

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
James R. Rush

Case Number: 04-06295

Name of the Respondent
Citigroup Global Markets, Inc., formerly
known as Salomon Smith Barney, Inc.

Hearing Site: Dallas, Texas

NATURE OF THE DISPUTE

Customer vs. Member Firm

REPRESENTATION OF PARTIES

Claimant James R. Rush, hereinafter referred to as "Claimant": Debra G. Speyer, Esq., located in Philadelphia, Pennsylvania.

Respondent Citigroup Global Markets, Inc., formerly known as Salomon Smith Barney, Inc., hereinafter referred to as "Respondent": Michael P. Manly, Esq. and Terry Weissman, Esq., of the firm of Neal, Gerber & Eisenberg LLP, located in Chicago, Illinois.

CASE INFORMATION

Statement of Claim filed: September 2, 2004.

Claimant signed the Uniform Submission Agreement: June 15, 2004.

Claimant's Amended Statement of Claim filed on: December 30, 2004.

Statement of Answer filed by Respondent on: May 20, 2006.

Respondent did not file a signed Uniform Submission Agreement.

Claimant's Pre-Hearing Brief filed on or about: April 11, 2006.

Respondent's Motion to Dismiss filed: April 10, 2006.

Claimant's Reply in Opposition to Respondent's Motion to Dismiss filed on: April 27, 2006.

CASE SUMMARY

Claimant asserted the following causes of action: unsuitability; failure to supervise; negligence; breach of fiduciary duty, and aiding and abetting breach of fiduciary duties; material misrepresentations and omissions; breach of contract; fraud on the market; and violation of Texas state law. These causes of action related to the Respondent's alleged unsuitable recommendations and fraud in connection with its investment strategy for Claimant's WorldCom stock and vested stock options.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses:

1. The Statement of Claim fails to state a claim upon which relief can be granted;
2. Claimant did not incur any legally cognizable damages;
3. To the extent that Claimant did suffer any of the damages alleged in the Statement of Claim, such damages were not proximately caused by any act, representation, or omission of Respondent;
4. Claimant's claims are barred by the applicable statute of limitations;
5. To the extent that Claimant did suffer any of the damages alleged in the Statement of Claim, he failed to take reasonable steps to mitigate or avoid damages;
6. Claimant is legally and equitably estopped from asserting his claims;
7. Claimant's claims are barred under the doctrines of waiver and/or ratification; and,
8. Claimant cannot recover attorneys' fees and/or punitive damages under applicable law.

RELIEF REQUESTED

Claimant originally requested damages in excess of \$20,000,000. In the Amended Statement of Claim, Claimant requested:

Compensatory Damages	\$3,476,644.00
Punitive Damages	As the Panel deemed proper
Interest	At the legal rate
Attorneys' Fees	As the Panel deemed proper
Other Costs	Including filing fees, forum fees and expert costs
Other Monetary/Non-Monetary Relief if any:	As the Panel deemed proper.

Respondent requested that Claimant's claims be dismissed in their entirety and that all forum fees, costs and attorneys' fees be assessed against Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Citigroup Global Markets, Inc., formerly known as Salomon Smith Barney, Inc., did not file a properly executed submission to arbitration with NASD Dispute Resolution, but is required to submit to arbitration pursuant to the Code and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

At the beginning of the hearing on May 1, 2006, the Panel considered the Respondent's Motion to Dismiss. The Panel determined that the Motion would be denied.

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, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. The claims asserted by Claimant James R. Rush against Respondent Citigroup Global Markets, Inc., formerly known as Salomon Smith Barney, Inc., are hereby dismissed with prejudice and denied in their entirety;
2. The parties shall bear their own costs of arbitration, including any attorneys' fees, except for those sums specifically enumerated in this decision; and,
3. Any and all relief not specifically addressed herein, including punitive damages, is 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	= \$ 600.00
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Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated persons at the time of the events giving rise to the dispute. Accordingly, Citigroup Global Markets, Inc., formerly known as Salomon Smith Barney, Inc., is a party and the following member fees are assessed:

Member surcharge	= \$ 3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,000.00

Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed: None.

Forum Fees and Assessments

The Panel 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 Panel @ \$1,200.00	= \$ 1,200.00
Pre-hearing conference: June 20, 2005 1 session	
Ten (10) Hearing sessions @ \$1,200.00	= \$12,000.00
Hearing Dates: May 1, 2006 2 sessions	
May 2, 2006 2 sessions	
May 3, 2006 2 sessions	
May 4, 2006 3 sessions	
May 5, 2006 1 session	
<hr/> Total Forum Fees	<hr/> = \$13,200.00

The Panel has assessed \$6,600.00 of the forum fees to the Claimant, James R. Rush, and has assessed the remaining \$6,600.00 of the forum fees to Respondent Citigroup Global Markets, Inc., formerly known as Salomon Smith Barney, Inc.

FEE SUMMARY

Claimant James R. Rush is solely liable for:

Initial Filing Fee	= \$ 600.00
<u>Forum Fees</u>	<u>= \$ 6,600.00</u>
Total Fees	= \$ 7,200.00
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 5,400.00

Respondent Citigroup Global Markets, Inc., formerly known as Salomon Smith Barney, Inc., is solely liable for:

Member Fees	= \$ 9,500.00
<u>Forum Fees</u>	<u>= \$ 6,600.00</u>
Total Fees	= \$16,100.00
<u>Less payments</u>	<u>= \$10,000.00</u>
Balance Due NASD Dispute Resolution	= \$ 6,100.00

All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule

10330(g) of the Code.

ARBITRATION PANEL

William M. Lamoreaux - Public Arbitrator, Presiding Chairperson
Charles A. Joplin, Esq. - Public Arbitrator
Raymond E. Wooldridge - Non-Public Arbitrator

Concurring Arbitrators' Signatures

William M. Lamoreaux
Public Arbitrator, Presiding Chairperson

Signature Date

Charles A. Joplin, Esq.
Public Arbitrator

Signature Date

Raymond E. Wooldridge
Non-Public Arbitrator

Signature Date

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

05/08/2008 15:40 FAX

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William M. Lamoreaux
Public Arbitrator, Presiding Chairperson

5/9/06

Signature Date

Charles A. Joplin, Esq.
Public Arbitrator

Signature Date

Raymond E. Wooldridge
Non-Public Arbitrator

Signature Date

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