

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Richard Sugarman, (Claimant) vs. Salomon Smith Barney Inc., (Respondent)

Case Number: 99-00769

Hearing Site: Boston, Massachusetts

REPRESENTATION OF PARTIES

Claimant, Richard Sugarman ("Sugarman"), hereinafter referred to as "Claimant": Robert A. Harris, Esq., Zeldes, Needle & Cooper, Bridgeport, CT.

Respondent, Salomon Smith Barney Inc. ("Salomon"), hereinafter referred to as "Respondent": Robert A. Buhlman, Esq., Bingham Dana LLP, Boston, MA. Previously represented by: Jeffrey L. Friedman, Esq., Director and Associate General Counsel, Salomon Smith Barney Inc., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: February 17, 1999.

Amended Statement of Claim filed on or about: June 14, 1999.

Claimant signed the Uniform Submission Agreement.

Statement of Answer filed by Respondent on or about: May 14, 1999.

Response to Amended Statement of Claim filed by Respondent on or about: July 1, 1999.

Respondent signed the Uniform Submission Agreement: May 14, 1999.

CASE SUMMARY

Claimant asserted the following causes of action: breach of contract; promissory estoppel; violation of the Connecticut General Statutes; unjust enrichment; and fraudulent misrepresentation.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted the following defenses: the Statement of Claim fails to state a claim upon which relief can be granted; no oral promise or guarantee was made to Claimant regarding a branch office manager position; the compensation which Claimant was to be paid by Respondent is governed by the parties' written agreements and documents governing Claimants' employment; the parties' forgivable loan agreement and promissory note requires Claimant to pay Respondent any outstanding balance if his employment is terminated prior to the five-year time period governing the forgivable loan provided to

Claimant; the parties' agreements governing the restricted stock provided to Claimant by Respondent renders such restricted stock forfeited if Claimant's employment with Respondent is terminated prior to the restricted stock becoming vested; Claimant has not been damaged by the alleged promises at issue in this case or any breach of these alleged promises; Claimant's claims are barred by the Statute of Frauds; Claimant cannot recover attorneys' fees or punitive damages under the facts of this case; and Claimant's fraudulent misrepresentation claim fails to state a claim upon which relief may be granted and it is baseless.

RELIEF REQUESTED

Claimant requested money damages in the amount of \$1,925,000.00; attorneys' fees; interest; costs; a declaration that his loan obligations to Respondent are deemed paid; a declaration that all interest or options in stock of Respondent is deemed to be vested; punitive damages; and such other relief as to which he may be entitled.

Respondent requested that Claimant's claims be denied and dismissed in their entirety and that costs of this proceeding be assessed against 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.

The panel desires to thank all parties for their professionalism.

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. Respondent be and hereby is liable for and shall pay to Claimant the sum of \$85,000.00 as compensatory damages.
2. Respondent will forgive the remaining balance on the forgivable loan dated December 3, 1996 and all imputed or charged interest.
3. Respondent will give all restricted stock in Citicorp stock owed to Claimant for five years of employment and assist in registration of said stock as soon as possible.

4. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 500.00

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 events giving rise to the dispute. In this matter, Salomon Smith Barney Inc. is a party.

Member surcharge = \$ 2,500.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$ 4,500.00

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing 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 Panel x \$1,000.00 = \$ 1,000.00
Pre-hearing conference: October 12, 1999 1 session

Fourteen (14) Hearing sessions x \$1,000.00 = \$14,000.00
Hearing Dates: February 8, 2000 2 sessions
February 9, 2000 2 sessions
February 10, 2000 2 sessions
April 11, 2000 2 sessions
April 12, 2000 2 sessions
May 17, 2000 2 sessions
May 24, 2000 2 sessions

Total Forum Fees = \$15,000.00

The Panel has assessed all of the forum fees against Respondent.

Fee Summary

1. Claimant be and hereby is solely liable for:

<u>Initial Filing Fee</u>	= \$ 500.00
Total Fees	= \$ 500.00
<u>Less payments</u>	= \$ 1,500.00
Refund Due Claimant	= \$ 1,000.00

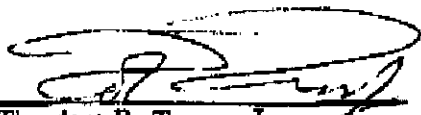
2. Respondent be and hereby is solely liable for:

Member Fees	= \$ 7,600.00
<u>Forum Fees</u>	= \$15,000.00
Total Fees	= \$22,600.00
<u>Less payments</u>	= \$ 3,100.00
Balance Due NASD Regulation, Inc.	= \$19,500.00

All balances are due and payable to NASD Regulation, Inc.

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Theodore R. Turner, Jr.
Industry Arbitrator, Presiding Chair

6-6-00
Signature Date

John B. Haggerty
Industry Arbitrator

Signature Date

John F. Poole
Industry Arbitrator

Signature Date

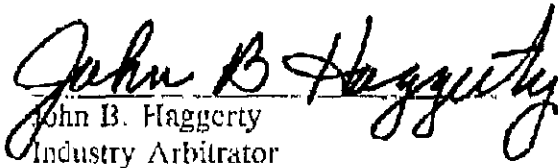
June 14, 2000
Date of Service (For NASD office use only)

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Theodore R. Turner, Jr.
Industry Arbitrator, Presiding Chair

Signature Date


John B. Haggerty
Industry Arbitrator

6/12/00

Signature Date

John F. Poole
Industry Arbitrator

Signature Date

June 14, 2000

Date of Service (For NASD office use only)

Concurring Arbitrators' Signatures

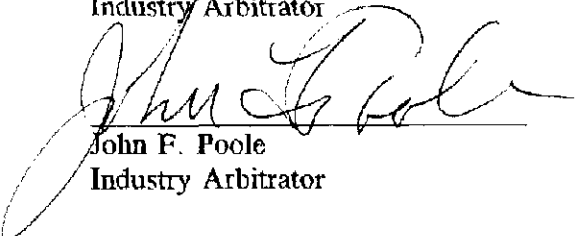
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Theodore R. Turner, Jr.
Industry Arbitrator, Presiding Chair

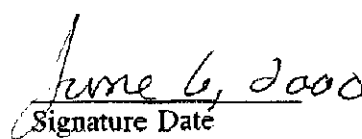
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John B. Haggerty
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