

BrokerCheck Report

MAY, DAVIS GROUP INC.

CRD# 35622

Report #78912-34119, data current as of Friday, February 06, 2015.

<u>Section Title</u>	<u>Page(s)</u>
Report Summary	1
Registration and Withdrawal	2
Firm Profile	3 - 6
Firm History	7
Firm Operations	8 - 12
Disclosure Events	13

About BrokerCheck®



BrokerCheck offers information on all current, and many former, registered securities brokers, and all current and former registered securities firms. FINRA strongly encourages investors to use BrokerCheck to check the background of securities brokers and brokerage firms before deciding to conduct, or continue to conduct, business with them.

- **What is included in a BrokerCheck report?**

BrokerCheck reports for individual brokers include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards. BrokerCheck reports for brokerage firms include information on a firm's profile, history, and operations, as well as many of the same disclosure events mentioned above.

Please note that the information contained in a BrokerCheck report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the broker or brokerage firm, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

- **Where did this information come from?**

The information contained in BrokerCheck comes from FINRA's Central Registration Depository, or CRD® and is a combination of:

- information FINRA and/or the Securities and Exchange Commission (SEC) require brokers and brokerage firms to submit as part of the registration and licensing process, and
- information that regulators report regarding disciplinary actions or allegations against firms or brokers.

- **How current is this information?**

Generally, active brokerage firms and brokers are required to update their professional and disciplinary information in CRD within 30 days. Under most circumstances, information reported by brokerage firms, brokers and regulators is available in BrokerCheck the next business day.

- **What if I want to check the background of an investment adviser firm or investment adviser representative?**

To check the background of an investment adviser firm or representative, you can search for the firm or individual in BrokerCheck. If your search is successful, click on the link provided to view the available licensing and registration information in the SEC's Investment Adviser Public Disclosure (IAPD) website at <http://www.adviserinfo.sec.gov>. In the alternative, you may search the IAPD website directly or contact your state securities regulator at <http://www.finra.org/Investors/ToolsCalculators/BrokerCheck/P455414>.

- **Are there other resources I can use to check the background of investment professionals?**

FINRA recommends that you learn as much as possible about an investment professional before deciding to work with them. Your state securities regulator can help you research brokers and investment adviser representatives doing business in your state.



Using this site/information means that you accept the FINRA BrokerCheck Terms and Conditions. A complete list of Terms and Conditions can be found at brokercheck.finra.org



For additional information about the contents of this report, please refer to the User Guidance or www.finra.org/brokercheck. It provides a glossary of terms and a list of frequently asked questions, as well as additional resources. For more information about FINRA, visit www.finra.org.

Thank you for using FINRA BrokerCheck.

**MAY, DAVIS GROUP INC.**

CRD# 35622

SEC# 8-46850

Main Office Location

14 WALL STREET
FLOOR 29
NEW YORK, NY 10005

Mailing Address

14 WALL STREET, 29TH FL,
COMPLIANCE DEPT.
NEW YORK, NY 10005

Business Telephone Number

212-871-9680

Report Summary for this Firm

This report summary provides an overview of the brokerage firm. Additional information for this firm can be found in the detailed report.

Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 08/05/1993.

Its fiscal year ends in December.

Firm History

Information relating to the brokerage firm's history such as other business names and successions (e.g., mergers, acquisitions) can be found in the detailed report.

Firm Operations

This brokerage firm is no longer registered with FINRA or a national securities exchange.

Disclosure Events

Brokerage firms are required to disclose certain criminal matters, regulatory actions, civil judicial proceedings and financial matters in which the firm or one of its control affiliates has been involved.

Are there events disclosed about this firm? **Yes**

The following types of disclosures have been reported:

Type	Count
Regulatory Event	13
Arbitration	6

Registration Withdrawal Information

This section provides information relating to the date the brokerage firm ceased doing business and the firm's financial obligations to customers or other brokerage firms.



