

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Stanley Katz

95-05095

Name of Respondent

Beacon Securities, Inc.
Gary Lewis Donahue
Karen Sue Billings
Andrew Howard Cohen
Jeffrey Streich

REPRESENTATION

For claimant Stanley Katz ("claimant") appeared Berthold H. Hoeniger, Esq. located in New York, New York.

For respondent Karen Sue Billings ("Billings") appeared Leon B. Lipkin, Esq. located in New York, New York.

Respondents Beacon Securities, Inc. ("Beacon"), Gary Lewis Donahue ("Donahue"), Andrew Howard Cohen ("Cohen") and Jeffrey Streich ("Streich") did not appear at the hearing in this matter.

CASE INFORMATION

Statement of Claim was filed October 25, 1995. Claimant's Submission Agreement was signed on October 17, 1995.

Joint Statement of Answer was filed by Billings and Donahue on December 20, 1995. Billing's Submission Agreement was signed on September 24, 1996. Donahue did not file a Submission Agreement.

Cohen's Statement of Answer was filed on February 20, 1996. Cohen's Submission Agreement was signed on February 20, 1996.

Neither Beacon nor Streich filed a Statement of Answer or a Submission Agreement.

HEARING INFORMATION

Hearing Sessions/Dates:	September 24 , 1996	-	Two Sessions
	September 25, 1996	-	Two Sessions
	October 14, 1996	-	Two Sessions

The hearings were held at the offices of the National Association of Securities Dealers located in New York, New York.

CASE SUMMARY

Claimant alleged that, in the spring of 1993, he received a cold call from Streich regarding a private placement of Cyclodextrin Technologies Development, Inc. ("Cyclodextrin"). According to claimant, he reviewed the offering memo and other literature sent by Streich and purchased 10,000 shares of Cyclodextrin at \$5.00 per share in March 1994. Claimant further alleged that, in late March 1994, Cyclodextrin went public and all of the restricted shares were registered and became saleable.

Claimant alleged that, during the period of August 1994 through April 1995, numerous unauthorized purchases were made in his account. Claimant contended that shares of Autrex, Inc., American Pleasure, Bancroft Holdings Corp. and Jotan, Inc. were purchased without his knowledge and that these unauthorized transactions resulted in losses of over \$67,503.02.

Claimant alleged that, on or about May 4, 1995, he purchased 25,000 shares of Data Depot Systems at \$1.00 per share in a private placement. Claimant further alleged that the shares of Data Depot became saleable shortly after the purchase and he instructed Streich to sell all of the shares when the price had reached \$1.25 per share. Claimant contended that Streich failed follow these instructions and never executed the sell order.

Billings and Donahue denied the allegations of wrongdoing. As affirmative defenses Billings and Donahue maintained that claimant failed to mitigate his damages; that claimant assumed the risk of investing in the securities market; that claimant's loss was caused by his own conduct; that all risks concerning claimant's investments were properly disclosed and that claimant knowingly, willing and voluntarily assumed those risks; that any losses suffered by claimant were the result of market conditions and/or fluctuations normally associated with investments in the securities market; that respondents conducted their business in a professional manner and acted in good faith, without knowledge of or participation in any alleged improper activity; that claimant waived any and all claims against them; that they had no knowledge of any unauthorized trades in claimant's account; and that claimant's claim for punitive damages was barred as a matter of law.

Cohen denied the allegations contained in the Statement of Claim and maintained that he was instructed by Streich to tell claimant that Streich was taking care of the matter. Cohen denied that he had any ownership interest in Beacon and further denied making a settlement offer to

claimant.

RELIEF REQUESTED

Claimant requested rescission for the unauthorized purchases plus interest or, in the alternative, \$80,003.02 in compensatory damages, interest, costs, attorneys' fees, disbursements and punitive damages.

Billing and Donahue requested that the panel: (i) dismiss the Statement of Claim in its entirety; (ii) award them their costs and expenses of this arbitration, including attorneys' fees; and (iii) grant them such other and further relief as is just and proper.

Cohen did not specifically request relief.

OTHER ISSUES CONSIDERED AND DECIDED

All claims against respondent Donahue were stayed pursuant to the Notice of Commencement of Case Under Chapter 7 of the Bankruptcy Code of the United States Bankruptcy Court, Southern District of New York (White Plains).

