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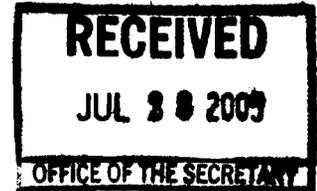
SECURITIES AND EXCHANGE COMMISSION  
**RECEIVED**

March 11, 2005

MAR 22 2005

Ms. Kathleen Maguire, Director,  
 Division of Market Regulation  
 Securities and Exchange Commission  
 450 Fifth Street NW  
 Washington DC 20549

DIVISION OF MARKET REGULATION



Dear Ms. Maguire:

RE: Smith Barney/CitiGroup::NASD  
A/Cs #405-12944 and #405-12945

We have previously written to the NASD Chief Hearing Officer regarding our being completely aggrieved with the NASD "system" pursuant to which we are attempting to resolve our complaints with Smith Barney ["SB"] and Jack Grubman over their egregious behavior and actions related to our purchases of WorldCom stock. We trusted SB because of its then fine reputation, and our faith in our broker. SB and Grubman led us down a deep, midnight black back alley, to our severe detriment. No one at SB ever indicated that SB was even the least bit concerned over its investment banking relationships with Enron, and the profits to SB and its related CitiGroup entities, or that SB cared more about Ebbers of WorldCom, than SB cared about us, and all of its retail customers -- certainly our broker never did, and he most likely didn't know! It has now been indicated that the likelihood of ever seeing any recoupment of our WorldCom losses is minimal, at best, because the NASD arbitrators are not required to follow the law. Our claims are completely meritorious, but are being swallowed by what has been reported to us as being complete bias on the part of the arbitrators in favor of the stock brokerage industry, and concomitant winking at the legal requirements. We shared our concerns with U. S. Senator Bill Nelson, who has graciously undertaken to try to help.

We received a self-serving CYA reply from the NASD Chief Hearing Officer dated 2/14/05. Senator Nelson was kind enough to share with us a letter dated 2/3/05 that he received from the SEC's Director of Investor Education in response to his inquiry on our behalf. We are now informed that, despite the NASD assertion to us in its 2/14/05 letter that there exists no industry bias in the arbitration process, the NASD Board Of Governors has announced a proposed change in the Rules which potentially would preclude industry-biased arbitrators from ignoring the very laws designed to protect small investors from the egregious abuse which has been heaped on us, and others like us. There is a huge hue and outcry over the extreme inconsistency in the NASD arbitration decisions in cases involving other small investors with complaints identical to ours. We find the disparity in these "awards" incomprehensible because the present Rules allow arbitrators the capricious privilege of providing no reasoning for the decision. The proposed Rule change would mandate that, upon the request of the aggrieved brokerage customer, each arbitrator be required to explain *in writing* the basis for the decision. The beneficial effect of such

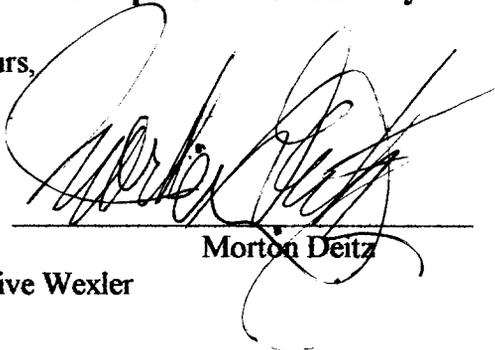
proposed new Rule would be enormous. The new Rule would thereby allow for the presently nonexistent right to judicial review to correct capriciously arbitrary denials of patently valid claims, and thus be a critically indispensable step in removing the perceived pro-broker industry bias in the NASD arbitration proceedings. We therefore strongly urge the SEC's approval of this proposed new Rule at the earliest possible time in order to allow our claims, and those of others like us, to receive a fair and even-handed evaluation and consideration in a balanced and equitable forum.

We ask that you please **acknowledge receipt of this letter on the extra copy hereof sent herewith for such purpose, and returning same as soon as practicable. Thank you.**

Very truly yours,

  
\_\_\_\_\_  
Phyllis B Deitz

Cc: Senators Nelson and Martinez, and Representative Wexler  
MD/fhs

  
\_\_\_\_\_  
Morton Deitz