**This firm terminated or
withdrew registration on:** 04/03/2006

**Does this brokerage firm owe
any money or securities to
any customer or brokerage
firm?** No



Firm Profile

This firm is classified as a corporation.

This firm was formed in Delaware on 08/05/1993.

Its fiscal year ends in December.

Firm Names and Locations

This section provides the brokerage firm's full legal name, "Doing Business As" name, business and mailing addresses, telephone number, and any alternate name by which the firm conducts business and where such name is used.

MAY, DAVIS GROUP INC.

Doing business as MAY, DAVIS GROUP INC.

CRD# 35622

SEC# 8-46850

Main Office Location

14 WALL STREET
FLOOR 29
NEW YORK, NY 10005

Mailing Address

14 WALL STREET, 29TH FL,
COMPLIANCE DEPT.
NEW YORK, NY 10005

Business Telephone Number

212-871-9680



Firm Profile

This section provides information relating to all direct owners and executive officers of the brokerage firm.

Direct Owners and Executive Officers

Legal Name & CRD# (if any): DAVIS, KEVIN EDWARD
1643435

Is this a domestic or foreign entity or an individual? Individual

Position PRESIDENT / FIN OP

Position Start Date 07/1999

Percentage of Ownership 50% but less than 75%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): MAY, OWEN ARTHUR
1404710

Is this a domestic or foreign entity or an individual? Individual

Position CEO,

Position Start Date 07/1997

Percentage of Ownership 50% but less than 75%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Legal Name & CRD# (if any): JACOBS, MICHAEL GLENN
2245042

Is this a domestic or foreign entity or an individual? Individual

Position V.P.

Firm Profile**Direct Owners and Executive Officers (continued)**

Position Start Date	08/2005
Percentage of Ownership	Less than 5%
Does this owner direct the management or policies of the firm?	Yes
Is this a public reporting company?	No

Legal Name & CRD# (if any): SCHULTZ, LYNN GORDON
1052349

Is this a domestic or foreign entity or an individual? Individual

Position COO, CCO

Position Start Date 07/2004

Percentage of Ownership Less than 5%

Does this owner direct the management or policies of the firm? Yes

Is this a public reporting company? No

Firm Profile

This section provides information relating to any indirect owners of the brokerage firm.



Indirect Owners

No information reported.

Firm History

This section provides information relating to any successions (e.g., mergers, acquisitions) involving the firm.

No information reported.



Firm Operations



Registrations

This section provides information about the regulators (Securities and Exchange Commission (SEC), self-regulatory organizations (SROs), and U.S. states and territories) with which the brokerage firm is currently registered and licensed, the date the license became effective, and certain information about the firm's SEC registration.

This firm is no longer registered.

The firm's registration was from 06/27/1995 to 06/29/2006.

Firm Operations



Types of Business

This section provides the types of business, including non-securities business, the brokerage firm is engaged in or expects to be engaged in.

This firm currently conducts 6 types of businesses.

Types of Business

Broker or dealer retailing corporate equity securities over-the-counter
Broker or dealer selling corporate debt securities
Underwriter or selling group participant (corporate securities other than mutual funds)
U S. government securities broker
Non-exchange member arranging for transactions in listed securities by exchange member
Private placements of securities

Firm Operations



Clearing Arrangements

This firm does not hold or maintain funds or securities or provide clearing services for other broker-dealer(s).

Introducing Arrangements

This firm does refer or introduce customers to other brokers and dealers.

Name:	FIRST SOUTHWEST COMPANY
CRD #:	316
Business Address:	325 NORTH ST. PAUL STREET DALLAS, TX 75201
Effective Date:	11/25/2003
Description:	THE FIRM HAS ENTERED INTO A FULLY-DISCLOSED CLEARING AGREEMENT WITH FIRST SOUTHWEST COMPANY.

Firm Operations

Industry Arrangements



This firm does have books or records maintained by a third party.