The panel made the following determinations concerning respondents Beacon and Streich, who both did not file a Statement of Answer or Submission Agreement and also did not appear at the hearing in this matter without obtaining an adjournment/postponement thereof:

1. Pursuant to Rule 10101 (formerly Section 1) of the Code of Arbitration Procedure ("the Code"), the panel found subject matter of this entire controversy.
2. The panel found that Beacon was a member of the NASD and that Streich was a person associated with a member of the NASD at the time this controversy arose. Accordingly, the panel found personal jurisdiction over Beacon and Streich pursuant to Rule 10301 (formerly Section 12) of the Code.
3. In view of (2) above, the panel found that Beacon and Streich were both required to file a Statement of Answer and a Submission Agreement pursuant to Rule 10314(b) (formerly Section 25(b)) of the Code. In this regard, the panel found that the Statement of Claim was properly served upon Beacon and Streich pursuant to Rule 10314(a) (formerly Section 25(a)) of the Code.
4. In addition, in accordance with Rules 10310, 10315 and 10318 (formerly Sections 21, 26 and 29) of the Code, the panel found that the NASD provided Beacon and Streich with "due notice" of the hearings conducted in this matter by regular and certified mail. The panel further determined to proceed with the hearing without Beacon and Streich whose absences were unexcused.

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. In either case, the parties have agreed to

receive conformed copies of the award while the originals remain on file with the NASD.

AWARD

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

1. Respondents Beacon and Streich be and hereby are jointly and severally liable and shall pay claimant the sum of \$28,925.00 plus interest at the rate of 9% from June 30, 1995 until payment.
2. All claims against Billings and Cohen are hereby dismissed in their entirety.
3. Claimant's request for punitive damages is hereby denied.
4. Each party shall bear their own costs, including attorneys' fees.
5. All other claims are denied.

FORUM FEES

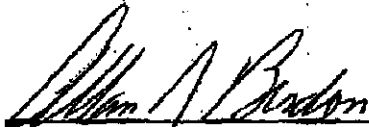
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the arbitrators have determined that the NASD shall retain the \$150.00 non-refundable filing fee previously deposited by claimant and have assessed the following forum fees:

6 hearing sessions x \$500.00 = \$3,000.00

1. Claimant be and hereby is liable for the sum of \$1,500.00, representing one-half of the total amount of forum fees assessed. Claimant previously deposited \$500.00 with the NASD and, therefore, claimant is liable and shall pay the sum of \$1,000.00 to the NASD.
2. Respondents Beacon and Streich be and hereby are jointly and severally liable and shall pay the sum of \$1,500.00 to the NASD, representing one-half of the total amount of forum fees assessed.

Fees are payable to the National Association of Securities Dealers, Inc.

Arbitrators' Signatures



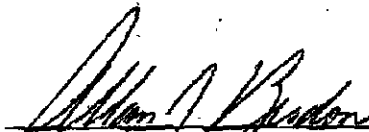
Allan J. Berdon, Esq.
Chairperson - Public Arbitrator

Andre E. Briod, Esq.
Public Arbitrator

Barry Feiden
Industry Arbitrator

Date of Decision: January 30, 1997

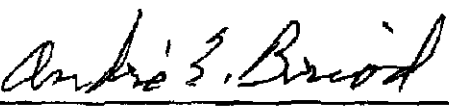
I, Allan J. Berdon, Esq., do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Allan J. Berdon, Esq.

Arbitrators' Signatures

Allan J. Berdon, Esq.
Chairperson-Public Arbitrator




Andre E. Briod, Esq.
Public Arbitrator

Barry Feiden
Industry Arbitrator

Date of Decision: January 30, 1997

I, Andre E. Briod, Esq., 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.



Andre E. Briod, Esq.

Arbitrators' Signatures

Allan J. Berdon, Esq.
Chairperson-Public Arbitrator

Andre E. Briod, Esq.
Public Arbitrator

Barry Feiden
Barry Feiden
Industry Arbitrator

Date of Decision: January 30, 1997

I, Barry Feiden, 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.

Barry Feiden
Barry Feiden