
Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of the Claimants

Hugh M. McAdams & Patricia
M. McAdams JTWROS

Case Number: 04-05988

Names of the Respondents

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

Hearing Site: New Orleans, LA

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

REPRESENTATION OF PARTIES

For Hugh M. McAdams & Patricia M. McAdams JTWROS, hereinafter collectively referred to as "Claimants": Michael B. Lynch, Esq., Hooper & Weiss, L.L.C., Orlando, FL.

For Citigroup Global Markets, Inc., f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents": Michael D. Wallander, Esq., Greenberg Traurig, P.A., West Palm Beach, FL.

CASE INFORMATION

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

Claimants signed the Uniform Submission Agreement: April 1, 2003.

Answer to Statement of Claim filed by Respondents on or about: October 18, 2004.

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

Claimants' unopposed request to proceed solely on the pleadings ("Claimants' Motion to Proceed on the Pleadings") filed on or about: March 30, 2005.

CASE SUMMARY

Claimants alleged that Respondents omitted material facts in connection with the offer and sale of WorldCom stock. Claimants alleged that Respondents violated Section 17(a) of the Securities Act of 1933, Section 75-71-501 of the Mississippi Securities Act, Florida Statutes Section 517.301, and NASD Rule 2210(d)(1). Claimants further alleged that Respondents breached their fiduciary duty and that Citigroup Global Markets, Inc. is liable under the doctrine of 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 \$9,736.59, an unspecified amount of punitive damages, interest, costs, attorneys' fees and such other damages the undersigned arbitrator (the "Arbitrator") deemed appropriate.

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 the Claimants.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Citigroup and Grubman did not file with did not file with NASD Dispute Resolution properly executed Uniform Submission Agreements 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 April 5, 2005, the Arbitrator issued an order which granted Claimants' Motion to Proceed on the Pleadings.

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 testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

The claims of Claimants are dismissed in their entirety.

All requests for punitive damages, interest, and attorneys' fees are denied.

Any and all claims for relief not specifically addressed herein are 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 member firm and a party.

Member surcharge = \$ 325.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No adjournment fees were 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:

No three-day cancellation fees were 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.

No injunctive relief fees were 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(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 a single arbitrator @ \$250.00/session	= \$ 250.00
Pre-hearing conference: January 5, 2005	1 session

Total Forum Fees	= \$ 250.00
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The Arbitrator has assessed \$125.00 of the forum fees jointly and severally to Claimants.
The Arbitrator has assessed \$125.00 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.

No administrative costs were incurred during these proceedings.

Fee Summary

Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 75.00
<u>Forum Fees</u>	= \$ 125.00
Total Fees	= \$ 200.00

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

Respondent Citigroup is solely liable for:

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

Respondents are jointly and severally liable for:

<u>Forum Fees</u>	= \$	125.00
Total Fees	= \$	125.00
<u>Less payments</u>	= \$	0.00
Balance Due NASD Dispute Resolution	= \$	125.00

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

ARBITRATOR

James Francis Donovan

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Public Arbitrator

Arbitrator's Signature

/s/
James Francis Donovan
Public Arbitrator

Signature Date

May 26, 2005
Date of Service (For NASD Dispute Resolution office use only)

Less payments	= \$ 200.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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	= \$ 125.00
Total Fees	= \$ 125.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 125.00

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

ARBITRATOR

James Francis Donovan

Public Arbitrator

Arbitrator's Signature

James Francis Donovan
James Francis Donovan
Public Arbitrator

26 May 2005
Signature Date

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