

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Susan B. Wald

Case Number: 04-06094

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

Hearing Site: Washington, DC

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

REPRESENTATION OF PARTIES

Claimant, Susan B. Wald, hereinafter referred to as "Claimant", was represented by William B. Young, Esq., Hooper & Weiss, LLC, Orlando, Florida.

Respondents, Citigroup Global Markets, Inc. f/k/a Salomon Smith Barney, Inc. ("Citigroup") and Jack B. Grubman ("Grubman"), hereinafter collectively referred to as "Respondents", were represented by Holly Sutton, Esq., Greenberg Traurig, LLP, New York, New York.

CASE INFORMATION

Statement of Claim filed on August 20, 2004.

Claimant signed the Uniform Submission Agreement on August 20, 2004.

Statement of Answer filed by Respondents on or about November 18, 2004.

Respondent Grubman signed the Uniform Submission Agreement on February 2, 2005.

A representative of Respondent Citigroup executed the Uniform Submission Agreement on March 21, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: violation of Section 17(a) of the Securities Act of 1933, violation of Title 11, Section 703 of the Maryland Securities Act, violation of NASD Rule 2210(d)(1), breach of fiduciary duty to Claimant, and liability under *respondeat superior*. The basis for Claimant's cause of action is Respondents' alleged omission to state material facts in connection with the offer and sale of WorldCom stock. These allegations of material fact omissions include allegations that Grubman's compensation package with Citigroup was based in part on providing favorable research coverage to investment banking customers of Citigroup including WorldCom directors and CEO, that Grubman allocated millions of dollars in Initial Public Offerings to WorldCom directors and CEO, that Grubman was a financial advisor to the WorldCom CEO, and that Citigroup made large personal and business loans collateralized by WorldCom stock to the WorldCom CEO.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses, among others: no private right of action exists under Section 17(a) of the Securities Act of 1933; no violations of Title 11, Section 703 of the Maryland Securities Act because there was no misrepresentation and because the claim is barred by the statute of limitations; and no private right of action exists under NASD Rule 2210(d)(1). Respondents also asserted that Claimant has failed to prove actual misrepresentation in the WorldCom research; that Claimant relied upon such research; that Claimant would have acted differently had the alleged omissions been known; and that any losses suffered by Claimant resulted from economic conditions, competition faced by WorldCom, WorldCom's misleading financial reporting, and events outside the control of Respondents.

RELIEF REQUESTED

Claimant in her Statement of Claim requested:

Compensatory Damages	\$4,227.79
Punitive Damages	amount unspecified
Interest	amount unspecified
Attorneys' Fees	amount unspecified
Other Costs	amount unspecified

Respondents in their Statement of Answer requested that the Statement of Claim be dismissed with prejudice and that Respondents be awarded costs and attorneys' fees.

OTHER ISSUES CONSIDERED AND DECIDED

During the Initial Pre-Hearing Conference the parties stipulated to waive the hearing on the merits and requested that the Arbitrator decide this matter based on the paper record.

The parties have 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:

1. All claims against Respondents are denied in their entirety. Claimant failed to factually prove that: (1) she relied on Respondents' reports or analysis, (2) that such reports or analysis contained misrepresentations, or (3) that Claimant's losses resulted from any of Respondents' alleged omissions or misrepresentations. Claimant failed to adequately prove that Section 17(a) of the Securities Act of 1933, Title 11, Section 703 of the Maryland Securities Act, NASD Rule 2210(d)(1), and the legal theories of breach of fiduciary duty and *respondeat superior* support Claimant's cause of action.

Member Fees	= \$ 200.00
Total Fees	= \$ 200.00
Less payments	= \$1,575.00
Refund Due Citigroup	= \$1,375.00

3. Respondents are jointly and severally assessed and shall pay the following fees:

Forum Fee	= \$ 125.00
Total Fees	= \$ 125.00
Less payments	= \$ 125.00
Balance Due NASD Dispute Resolution	= \$ 00.00


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

SOLE ARBITRATOR

Edward Houry, J.D.

- Sole Public Arbitrator

Arbitrator's Signature


Edward Houry, J.D.
Public Arbitrator, Presiding Chairperson

12/15/05
Signature Date

12/16/05
Date of Service (For NASD Dispute Resolution office use only)