

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: DAVID L. JORDON

FILE NO. 0500225

CONSENT ORDER OF WITHDRAWAL OF APPLICATION

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

C/o Michael Unger
Rubin and Rudman LLP
Counselors at Law
50 Rowes Wharf
Boston, Massachusetts 02110-3319

WHEREAS, Respondent on the 3rd day of January, 2005 executed a certain Stipulation to Enter Consent Order of Withdrawal of Application (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated August 3, 2005 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal of Application ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

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1. That on April 13, 2005, Axiom Capital Management, Inc. a registered dealer, filed a Form U-4 application for registration of the Respondent as a salesperson in the State of Illinois.
2. That on June 29, 2005, a Summary Order of Denial (the "Order") was issued by the Secretary of State denying this application. Pursuant to the terms of the Order, the Respondent requested a hearing on July 29, 2005.
3. 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.
4. 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.
5. 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 information.

c. *American Bio Medica 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. It 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 \$3,640,00, 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 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 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.

6. 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.

7. That the NASDR is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's application for registration as a salesperson in the State of Illinois is subject to denial pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall cause to have his application for registration as a salesperson in the State of Illinois withdrawn within three (3) days from his receipt of notice of the entry of this Consent Order and will not re-apply for registration for a period of two (2) years from the entry of this Consent Order;

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of One Thousand dollars (\$1,000.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Investors Education Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he has submitted with the Stipulation a certified or cashier's check in the amount of One Thousand dollars (\$1,000.00) to cover costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Investors Education Fund.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent shall cause to have his application for registration as a salesperson in the State of Illinois withdrawn within three (3) days from from his receipt of notice of the entry of this Consent Order and shall not re-apply for registration for a period of two (2) years from the entry of this Consent Order.
2. The Respondent is levied costs of investigation in this matter in the amount of One Thousand dollars (\$1,000.00), payable to the Office

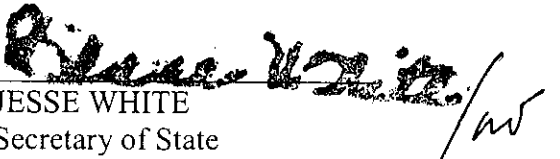
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of the Secretary of State, Investors Education Fund, and on 2005 has submitted One Thousand dollars (\$1,000.00) in payment thereof.

3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 6th day of January 2006.


JESSE WHITE
Secretary of State
State of Illinois