

STATE OF ALABAMA
ALABAMA SECURITIES COMMISSION

IN THE MATTER OF:)	
)	
PATAPSCO SECURITIES, INC.)	
D/B/A CHAPIN DAVIS)	
HAROLD H. HOFFMAN, JR.)	CONSENT ORDER
)	NO. CO-2007-0032
<u>RESPONDENTS</u>)	

CONSENT ORDER

The Alabama Securities Commission ("Commission"), having the authority to administer and provide for the enforcement of all provisions of Title 8, Chapter 6, Code of Alabama 1975, the Alabama Securities Act ("Act"), upon due consideration of the subject matter hereof, and having confirmed information of the offers for sale and/or sale of securities into, within or from the state of Alabama, has determined as follows:

RESPONDENT

1. PATAPSCO SECURITIES, INC. ("CHAPIN DAVIS") is a Maryland corporation with a business address of 2 Village Square, Suite 200, Baltimore, MD 21210.

2. HAROLD H. HOFFMAN, JR. (HOFFMAN), at all times relevant, was a representative of CHAPIN DAVIS, with a business address of 2 Village Square, Suite 200, Baltimore, MD 21210

STATEMENT OF FACTS

3. On May 3, 2007, CHAPIN DAVIS filed a Form BD through the National Association of Securities Dealers, Inc., Central Registration Depository ("NASDCRD"),

for registration as a dealer in the state of Alabama. On May 11, 2007, a letter was dispatched to CHAPIN DAVIS which enumerated certain documentation and information that must be provided as part of the application for registration, among which was a requirement to furnish a statement concerning any prior sales activity that had occurred in the state of Alabama. CHAPIN DAVIS was advised that failure to file a complete application may result in denial of the application and that the notification constituted an Order of the Commission deferring the registration effective date until such time as all deficiencies were resolved and an Order of Registration issued. By letter, dated May 18, 2007, CHAPIN DAVIS provided a response that states in part "Chapin Davis does not have any existing or prior customer accounts in Alabama".

4. On May 11, 2007, a letter was dispatched to Chapin Davis' previous clearing firm, Pershing, a division of Bank of New York ("Pershing"), for a listing of Alabama clients of CHAPIN DAVIS, and documents, including transaction reports detailing transactions and date of transactions, if any.

5. On May 29, 2007, the Commission received transaction information from Pershing reflecting that between October 1, 2004 and January 5, 2007, HOFFMAN, acting as an agent for CHAPIN DAVIS, affected twenty- one (21) trades in four (4) accounts of Alabama residents. The Alabama residents paid \$1,932.60 in commission for those trades.

6. On June 6, 2007, a letter was dispatched to First Clearing, LLC (First Clearing), Chapin Davis' current clearing firm, for a listing of Alabama clients of CHAPIN DAVIS, and documents, including transaction reports detailing transactions and date of transactions, if any.

7. On October 3, 2007, the Commission received transaction information from First Clearing reflecting that between February 22, 2007 and October 1, 2007, HOFFMAN, acting as an agent for CHAPIN DAVIS, affected seven (7) trades in two (2) accounts of an Alabama resident. The Alabama resident paid commission of \$506.00 for those trades.

8. On October 23, 2007, a review of the files of the Commission disclosed no record of registration or exemption from registration of CHAPIN DAVIS as a dealer or investment advisor in the state of Alabama, nor any record of registration for HOFFMAN as agent or investment advisor representative for CHAPIN DAVIS.

CONCLUSIONS OF LAW

9. Pursuant to Code of Alabama 1975, § 8-6-3(a), it is unlawful for any person to transact business in the State of Alabama as a dealer or agent for securities unless registered under this Article. HAROLD H. HOFFMAN, JR. through CHAPIN DAVIS effected securities transactions in the accounts of an Alabama resident without benefit of broker-dealer and broker-dealer agent registration in the State of Alabama in violation of Section 8-6-3(a).

