

**Award**  
**NASD Dispute Resolution**

---

In the Matter of the Arbitration Between:

Name of the Claimant  
Linda K. Nash

Case Number: 02-01314

Names of the Respondents  
Salomon Smith Barney, Inc.  
Mark C. Callaway

Hearing Site: Atlanta, Georgia

---

**REPRESENTATION OF PARTIES**

For Linda K. Nash, hereinafter referred to as "Claimant": Michael P. Gilmore, Esq., Sims Moss Kline & Davis LLP, Mineola, New York and Raymond L. Moss, Esq. and Gerald B. Kline, Esq., Sims, Moss, Kline & Davis LLP, Atlanta, Georgia.

For Salomon Smith Barney, Inc. ("Salomon") and Mark C. Callaway ("Callaway"), hereinafter collectively referred to as "Respondents": Brett A. Rogers, Esq. and Philip T. Darke, Esq., Rogers & Hardin, Atlanta, Georgia.

**CASE INFORMATION**

Statement of Claim filed on or about: March 5, 2002.

First Amended Statement of Claim filed on or about: March 22, 2002.

Claimant signed the Uniform Submission Agreement: March 4, 2002.

Statement of Answer filed by Respondents on or about: June 11, 2002.

Respondent Salomon signed the Uniform Submission Agreement: August 22, 2002.

Respondent Callaway signed the Uniform Submission Agreement: August 23, 2002.

Motion and Supporting Memorandum of Respondents to Dismiss Claimant's Research-Related Claims With Appendix filed on or about: November 5, 2003.

Supplemental Brief of Respondents in Support of Their Motion to Dismiss All of Claimant's Research-Related Claims at the Close of Claimant's Case filed on or about: November 18, 2003.

Claimant Nash' Memorandum in Opposition to Respondent's Motion to Dismiss Research-Related Claims filed on or about: November 22, 2003.

**CASE SUMMARY**

Claimant asserted the following causes of action: violation of 15 U.S.C. section 78j(b) and Rule 10b-5 promulgated under the Securities Exchange Act of 1934; common law fraud; breach of fiduciary duty; common law negligence; unjust enrichment; breach of contract; violation of the antifraud provisions of O.C.G.A. sections 10-5-12 and 10-5-14 of the Georgia Blue Sky Laws; and, violation of the NASD Business Conduct Rules. The causes of action relate to Claimant's investments in shares of stock of Worldcom, Inc.

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

### **RELIEF REQUESTED**

Claimant requested compensatory damages against Respondents, jointly and severally, in the sum of not less than \$3 million; prejudgment interest; attorneys' fees and costs and expenses of litigation; separate awards of exemplary damages against each of the Respondents in sums as the Panel deemed appropriate; and, such other and further relief deemed just and appropriate.

Respondents requested that the Statement of Claim be dismissed and that the Panel award Respondents all of their attorneys' fees and costs of litigation in this matter.

### **OTHER ISSUES CONSIDERED AND DECIDED**

The parties have agreed that the Award in this matter may be executed in counterpart copies.

Respondents' Motion to Dismiss All of Claimant's Research-Related Claims is denied.

### **AWARD**

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions (if any), the undersigned arbitrators (the "Panel") have decided in full and final resolution of the issues submitted for determination as follows:

Respondents are found liable on the claims of breach of contract and negligence and for violations of the federal and state laws cited in the Statement of Claim.

As such, Respondent Salomon is solely liable and shall pay to Claimant the sum of \$1,523,960.00, pre-judgment interest specifically excluded and Respondents Salomon and Callaway are jointly and severally liable and shall pay to Claimant the additional sum of \$25,000.00, pre-judgment interest specifically excluded. Post-judgment interest shall accrue at the statutory rate in Georgia from November 24, 2003 until the date of payment of the Award.

Of the amounts specified hereinabove, the sum of \$316,700.00 represents an award of attorneys' fees to Claimant and the sum of \$32,260.00 represents an award of costs to Claimant pursuant to 15 U.S.C. Section 77bb, O.C.G.A. Sections 10-5-14, 13-6-11 and 16-14-6(c) and Gochbauer v. A.G. Edwards & Sons, Inc., 801 F.2d 1042 (11th Cir. 1987).

Any and all claims for relief not specifically addressed herein, including Claimant's request for exemplary damages, 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 = \$500.00

**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. In this matter, the member firm is a party.

Member surcharge = \$2,800.00  
Pre-hearing process fee = \$750.00  
Hearing process fee = \$5,000.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

No adjournments for which fees were assessed were granted in this matter.

