

NASD AWARD**NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.**

In the Matter of the Arbitration Between**Valley Of The Sun Wireless, TV, Inc.****Claimant/Counterrespondent****v.****No. 95-01058****Argent Securities, Inc., and
L. Philips Reams,****Respondents/Counterclaimants**

REPRESENTATION OF PARTIES

Valley Of The Sun Wireless, TV, Inc. ("Claimant") was represented by Michael K. Hair, Esq., of Scottsdale, Arizona.

Argent Securities, Inc. ("ASI"), and L. Philips Reams ("Reams") (jointly referred to as "Respondents") were represented by James L. Paul, Esq. and Timothy A. Baxter, Esq., of Johnson & Montgomery, Atlanta, Georgia.

CASE INFORMATION

Claimant's Statement of Claim was filed on or about March 1, 1995. Claimant's Submission Agreement was signed on February 28, 1995.

Respondents' joint Statement of Answer and Counterclaim was filed on or about April 18, 1995. Respondents' Submission Agreements were signed on April 7, 1995.

HEARING INFORMATION

A telephonic pre-hearing conference was held on October 23, 1995 for one (1) session.

The hearing was held on November 30, 1995 for two (2) sessions, and December 1, 1995, for two (2) sessions in Phoenix, Arizona for a total of four (4) sessions.

NASD Arbitration No. 93-01038

Award Page 2 of 4

CASE SUMMARY

Claimant stated that it had executed a letter of intent for a public stock underwriting dated April 4, 1994 with ASI. Claimant also stated that on or about June 14, 1994, the underwriting relationship between the parties terminated without any public or private funds being raised by ASI and without even a public offering registration statement being prepared for filing with the SEC. In addition Claimant alleged that: ASI failed to return all of the \$45,000.00, paid by the Claimant, for valid accountable items prior to April 20, 1994, the date which ASI, through Reams, terminated the letter of intent because of its admitted inability to perform; ASI failed to provide the specific invoices from the consultant for \$6,000.00 and \$5,000.00 which indicated the work involved the Claimant as opposed to some other matters; the payment of \$6,000.00 as an accountable expense to Joan Groover, a NASD licensed representative registered as an ASI representative, violated Section 44 of the Rules of Fair Practice; ASI and Reams failed to respond to Claimant's first request for an advance accounting from June 14, 1994 until August 29, 1994; ASI failed to return Claimant's \$7,701.25 even after Reams agreed in writing and with the NASD in Atlanta that Claimant was entitled to its return; and that ASI's retention of \$22,500.00 of the \$45,000.00 advanced as an accountable expense, when the sum was paid to Reams and denoted as "compensation" violated Subsection (c)(6)(B)(i) of Section 44 of Article III of the NASD Rules of Fair Practice.

Respondents, unless otherwise admitted therein, denied the allegations set forth in the Statement of Claim. Respondents specifically asserted that this dispute arose out of the termination by the Claimant of an underwriting agreement entered into with ASI, after ASI had substantially completed its efforts in preparing the initial placement memorandum and in contacting potential investors. Respondents further stated that the offering may have been completed through another underwriter, and that ASI is entitled to a fee, thereby giving rise to its Counterclaim.

RELIEF REQUESTED

Claimant requested that at least \$36,201.25 of the \$45,000.00 expense advance be returned to it by the Respondents, and all or some of the additional portion of the \$5,000.00 paid to ASI's attorney depending upon the documentation presented at the hearing. Further, Claimant requested an award of \$7,701.25 of the unused expense advance be assessed against Reams, and that Respondents' behavior merited an award of \$30,000.00 of punitive damages against the Respondents.

Respondents denied Claimant's claims and sought an accounting of Claimant's fund raising activities, and a fee, if a transaction closed on behalf of Claimant, using ASI's efforts.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that a handwritten, signed Award may be entered. The parties have agreed to receive conformed copies of the award while the original remains on file with the NASD.

NASD Arbitration No. 95-01038

Award Page 3 of 4

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

Respondents Argent Securities, Inc., and L. Philips Reams are jointly and severally liable for, and shall pay to the Claimant the sum of \$41,201.25 together with interest thereon at the rate of eight percent (8%) per annum calculated from July 15, 1994 until payment.

Respondents Argent Securities, Inc.'s, and L. Philips Reams' Counterclaim is denied and dismissed with prejudice.

FORUM FEES

Forum fees are calculated at the rate of \$500 per hearing session and \$300 for each pre-hearing conference, if any. There were four (4) regular sessions x \$500 = \$2,000 and one (1) pre-hearing conference session @ \$300 for a total of \$2,300 in forum fees. Pursuant to §43(b) of the NASD Code of Arbitration Procedure (the "Code"), a hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with an arbitrator, which lasts four (4) hours or less.

Pursuant to §43(c) of the Code, the NASD shall retain the non-refundable filing fee in the amount of \$150 and shall retain as forum fees the hearing session deposit in the amount of \$500 previously deposited with the NASD by the Claimant.

Pursuant to §43(c) of the Code, the NASD shall retain the non-refundable Counterclaim filing fee in the amount of \$250 and shall retain as forum fees the Counterclaim hearing session deposit in the amount of \$50 previously deposited with the NASD by the Respondents.

Pursuant to §45 of the Code, the NASD shall retain the member surcharge fee in the amount of \$300 previously paid by ASI.

NASD Arbitration No. 95-01058

Award Page 4 of 4

Additional forum fees in the amount of \$1,750 are assessed jointly and severally against the Respondents.

The NASD shall retain postponement fees in the amount of \$400 previously deposited with the NASD by the Respondents. Fees are payable to the National Association of Securities Dealers, Inc.

Dated:

Brian R. Warnock

s/s

January 6, 1996

Brian R. Warnock

Public Arbitrator, Presiding Chair

Robert C. Hubbard

s/s

January 8, 1996

Robert C. Hubbard

Public Arbitrator

Leon G. Mackey

s/s

January 5, 1996

Leon G. Mackey

Industry Arbitrator