10. Pursuant to Code of Alabama, 1975, Section § 8-6-3(j)(1), the Commission may deny an applicant for registration if any person directly or indirectly controlling the dealer has filed an application for registration under this section which contained any statement which was false or misleading with respect to any material fact. CHAPIN DAVIS submitted a statement as part of the broker dealer application package that the firm had not effected securities transactions on behalf of Alabama residents prior to submission of its application. This statement was false or misleading and material.

WHEREAS, CHAPIN DAVIS and HAROLD H. HOFFMAN, JR. admit that securities transactions were effected in the State of Alabama prior to registration, and state that the information and assertions presented to the Commission during its investigation of this matter are true and correct; that CHAPIN DAVIS, and HAROLD H. HOFFMAN, JR. understand the Commission relied upon such information or assertions in its determination to accept this Agreement, and that should information or assertions prove to be incorrect or misrepresented, the Commission may seek such other administrative, civil or criminal remedies that may be available to it under the provisions

of the Act; and

WHEREAS, CHAPIN DAVIS, and HAROLD H. HOFFMAN, JR. have voluntarily waived all rights to a hearing upon entry of this Agreement and have consented to the entry of this Agreement; and

WHEREAS, the Commission finds this Agreement necessary and appropriate in the public interest for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, the Commission, CHAPIN DAVIS, and HAROLD H. HOFFMAN, JR. are desirous of settling this matter as hereafter set forth and agree to the entry of this Order;

ACCORDINGLY, IT IS HEREBY AGREED:

1. That CHAPIN DAVIS, and HAROLD H. HOFFMAN, JR. shall, until such time as properly registered in the State of Alabama, refrain from effecting securities transactions into, within or from the State of Alabama.

2. That CHAPIN DAVIS, and HAROLD H. HOFFMAN, JR. shall ensure that proper procedures are enacted to prevent any future non-compliance with the Act.

3. That CHAPIN DAVIS, and HAROLD H. HOFFMAN, JR. shall pay to the **Investor Protection Trust** Two Thousand Four Hundred Thirty Eight Dollars and Sixty Cents (\$2,438.60) through disgorgement of commissions and activity assessment fees, said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.

4. That in accordance with Section 8-6-19(j)(1), Code of Alabama 1975, CHAPIN DAVIS, and HAROLD H. HOFFMAN, JR. shall pay to the **State of Alabama** an administrative assessment in the sum of Two Thousand Four Hundred Dollars and

Sixty Cents (\$2,438.60), said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.


5. That in accordance with Section 8-6-19(k)(1), Code of Alabama 1975, RESPONDENTS shall pay to the **Alabama Securities Commission**, as partial reimbursement for the Commission's cost for investigating this matter, the sum of Five-Hundred Dollars (\$500.00), said funds to be tendered in certified funds contemporaneously with the entry of this Agreement.

6. That the entry of this Agreement resolves the issues set forth in this Agreement.

AGREED AND CONSENTED to on date indicated:

RESPONDENTS:

CHAPIN DAVIS



Authorized Signatory

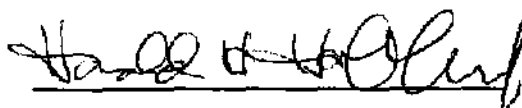
Andrew T. Smith

PRINT

12/28/2007

DATE

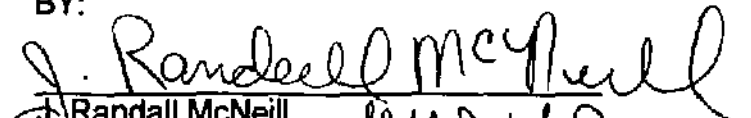
HAROLD H. HOFFMAN, JR.



APPROVED AND AGREED this 2nd day of January, 2008

ALABAMA SECURITIES COMMISSION
770 Washington Avenue, Suite 570
Montgomery, AL 36130-4700
(334) 242-2984

BY:



J. Randall McNeill
Deputy Director