

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: CHAPIN, DAVIS

FILE NO. 0600239

CONSENT ORDER OF FINE

TO THE RESPONDENT: Chapin, Davis
(B/D#: 28116)
2 Village Square Suite 200
Baltimore, Maryland 21210

WHEREAS, Respondent on the 23rd day of October 2006 executed a certain Stipulation to Enter Consent Order of Fine (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 September 22, 2006 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Fine ("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:

1. That on March 29, 2006 the Respondent filed a Form B/D application for registration as a dealer in the State of Illinois.
2. That on September 14, 2006, a Corrected Summary Order of Denial (the "Order") was issued by the Secretary of State denying this application. Pursuant to the terms of the Order, on September 18, 2006 the Respondent requested a hearing.
3. That the Respondent is a corporation which engages in the business of acting as a dealer in the offer and sale of securities to the general public.
4. That between October 7, 2003 and May 26, 2006 the Respondent effected 71 purchase transactions in the accounts of seven (7) Illinois residents.

5. That Section 8.A of the Act provides, in pertinent part, except as otherwise provided, every dealer shall be registered as such with the Secretary of State.
6. That the activity described in paragraph two (2) above constitutes the activity of a dealer as defined in Section 2.7 of the Act.
7. That during all relevant times, the Respondent was not registered with the Secretary of State as a dealer pursuant to Section 8 of the Act.
8. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to offer or sell any security except in accordance with the provisions of the Act
9. That Section 12.C of the Act provides, inter alia, that it is a violation of the provisions of the Act for any person to act as a dealer, unless registered as such where such registration is required under the provisions of the Act.
10. That by virtue of the foregoing, the Respondent has committed a violation of Sections 12.A and 12.C of the Act.
11. That Section 8.E(1)(g) of the Act provides that the registration of a dealer may be denied if it has violated any of the provisions of this Act.
12. That by virtue of the foregoing, the Respondent's registration as a dealer in the State of Illinois is subject to denial pursuant to Section 8.E(1)(g) of the Act.
13. That Section 11.E(4) of the Act provides that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees.

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 Conclusions of Law:

- (1) The Respondent has committed a violation of Sections 12.A and 12.C of the Act;

- (2) The Respondent's registration as a dealer in the State of Illinois is subject to denial pursuant to Section 8.E(1)(g) of the Act;
- (3) The Respondent is subject to a FINE pursuant to Section 11.E(4) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that they shall be FINED Ten Thousand Five Hundred Eighty Four dollars (\$10,584.00), has been paid by certified or cashier's check, made payable to the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that they shall be levied fees and costs as follows: One Thousand Eight Hundred dollars (\$1,800.00) for back dealer registration fees; One Thousand Fifty dollars (\$1,050.00) representing back registration fees for three (3) salespersons; and One Thousand Five Hundred dollars (\$1,500.00) to cover the cost incurred during the investigation of this matter, has been paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that it has submitted with the Stipulation a certified or cashier's check in the amount of Fourteen Thousand Nine Hundred Thirty Four dollars (\$14,934.00). Said sum is allocated as follows: Ten Thousand Five Hundred Eighty Four dollars (\$10,584.00) as FINE for violations of the Act; One Thousand Eight Hundred dollars (\$1,800.00) for back dealer registration fees; One Thousand Fifty dollars (\$1,050.00) representing back registration fees for three (3) salespersons; and One Thousand Five Hundred dollars (\$1,500.00) to cover the costs incurred during the investigation of this matter. Said check has been made payable to the Office of the Secretary of State, Securities Audit and Enforcement 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:

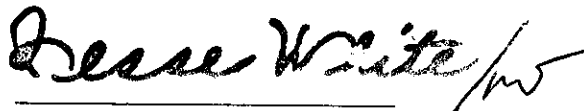
1. The Corrected Summary Order of Denial dated September 14, 2006 is vacated.
2. The Notice of Hearing dated September 22, 2006 is dismissed.

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3. Respondent is FINED in the amount of Ten Thousand Five Hundred Eighty Four dollars (\$10,584.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on October 23rd, 2006 has submitted Ten Thousand Five Hundred Eighty Four Dollars (\$10,584.00) in payment thereof.
4. Respondent is levied fees for back dealer registration in the amount of One Thousand Eight Hundred dollars (\$1,800.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on 2006 has submitted One Thousand Eight Hundred dollars (\$1,800.00) in payment thereof.
5. Respondent is levied back fees in the amount of One Thousand Fifty dollars (\$1,050.00) for registering three (3) salespersons, payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on October 23rd, 2006 has submitted One Thousand Fifty dollars (\$1,050.00) in payment thereof.
6. Respondent is levied costs of investigation in this matter in the amount of One Thousand Five Hundred dollars (\$1,500.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on October 23rd, 2006 has submitted One Thousand Five Hundred dollars (\$1,500.00) in payment thereof.

ENTERED: This 25th day of October 2006.

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois