

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between	:
Acquisition Management, Inc.	:
Raymond C. Dosky, Clara R. Dosky,	:
Lois E. Dosky, Steven L. Dosky and	:
Douglas A. Dosky	:
Claimants	:
vs.	:
Allied Capital Group, Inc.	:
Respondent	:
vs.	:
Thomas N. Taylor	:
Third Party	:
Respondent	:
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Case Summary

The Claimants, Acquisition Management, Inc., Raymond C. Dosky, Clara R. Dosky, Lois E. Dosky, Steven L. Dosky and Douglas A. Dosky alleged that Respondent Allied Capital Group, Inc. made materially misrepresentation to them regarding certain penny stocks. Claimants alleged that Respondent knowingly made fraudulent statements regarding the performance and future performances of CIP Holdings, Inc., OTC Amer Units, Star Publications, Inc., Davin Enterprises and Data Display Corp., Inc. in order to induce the Claimants into purchasing these stocks. Claimants alleged that they did not authorize the purchase of Davin Enterprises.

Respondent Allied Capital Group, Inc. maintained that Claimants were not misled or lied to in any way. Respondent maintained that if Third Party Respondent Taylor misled Claimants then those separate representations were beyond the scope of his employment with Respondent and not be attributed to Respondent. Respondent alleged that if it is determined that Allied is liable to Claimants, which Respondent denies all liability is due to the negligent acts of Third Party Respondent Taylor and that if Respondent is adjudged liable to Claimants then Respondent requests that said Third Party Respondent Taylor be held liable to either Respondent and/or Claimants directly, for any equitable share of any judgement rendered.

Third Party Respondent Thomas N. Taylor maintained that none of the wrongdoing should be attributable to him. Taylor maintained as soon as he suspected that Respondent was making material misrepresentations regarding the stocks it was recommending, Taylor conducted his own investigation. Taylor maintained that when he discovered the Respondents and the issuers misrepresentation he notified the Claimant.

#### Relief Requested

Claimants requested damages in the amount of \$513,728.75; plus interest and for cost of bringing this arbitration.

Respondent Allied requested that the panel deny Claimants' claim in its entirety and that Respondent receive its costs and fees, including attorney fees. However, if Respondent is held liable it requested that liability over and/or contribution and that it recover its costs and fees in connection with this action from Third Party Respondent Taylor. Respondent Allied in its Third Party Complaint requested that the panel enter judgement against Third Party Taylor for the whole amount of any judgement that may be recovered by Claimants against Respondent and requests further relief as the panel finds just and equitable including the cost of this action and any attorney fees.

Third Party Respondent Taylor requested that the Third Party Claim asserted against him be dismissed in its entirety.

#### Award

On March 27th and April 28th, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants on March 13, 1989 and by Respondent on May 10, 1989. A Pre-hearing conference was conducted in this matter on January 19, 1990. The hearing was held Columbus, Ohio. The arbitration consisted of a total of 3 hearing sessions. Third Party Respondent Taylor did not submit a Submission Agreement; however, he did submit an Answer and attend all hearing sessions. Therefore, pursuant to Section 12(a) of the Code of Arbitration Procedure the arbitration panel exercised its jurisdiction over Mr. Taylor. Respondent Allied attended the hearing on March 27th, 1990 at that hearing Respondent Allied requested that the hearing be postponed, the arbitration panel granted the postponement request and rescheduled the hearings for April 28th and 29th, 1990. The hearing notice was received by Respondent Allied's representative on April 6th, 1990 and a copy of this notice is attached.

Respondent Allied never accepted the composition of the arbitration nor would Respondent state its reasons for withholding its acceptance of the panel. Pursuant to Section 12(a) of the Code of Arbitration Procedure, the arbitration panel exercised its jurisdiction over Respondent Allied. The arbitrators, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. That Respondent Allied Capital Group, Inc. is hereby found liable to the Claimants for the sum total of Five Hundred Thirteen Thousand Four Hundred Twenty Eight Dollars and Seventy Five Cents (\$513,428.75); inclusive of interest. The liability as to each Claimant is broken down as follows:

- a) Respondent is liable to Acquisition Management Training, Inc. for the sum of \$119,470.00;

- b) Respondent is liable to Raymond C. Dosky for account No. 78-04297602 for the amount of \$205,000.00;

- c) Respondent is liable to Raymond C. Dosky for account No. 78-02269306 for the amount of \$83,095.00;

- d) Respondent is liable to Raymond C. and Clara R. Dosky for account No. 78-02269702 for the amount of \$3,470.00;

- e) Respondent is liable to Clara R. Dosky for account No. 78-02269900 for the amount of \$12,990.00;

- f) Respondent is liable to Clara R. Dosky for account No. 78-02268902 for the amount of \$17,098.75;

- g) Respondent is liable to Lois E. Dosky for account No. 78-02270206 for the amount of \$9,520.00;

- h) Respondent is liable to Lois E. Dosky for account No. 78-02268506 for the amount of \$19,020.00;

- i) Respondent is liable to Steven L. Dosky for account No. 78-02270502 for the amount \$12,140.00;

- j) Respondent is liable to Steven L. Dosky for account No. 78-02268100 for the amount of \$17,405.00;

k) Respondent is liable to Douglas A. Dosky for account No. 78-02270908 for the amount of \$10,115.00;

l) Respondent is liable to Douglas A. Dosky for account No. 78-02267706 for the amount of \$4,105.00.

all sums listed shall be inclusive of interest.

2. That all Third Party Claims asserted by the Respondent against Thomas N. Taylor are dismissed. Third Party Respondent Taylor is not liable to Respondent Allied, and all issues raised in the Third Party Claim are resolved in favor of Taylor and against Respondent Allied.
3. The parties shall each bear their respective costs including attorney fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1,000.00 filing fee previously deposited by the Claimant.
5. Pursuant to Section 43 of the NASD, Inc. Code of Arbitration Procedure, Respondent Allied is assessed forum fees in the amount of \$3,000.00 payable to the NASD, Inc. through its staff counsel.

CONCURRING ARBITRATORS

  
Benjamin B. Segel

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Nicholas Duda, Jr.

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Richard A. Evans

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