

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: DAVID L. JORDON

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FILE NO. 0500225

SUMMARY ORDER OF DENIAL

TO THE RESPONDENT:

David L. Jordon
(CRD#: 262161)
40 Cushman Road
Scarsdale, New York 10583

C/o Axiom Capital Management, Inc.
780 Third Avenue, 43rd Floor
New York, New York 10017-2024

WHEREAS, on April 13, 2005, Axiom Capital Management, Inc., a registered dealer, filed a Form U-4 application for registration of David L. Jordon (the "Respondent") as a salesperson in the State of Illinois;

WHEREAS, pursuant to the authority granted under Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the Secretary of State has determined that the Respondent's application for registration as a salesperson in the State of Illinois is subject to a Summary Order of Denial;

WHEREAS, the Secretary of State finds that the grounds for such Summary Order of Denial are as follows:

1. That on August 19, 2003, NASD entered a Letter Of Acceptance, Waiver And Consent (AWC) submitted by the Respondent regarding File No. CAF030047 which sanctioned the Respondent as follows:
 - a. suspension from associating with a member firm in any and all capacities for 20 calendar days; and
 - b. fined \$10,000.00.

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2. That the AWC listed the following background information:
 - a. Axiom Capital Management ("Axiom" or "the firm") has been a registered broker-dealer and member of NASD since September 1990. The firm is located in New York, New York, and has one branch office in Boca Raton, Florida. Axiom Capital has no prior relevant formal disciplinary history.
 - b. The Respondent, 54, entered the securities industry in 1971 as a general securities representative. He worked at various member firms until joining Axiom in March 1999. During the relevant period, he was a general representative and continues to work in that capacity. He has no prior relevant formal disciplinary history.

3. That the AWC found:
 - a. That on October 10, 2001, Axiom published and disseminated to the investing public a research report regarding one issuer American Bio Medica, Corp. ("ABMC"), that contained material misrepresentations and omissions of fact and contained exaggerated, unwarranted and misleading statements. By publishing this report, Axiom violated NASD Rules 2110 and 2210.
 - b. The Respondent and another individual, registered representatives at Axiom, together drafted this misleading research report at issue and were named on that report along with contact information.
 - c. ***American Bio Medka Corp. Research Report*** -The Issuer.

In the time frame surrounding Axiom's research report on the company, ABMC developed, manufactured, and marketed drug testing kits. Its shares traded on the NASDAQ National Market. According to the issuer's public filings in April 2001, ABMC had cash and cash equivalents of \$265,000 and total assets of \$3,640,000, liabilities of \$2.4 million and an accumulated deficit of \$13.5 million. The **issuer's public** filings showed that net sales had dropped, and that it had incurred net losses in each of the past two years. Due to the company's recurring net losses and negative cash flows from operations, ABMC's auditor included a going concern qualification. ABMC's financial situation continued to deteriorate in 2001.
 - d. **The Research Report**

The Respondent and the other individual worked together in drafting and publishing Axiom's research report on ABMC that Axiom

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published on October 10, 2001. Axiom, the Respondent and the other individual made the research report available to other brokers within the firm for use with their customers. Also, the Respondent mailed out copies of the report to some of his customers.

e. **Misleading Information, Material Misrepresentations and Omissions of Material Fact.**

Axiom's research report on ABMC predicted that the issuer's administrative expenses would moderate due to a stringent cost containment program and a revamped compensation program. In fact, the issuer stated in public filings one month prior to the publication of the research report that management believed that those expenses might in fact increase.

Axiom's report was also misleading because it failed to disclose material facts, including:

- The issuer's ongoing net losses and accumulated deficit;
- The auditor's going concern qualification;
- The shares were trading below listing requirements, and if shares continued to trade below listing requirements, they may be subject to delisting which could reduce share value;
- The company competes with several other better known and more established manufacturers of drug test kits.

f. **Unwarranted Opinions and Unreasonable Price Targets Lacking Reasonable Basis.**

Axiom's research report concludes that ABMC, with new management, new financing, and products in place, was poised to benefit from the trend toward increased testing for drugs of abuse. Axiom estimated that ABMC would earn \$6 million (\$0.29 /share) on revenue of \$25 million for 2002, and net income of \$11.47 million (\$0.50/share) on revenue of \$45 million for 2003. Based on these projections, Axiom put an 18-month price target of \$5 on the stock. However, Axiom, the Respondent and the other individual did not have a reasonable basis for the revenue, net income and target price projections. As disclosed in the research report, the price of the stock when the report was issued was \$0.86 with a 52-week trading range of \$0.25 - \$1.50. In its most recent public filings, the issuer had disclosed that for the fiscal year ending April 30, 2001, the issuer had

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cash and cash equivalents of \$265,000, total assets of \$3.6 million, liabilities of \$2.4 million and an accumulated deficit of \$13.5 million. Additionally, as disclosed in the research report, the issuer reported losses of \$1.9 million in the fiscal year ending April 30, 2001, and \$2.1 million in the fiscal year ending April 30, 2000. Further, the issuer's revenues had fallen from the prior year. In light of the issuer's financial situation, Axiom's financial projections of revenue, net income and target price were patently unreasonable.

- g. That by virtue of the foregoing, the Respondent violated NASD Conduct Rules 2110 and 2210.
4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of a salesperson may be denied if the Secretary of State finds that such salesperson has been suspended by any self-regulatory organization registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self-regulatory organization.
5. That the NASDR is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
6. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to denial pursuant to Section 8.E(1)(j) of the Act.

NOW IT IS HEREBY ORDERED THAT:

The Respondent's application for registration as a salesperson in the State of Illinois is DENIED, subject to the further Order of the Secretary of State.

A public hearing will be set within thirty (30) days of the Respondent's filing a written request for hearing with the Secretary of State at 69 west Washington Street, Suite 1220, Chicago, Illinois 60602. Said hearing will be held at the aforesaid address before a Hearing Officer duly designated by the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Order.

YOUR FAILURE TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER RECEIPT OF THIS ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE A SUFFICIENT BASIS TO MAKE THIS ORDER FINAL.


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You are further notified that if you request a hearing that you may be represented by legal counsel, may present evidence; may cross-examine witnesses and otherwise participate. Failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent,

DATED: ENTERED This 29th day of June 2005.


JESSE WHITE
Secretary of State
State of Illinois

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