**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 incurred in this matter.

**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 Pre-hearing session with a single arbitrator @ \$450.00	= \$450.00
Pre-hearing conference: April 18, 2003 1 session	
Three Pre-hearing sessions with the Panel @ \$1,200.00	= \$3,600.00
Pre-hearing conferences: September 20, 2002 1 session	
March 3, 2003 1 session	
March 17, 2003 1 session	
Twenty Four Hearing sessions @ \$1,200.00	= \$28,800.00
Hearing Dates: September 2, 2003 2 sessions	
September 3, 2003 2 sessions	
September 4, 2003 2 sessions	
September 5, 2003 2 sessions	
September 8, 2003 2 sessions	

September 29, 2003 2 sessions  
November 3, 2003 2 sessions  
November 4, 2003 2 sessions  
November 22, 2003 2 sessions  
November 23, 2003 2 sessions  
November 24, 2003 2 sessions  
November 25, 2003 2 sessions

---

Total Forum Fees = \$32,850.00

The Panel has assessed the total forum fees of \$32,850.00 to Respondents, jointly and severally.

**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 are 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 in this matter.

**FEE SUMMARY**

Claimant is solely liable for:

Initial Filing Fee = \$500.00

---

Total Fees = \$500.00

Less payments = \$500.00

---

Balance Due NASD Dispute Resolution = \$0.00

Respondent Salomon is solely liable for:

Member Fees = \$8,550.00

---

Total Fees = \$8,550.00

Less payments = \$8,550.00

---

Balance Due NASD Dispute Resolution = \$0.00

Respondents are jointly and severally liable for:

Forum Fees = \$32,850.00

---

Total Fees = \$32,850.00

Less payments = \$0.00

---

Balance Due NASD Dispute Resolution = \$32,850.00

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

**ARBITRATION PANEL**

Kendall P. Hill	-	Public Arbitrator, Presiding Chair
Ralph S. Paden	-	Public Arbitrator
Daniel H. Kolber, Esq.	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

\_\_\_\_\_/S/\_\_\_\_\_  
Kendall P. Hill  
Public Arbitrator, Presiding Chair

\_\_\_\_\_  
Signature Date

\_\_\_\_\_/S/\_\_\_\_\_  
Ralph S. Paden  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_/S/\_\_\_\_\_  
Daniel H. Kolber, Esq.  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

December 10, 2003  
Date of Service (For NASD Dispute Resolution office use only)

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

**ARBITRATION PANEL**

Kendall P. Hill	-	Public Arbitrator, Presiding Chair
Ralph S. Paden	-	Public Arbitrator
Daniel H. Kolber, Esq.	-	Non-Public Arbitrator

**Concurring Arbitrators' Signatures**

Kendall P Hill  
Kendall P. Hill  
Public Arbitrator, Presiding Chair

12/4/04  
Signature Date

\_\_\_\_\_  
Ralph S. Paden  
Public Arbitrator

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Daniel H. Kolber, Esq.  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

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

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

**ARBITRATION PANEL**

Kendall P. Hill	-	Public Arbitrator, Presiding Chair
Ralph S. Paden	-	Public Arbitrator
Daniel H. Kolber, Esq.	-	Non-Public Arbitrator

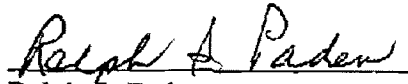
**Concurring Arbitrators' Signatures**

---

Kendall P. Hill  
Public Arbitrator, Presiding Chair

---

Signature Date

  
Ralph S. Paden  
Public Arbitrator

12-4-03  
Signature Date

---

Daniel H. Kolber, Esq.  
Non-Public Arbitrator

---

Signature Date

---

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

NASD Dispute Resolution  
Arbitration No 02-01314  
Award Page 5

---

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

ARBITRATION PANEL

Kendall P. Hill	-	Public Arbitrator, Presiding Chair
Ralph S. Paden	-	Public Arbitrator
Daniel H. Kolber, Esq.	-	Non-Public Arbitrator

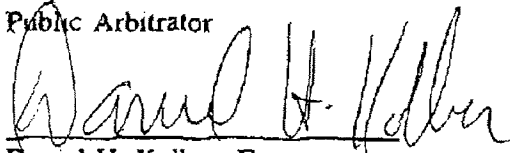
Concurring Arbitrators' Signatures

\_\_\_\_\_  
Kendall P. Hill  
Public Arbitrator, Presiding Chair

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Ralph S. Paden  
Public Arbitrator

\_\_\_\_\_  
Signature Date

  
\_\_\_\_\_  
Daniel H. Kolber, Esq.  
Non-Public Arbitrator

Dec. 3, 2003  
Signature Date

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