
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

L. Frank Lipsey and Nancy S. Lipsey JTEN

Case Number: 04-05975

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 L. Frank Lipsey and Nancy S. Lipsey JTEN, hereinafter collectively referred to as "Claimants": Michael B. Lynch, Esq., Hooper & Weiss, L.L.C., 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": Bradford D. Kaufman, Esq., Holly R. Skolnick, Esq. and Alex M. Nemiroff, Esq., Greenberg Traurig, P.A., Orlando, Florida.

CASE INFORMATION

Statement of Claim filed on or about: August 23, 2004.

Claimants signed the Uniform Submission Agreement: April 29, 2003.

Statement of Answer filed by Respondents on or about: October 21, 2004.

Respondents Citigroup and Grubman did not file executed Uniform Submission Agreements.

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 rescissionary damages in the amount of \$10,119.49, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other relief as deemed appropriate by the undersigned arbitrator ("Arbitrator").

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

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 July 13, 2005, Claimants filed a notice with NASD Dispute Resolution representing that Claimants had complied with the procedure for opting out of the class action filed in court, entitled In Re WorldCom Securities Litigation.

On or about July 12, 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 the parties of final hearing briefs. On or about July 12, 2005, the Arbitrator issued an Order granting the parties' request.

AWARD

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

Claimants' claims are denied in their entirety and dismissed, with prejudice.

Any and all claims for relief not specifically addressed herein, including Claimants' claim for relief pursuant to the Florida Securities and Investor Protection Act and 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 = \$125.00

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, Citigroup is a party and a member firm.

Member surcharge	= \$425.00
Total Member Fees	= \$425.00

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 panel.

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 Arbitrator @ \$450.00/session	= \$450.00
Pre-hearing conference: December 7, 2004 1 session	

Total Forum Fees	= \$450.00
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The Arbitrator has assessed forum fees of \$225.00 to Claimants, jointly and severally.

The Arbitrator has assessed forum fees of \$225.00 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 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	= \$125.00
Paper Record Fee	= \$150.00
Forum Fees	= \$225.00
Total Fees	= \$500.00
<u>Less payments</u>	= \$500.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent Citigroup is solely liable for:

Member Fees	= \$425.00
Total Fees	= \$425.00
<u>Less payments</u>	= \$425.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents are jointly and severally liable for:

Forum Fees	= \$225.00
Paper Record Fee	= \$150.00
Total Fees	= \$375.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$375.00

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

ARBITRATOR

Monica I. Salis, Esq.

Public Arbitrator

Arbitrator's Signature

_____/s/_____
Monica I. Salis, Esq. Signature Date
Public Arbitrator

November 16, 2005

November 17, 2005
Date of Service (For NASD Dispute Resolution office use only)

NOV. 15. 2005 11:17AM NASD REGULATIONS

NO. 961 P. 5

NASD Dispute Resolution
Arbitration No. 04-05975
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No administrative costs were incurred in this matter.

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Monica I. Salis, Esq.

Public Arbitrator

Arbitrator's Signature


Monica I. Salis, Esq.
Public Arbitrator

11/16/05
Signature Date

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