

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:

Seth D. Blumenfeld (Claimant) vs. Citigroup Markets, Inc., f/k/a Salomon Smith Barney (Respondent)

Case Number: 04-06341

Hearing Site: Hartford, Connecticut

Nature of the Dispute: Customer vs. Member.

REPRESENTATION OF PARTIES

Claimant Seth D. Blumenfeld hereinafter referred to as "Claimant": T. Michael Kennedy, Esq., The Law Office of T. Michael Kennedy, P.C., Irving, TX and Debra G. Speyer, Esq., Law Offices of Debra G. Speyer, Philadelphia, PA.

Respondent Citigroup Markets, Inc., f/k/a Salomon Smith Barney hereinafter referred to as "Respondent": Mark L. Parmelee, Esq., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: September 3, 2004.

Amended Statement of Claim filed on or about: February 16, 2005.

Claimant signed the Uniform Submission Agreement: November 30, 2004.

Statement of Answer and Motion to Dismiss filed by Respondent on or about: April 8, 2005.

Respondent signed the Uniform Submission Agreement: April 12, 2005.

CASE SUMMARY

Claimant asserted the following causes of action: misrepresentation, omission of facts, suitability, breach of fiduciary duty, failure to supervise, negligence and breach of contract. The causes of action relate to WorldCom stock.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$55,000,000.00, punitive damages, costs, attorneys' fees, interest and such other relief as the Panel deems appropriate.

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

ARBITRATOR'S REPORT

Although this is a unanimous decision, the tribunal felt it incumbent upon us to elaborate upon our findings, even though NASD Dispute Resolution rules do not require the reasoning of the arbitrators to be published.

The Panel has thoroughly discussed and weighed both the evidence and arguments proffered by respective counsel. After considerable discussion, the tribunal came to the conclusion that the evidence presented did not support in any way the contentions of the Claimant. Although the Claimant made several arguments with regard to the duty of Salomon Smith Barney's "Financial Consultants" to provide information as to the risks of exercising stock options, he failed to prove that this duty was not met by the Respondent. In fact, the evidence shows that the risks were explained to the client early on during the Claimant's relationship with Salomon Smith Barney. The Claimant acknowledged receiving an "A Pack" from Salomon Smith Barney, but he also stated on the record that he did not look at it. The first section of the "A Pack" is entitled "7 Strategies for Maximizing Your Employee Stock Options". Claimant also claimed collusion between Salomon Smith Barney's analyst Mr. J. Grubman and MCI/Worldcom to falsely influence option holders. This was not proven.

The tribunal is of the unanimous opinion that the Claimant was not a credible witness. The Claimant did not give coherent testimony, nor did the Claimant provide the Panel with testimony that was consistent with the position proffered by Counsel. The Claimant gave inconsistent testimony with respect to his other investment accounts. His testimony with regard to his investments and his communication with his other financial consultants was that of a sophisticated investor. Lastly, in his phone conversations with the Salomon Smith Barney office in Atlanta that were admitted into evidence, the Claimant actually admitted that he had been a fool in handling his stock and options in MCI/WorldCom.

The Panel's conclusion reflects the opinion that this matter should never have been brought to arbitration by the Claimant.

OTHER ISSUES CONSIDERED AND DECIDED

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 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. Claimant's claims are dismissed in their entirety.
2. Each party shall bear their respective attorneys' fees and costs.
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 person at the time of the event giving rise to the dispute. Accordingly, Citigroup Markets, Inc., f/k/a Salomon Smith Barney is a party.

Member surcharge	= \$3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$5,500.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: March 24, 2006 1 session	

One (1) Pre-hearing session with Panel @ \$1,200.00/session	=\$ 1,200.00
Pre-hearing conference: March 23, 2005 1 session	

Twenty-Five (25) Hearing sessions @ \$1,200.00/session	=\$30,000.00
Hearing Dates:	
March 28, 2006	3 sessions
March 29, 2006	3 sessions
March 30, 2006	3 sessions
March 31, 2006	2 sessions
June 12, 2006	3 sessions
June 13, 2006	3 sessions
June 14, 2006	3 sessions
June 15, 2006	3 sessions
June 16, 2006	2 sessions

Total Forum Fees	=\$31,650.00
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1. The Panel has assessed \$31,650.00 of the forum fees to Claimant.

Fee Summary

1. Claimant is solely liable for:

Initial Filing Fee	= \$ 600.00
Forum Fees	= \$31,650.00
Total Fees	= \$32,250.00
Less payments	= \$ 1,800.00
Balance Due NASD Dispute Resolution	= \$30,450.00

2. Respondent is solely liable for:

Member Fees	= \$10,000.00
Total Fees	= \$10,000.00
Less payments	= \$10,000.00
Balance Due NASD Dispute Resolution	= \$ 0.00

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

ARBITRATION PANEL

Charles L. Measter, JD	-	Public Arbitrator, Presiding Chairperson
Richard M. McCostis, Esq.	-	Public Arbitrator
Dale S. Cronnell	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

Charles L. Measter, JD
Public Arbitrator, Presiding Chairperson

Signature Date

Richard M. McCostis, Esq.
Public Arbitrator

Signature Date

Dale S. Cronnell
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

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6/29/2006
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Public Arbitrator

Signature Date

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Signature Date

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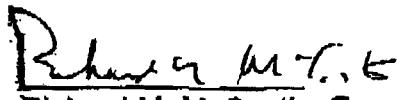
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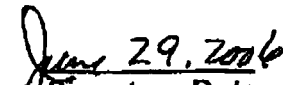
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