

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Paul M. & Mary G. Shuford

95-01334

Name of Respondents

John J. Cummins
Beacon Securities, Inc.

REPRESENTATION

The Claimants Paul M. and Mary G. Shuford ("Claimants") appeared pro se.

For Respondent Beacon Securities, Inc. ("Beacon"): Leon B. Lipkin, Esq., of New York, NY filed an Answer on behalf of Beacon, but Beacon did not appear or have a representative at the hearing.

The Respondent John L. Cummins ("Cummins") did not appear.

CASE INFORMATION

Statement of Claim filed: March 16, 1995.
Claimants' Submission Agreement signed on: March 13, 1995.

Statement of Answer filed by Beacon on: June 12, 1995.
Beacon did not execute a Submission Agreement. (See Other Issues).

Cummins did not file an Answer or execute a Submission Agreement as required pursuant to Section 25 of the National Association of Securities Dealers, Inc.'s ("NASD") Code of Arbitration Procedure ("Code").

HEARING INFORMATION

Hearing Date/Sessions: October 26, 1995/one session.

Hearing Location: Omni Richmond Hotel, Richmond, VA.

CASE SUMMARY

Claimants alleged in their Statement of Claim, among other things, that in October, 1993, Cummins, then employed by Beacon, called Claimants and encouraged Claimants to purchase shares of Bancroft Holding Corp. ("Bancroft"). Claimants alleged that they had no previous relationship with either Cummins or Beacon. Claimants alleged that Cummins exaggerated Bancroft value and strength to convince Claimants to agree to purchase. Claimants further alleged that Respondents incorrectly marked the transaction as "unsolicited". Claimants alleged the transaction was illegal because Bancroft was not registered in Virginia. Claimants alleged that they have suffered damages for which Cummins and Beacon should be held liable.

Beacon denied in their Answer all allegations raised in Claimants' Statement of Claim. Beacon maintained, among other things, that Claimants failed to mitigate their damages and any loss was caused by Claimants' own conduct or by market conditions and fluctuations. Beacon maintained that Claimants are sophisticated investors and all risks concerning Claimants' investment were properly disclosed to Claimants voluntarily and Claimants assumed those risks. Beacon further maintained that at all times Beacon conducted its business in a professional manner and acted without knowledge of or participation in any alleged improper activity.

Cummins did not file an Answer and did not respond to the allegations in the Statement of Claim.

RELIEF REQUESTED

Claimants requested compensatory damages in the amount of \$3,757.50.

Beacon requested in their Answer that the Statement of Claim be dismissed in its entirety and Beacon be awarded its costs and expenses, including attorneys' fees.

Cummins did not file an Answer or appear at the hearing and did not request relief.

OTHER ISSUES CONSIDERED & DECIDED

The Presiding Arbitrator ("Arbitrator") determined that Cummins had been properly served with the Statement of Claim pursuant to Section 25 of the NASD Code. The Arbitrator also determined that Beacon and Cummins had received due notice of the hearing as required under Section 26 of the Code and that arbitration of the matter would proceed pursuant to Section 29 of the Code.

Beacon and Cummins did not file with the NASD properly executed submissions to arbitration but are required to submit to arbitration pursuant to Section 12 of the Code.

AWARD

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

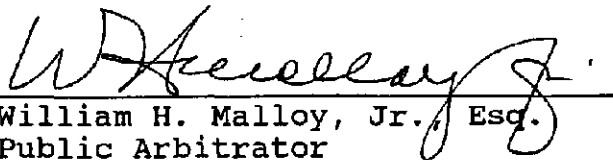
1. Beacon and Cummins are jointly and severally liable, and shall pay to Claimants, the sum of \$3,382.50, exclusive of interest.
2. All other claims are dismissed.
3. Each party shall bear their own costs and attorneys' fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain the \$50 claim filing fee and \$100 hearing session deposit previously filed by Claimants. Respondents shall reimburse Claimants for the \$100 hearing session fee previously deposited.

DATED:

11/7/95


William H. Malloy, Jr., Esq.
Public Arbitrator

Date Decision Served by NASD: November 10, 1995