

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Richard C. & Cheryl A. Baxley

90-02086

Name of Respondent

James Mahoney

CASE SUMMARY

In a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about July 30, 1990, Claimants Richard and Cheryl ("Claimants") alleged that James Mahoney ("Respondent") a registered representative with Blinder Robinson and Co., Inc. engaged in fraudulent activity in the inducement and sale of stock of DCX, CDT Ventures and Rescon Technology Corp. Claimants specifically alleged that Respondent failed to disclose the risks involved in the purchase of these stocks, that Respondent did not explain the difference between bid and ask prices. Claimants also alleged that Respondent failed to disclose the speculative nature of Rescon Technology Corp. and CDT Ventures, Inc. stock.

In his answer filed with the NASD on or about January 14, 1991, Respondent denied the allegations set forth in the Statement of Claim. Respondent also stated that Claimants were aware of the risks involved. Respondent further stated that prospectuses are outdated ninety days after a company goes public and that it is illegal to sent out a prospectus after the ninety days. Respondent stated that if Claimants required a prospectus, why did they purchase these stocks without one.

RELIEF REQUESTED

Claimant requested an award in the amount of \$8,425.00.

Respondent requested that the Statement of Claim be dismissed.

OTHER ISSUES

Blinder Robinson and Co., Inc. was originally named as a Respondent in this matter. As a result of the automatic slay provisions under the bankruptcy code this matter proceeded against Respondent James Mahoney only.

Respondent James Mahoney did not appear at the hearing of this matter and decided not to appear after an attempt to arrange telephonic participation in this proceeding failed.

Date Served: May 13, 1991

PROCEDURAL MATTERS

On Wednesday, May 8, 1991 in Indianapolis, Indiana during a hearing lasting a total of one (1) session, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed on July 22, 1990 by Claimant Richard C. Baxley on August 18, 1990 and on August 18, 1990 by Cheryl B. Baxley.

Respondent James Mahoney did not file with the NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure and having answered the claim is bound by the determination of the arbitration on all issues submitted.

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 original(s) remain on file with the NASD.

AWARD

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

1. The claims against Respondent James Mahoney concerning DCX stock shall be and hereby are dismissed in their entirety;
2. Respondent James Mahoney shall be and hereby is liable for and shall pay to the Claimants Richard C. Baxley and Cheryl A. Baxley the sum of Six Thousand Seven Hundred Seventy Dollars (\$6,770.00) for claims concerning Rescon Technology Corp. and CDT Ventures, Inc.;
3. Each party shall bear its own costs and expenses incurred in this matter not specifically enumerated herein; and,
4. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the hearing session deposit in the amount of \$ 200.00 previously deposited with the NASD by the Claimants. Respondent James Mahoney shall pay to the Claimant the sum of \$200.00 as reimbursement of the forum fees.

Dated:

May 8, 1991

/s/ Steve C. Bach
Steve C. Bach, Esq.
Presiding Chair
Public Arbitrator