
**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Names of the Claimants

Frederick and Zadie Schwendel JTWROS

Case Number: 04-05260

Names of the Respondents

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

Hearing Site: Boca Raton, Florida

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

REPRESENTATION OF PARTIES

For Frederick and Zadie Schwendel JTWROS, hereinafter collectively referred to as "Claimants": Douglas H. Glick, Esq., Law Office of Douglas H. Glick, P.A., 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, P.A., Boca Raton, Florida.

CASE INFORMATION

Statement of Claim filed on or about: July 22, 2004.

Claimants signed the Uniform Submission Agreement: June 16, 2003.

Statement of Answer filed by Respondents on or about: December 2, 2004.

Respondent Citigroup did not file an executed Uniform Submission Agreement.

Respondent Grubman did not file an executed Uniform Submission Agreement.

Amended Statement of Claim filed by Claimants on or about: March 11, 2005.

Respondents' Amended Answer to Amended Statement of Claim on or about: April 25, 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 Claimants' investment in WorldCom stock.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim, as amended, and asserted various defenses.

RELIEF REQUESTED

Claimants requested rescissory damages in the amount of \$9,567.50, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the Arbitrator.

Respondents requested that Claimants' 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 ("NASD") 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 February 17, 2005, the parties requested that, in lieu of conducting an evidentiary hearing, the Arbitrator make a final determination of this matter on the papers following submission by Claimants of an Amended Statement of Claim and by Respondents of a response thereto. On or about February 28, 2005, the Arbitrator issued an Order granting Claimants' requests.

AWARD

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

Respondents are jointly and severally liable under Chapter 517.211 of the Florida Statutes, Chapter 517.301 of the Florida Securities and Investor Protection Act and Section 17(A) of the Securities Act of 1933. Respondents shall pay to Claimants rescissory damages in the amount of \$9,567.50, pre-judgment interest specifically excluded.

Upon service of the Award, the WorldCom stock purchased by Claimants, shall be tendered to the Respondents.

Claimants' request for attorneys' fees is granted, with the amount to be determined by a court of competent jurisdiction pursuant to Chapter 517 of the Florida Statutes.

Any and all claims for relief not specifically addressed herein, including Claimants' request for punitive damages, 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

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 member firm and a party.

Member surcharge = \$325.00

Total Member Fees = \$325.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were incurred 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 incurred 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 incurred 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 Arbitrator @ \$250.00/session = \$250.00

Pre-hearing conference: February 14, 2005 1 session

Total Forum Fees = \$250.00

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

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 are 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:

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

Respondent Citigroup is solely liable for:

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

Respondents are jointly and severally liable for:

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

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

ARBITRATOR

David F. Sweeney, Esq.

-

Public Arbitrator

Arbitrator's Signatures

/s/ _____
David F. Sweeney, Esq.
Public Arbitrator

August 16, 2005
Signature Date

August 16, 2005
Date of Service (For NASD Dispute Resolution office use only)

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 are 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:

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

Respondent Citigroup is solely liable for:

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

Respondents are jointly and severally liable for:

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

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

ARBITRATOR

David F. Sweeney, Esq.

Public Arbitrator

Arbitrator's Signatures


David F. Sweeney, Esq.
Public Arbitrator

Aug 16, 2005
Signature Date

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