

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

\_\_\_\_\_  
IN THE MATTER OF: CHAPIN, DAVIS )  
\_\_\_\_\_)

FILE NO. 0600239

**NOTICE OF HEARING**

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

You are hereby notified that pursuant to Section 111 of the Illinois Securities Law of 1953 [815 ELCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 29<sup>th</sup> day of November, 2006, at the hour of 10:00 a.m., or as soon as possible thereafter, before James L. Kopecky, Esq. or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered which would deny Chapin, Davis (the "Respondent"), registration as a dealer in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11E of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

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.

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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.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

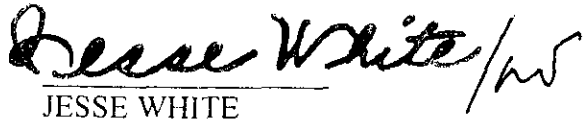
A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

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Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 22<sup>nd</sup> day of September 2006.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized flourish or initials.

JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Daniel A. Tunick  
Office of the Secretary of State  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
312-793-3384

Hearing Officer:  
James L. Kopecky  
321 North Clark Street  
Chicago, Illinois 60610