 1933; 2) omission to state material facts and conflicts of interest in violation of Chapter 517.301 of the Florida Securities and Investor Protection Act; 3) omission to state material facts and conflicts of interest in violation of NASD Rule 2210(d)(1), Communications with the Public-General Standards; 4) breach of fiduciary duty; and 5) respondeat superior. The causes of action relate to Claimants' 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

Claimants requested rescissionary damages, as amended, in the amount of \$4,346.82, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the Panel.

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

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Citigroup and Grubman did not file with NASD Dispute Resolution properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, are bound by the determination of the Arbitrator on all issues submitted.

On or about June 16, 2005, the sole Arbitrator for this matter issued an Order that granted the parties' Motion to have this Matter Determined on the Paper Record and the Motion to Amend. Thereafter, on or about July 15, 2005, Claimants filed their Amended Statement of Claim and, on or about, July 26, 2005 Respondents filed their Reply to the Amended Statement of Claim.

AWARD

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

Respondents are found not liable and all Claimants' claims are denied and dismissed in their entirety, with prejudice.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages and request for relief pursuant to Florida Statutes, Chapter 517 and the parties' requests 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 = \$ 50.00

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 person at the time of the events giving rise to the dispute. Accordingly, Respondent Citigroup is a party to this dispute and was a member of NASD at the time the following fees were assessed:

Member surcharge = \$ 200.00

Adjournment Fees

No requests for adjournments were filed 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 cancellation fees were assessed in this matter.

Injunctive Relief Fees

No injunctive relief fees were incurred during this proceeding.

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. 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:

One (1) Pre-hearing session with a single arbitrator @ \$125.00 = \$125.00

Pre-hearing conference: October 25, 2004 1 session

Total Forum Fees = \$125.00

The Arbitrator has assessed the total forum fees of \$125.00 jointly and severally to Claimants.

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 this proceeding.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee = \$ 50.00

Forum Fees = \$ 125.00

Total Fees = \$ 175.00

NASD Dispute Resolution

Arbitration No. 04-03786

Award Page 4

<u>Less payments</u>	= \$ 175.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

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

ARBITRATOR

Richard J. Fuller, CPA

-

Public Arbitrator, Presiding Chairperson

Arbitrator's Signature

/s/

Richard J. Fuller, CPA
Public Arbitrator, Presiding Chairperson

08/29/05

Signature Date

08/29/05

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

NASD Dispute Resolution
Arbitration No. 04-03786
Award Page 4

<u>Less payments</u>	<u>= \$ 175.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

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

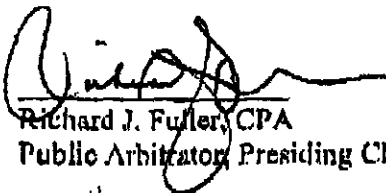
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATOR

Richard J. Fuller, CPA

Public Arbitrator, Presiding Chairperson

Arbitrator's Signature


Richard J. Fuller, CPA
Public Arbitrator, Presiding Chairperson

8/29/05
Signature Date

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