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

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In the Matter of the Arbitration Between:

Names of the Claimants

Mary M. Hoffman and  
John E. Hoffman JTWROS

Case Number: 04-04567

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 Mary M. Hoffman and John E. Hoffman JTWROS, hereinafter collectively referred to as "Claimants": Douglas H. Glick, Esq., Douglas H. Glick, P.A., Orlando, Florida

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

**CASE INFORMATION**

Statement of Claim filed on or about: June 25, 2004.

Claimants signed the Uniform Submission Agreement: April 5, 2003.

Statement of Answer filed by Respondents on or about: August 9, 2004.

Respondent Citigroup signed the Uniform Submission Agreement: February 16, 2005.

Respondent Grubman signed the Uniform Submission Agreement: February 11, 2005.

Reply to Respondents' Answer filed by Claimants on or about: August 12, 2004.

Joint Motion to Proceed solely on the Pleadings, Supplement Exhibits and Amend the Statement of Claim filed on or about: May 5, 2005.

Amended Statement of Claim filed by Claimants on or about: June 6, 2005.

Memorandum of Law on the Issue of Reliance and Final Arbitration Brief filed by Respondent on or about: July 6, 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 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 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, as amended, in the amount of \$7,623.28, unspecified punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by 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 May 9, 2005, the sole Arbitrator for this matter granted the Joint Motion to Proceed solely on the Pleadings, Supplement Exhibits and to Amend the Statement of Claim.

The parties 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 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 in their entirety.

Claimants' request for punitive damages is denied.

Each party shall be responsible for their own attorneys' fees.

Any and all relief not specifically addressed herein, including Claimants' requests for relief pursuant to Florida Statutes, §517, is denied.

### **FEES**

Pursuant to the NASD Code of Arbitration Procedure (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

**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 = \$ 325.00

**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. 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:

Two (2) Pre-hearing sessions with a single arbitrator @ \$250.00/session = \$ 500.00

Pre-hearing conferences: October 26, 2004 1 session

December 22, 2004 1 session

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Total Forum Fees = \$ 500.00

The Arbitrator has assessed \$250.00 of the forum fees jointly and severally to Claimants.

The Arbitrator has assessed \$250.00 of the forum fees 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.

There were no administrative costs assessed during these proceedings.

**Fee Summary**

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 75.00
<u>Forum Fees</u>	<u>= \$ 250.00</u>
Total Fees	= \$ 325.00
<u>Less payments</u>	<u>= \$ 325.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

<u>Member Fees</u>	<u>= \$ 325.00</u>
Total Fees	= \$ 325.00
<u>Less payments</u>	<u>= \$ 325.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

<u>Forum Fees</u>	<u>= \$ 250.00</u>
Total Fees	= \$ 250.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 250.00

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

**ARBITRATOR**

Lee E. Karofsky, JD

- Public Arbitrator

**Arbitrator's Signature**

/s/  
Lee E. Karofsky, JD  
Public Arbitrator

07/26/05  
Signature Date

07/26/05  
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution  
Arbitration No. 04-04567  
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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

Respondents are jointly and severally liable for:

Forum Fees	= \$ 250.00
Total Fees	= \$ 250.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 250.00

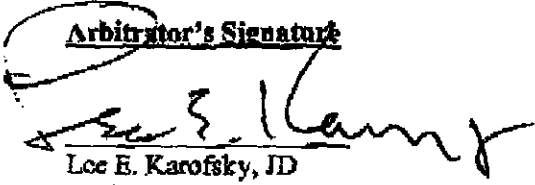
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