Name: FIRST SOUTHWEST COMPANY
CRD #: 316
Business Address: 325 NORTH ST. PAUL STREET
 DALLAS, TX 75201
Effective Date: 11/25/2003
Description: THE FIRM HAS ENTERED INTO A FULLY-DISCLOSED CLEARING AGREEMENT WITH FIRST SOUTHWEST COMPANY AND WILL TERMINATE FISERV WHEN THE TRANSFER IS COMPLETED.

This firm does have accounts, funds, or securities maintained by a third party.

Name: FIRST SOUTHWEST COMPANY
CRD #: 316
Business Address: 325 NORTH ST. PAUL STREET
 DALLAS, TX 75201
Effective Date: 11/25/2003
Description: THE FIRM HAS ENTERED INTO A FULLY-DISCLOSED CLEARING AGREEMENT WITH FIRST SOUTHWEST COMPANY.

This firm does have customer accounts, funds, or securities maintained by a third party.

Name: FIRST SOUTHWEST COMPANY
CRD #: 316
Business Address: 325 NORTH ST. PAUL STREET
 DALLAS, TX 75201
Effective Date: 11/25/2003
Description: THE FIRM HAS ENTERED INTO A FULLY-DISCLOSED CLEARING AGREEMENT WITH FIRST SOUTHWEST COMPANY.

Control Persons/Financing

This firm does not have individuals who control its management or policies through agreement.

This firm does not have individuals who wholly or partly finance the firm's business.



Firm Operations

Organization Affiliates

This section provides information on control relationships the firm has with other firms in the securities, investment advisory, or banking business.

This firm is not, directly or indirectly:

- in control of
 - controlled by
 - or under common control with
- the following partnerships, corporations, or other organizations engaged in the securities or investment advisory business.**

This firm is not directly or indirectly, controlled by the following:

- bank holding company
- national bank
- state member bank of the Federal Reserve System
- state non-member bank
- savings bank or association
- credit union
- or foreign bank



Disclosure Events

All firms registered to sell securities or provide investment advice are required to disclose regulatory actions, criminal or civil judicial proceedings, and certain financial matters in which the firm or one of its control affiliates has been involved. For your convenience, below is a matrix of the number and status of disclosure events involving this brokerage firm or one of its control affiliates. Further information regarding these events can be found in the subsequent pages of this report.

	Pending	Final	On Appeal
Regulatory Event	0	13	0
Arbitration	N/A	6	N/A



Disclosure Event Details

What you should know about reported disclosure events:

1. **BrokerCheck provides details for any disclosure event that was reported in CRD. It also includes summary information regarding FINRA arbitration awards in cases where the brokerage firm was named as a respondent.**
2. **Certain thresholds must be met before an event is reported to CRD, for example:**
 - o A law enforcement agency must file formal charges before a brokerage firm is required to disclose a particular criminal event.
3. **Disclosure events in BrokerCheck reports come from different sources:**
 - o Disclosure events for this brokerage firm were reported by the firm and/or regulators. When the firm and a regulator report information for the same event, both versions of the event will appear in the BrokerCheck report. The different versions will be separated by a solid line with the reporting source labeled.
4. **There are different statuses and dispositions for disclosure events:**
 - o A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" event involves allegations that have not been proven or formally adjudicated.
 - An event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" event has been concluded and its resolution is not subject to change.
 - o A final event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally involves an agreement by the parties to resolve the matter. Please note that firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually involves no payment to the customer and no finding of wrongdoing on the part of the individual broker. Such matters generally involve customer disputes.
5. **You may wish to contact the brokerage firm to obtain further information regarding any of the disclosure events contained in this BrokerCheck report.**

Regulatory - Final

This type of disclosure event involves (1) a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, self-regulatory organization, federal regulator such as the U.S. Securities and Exchange Commission, foreign financial regulatory body) for a violation of investment-related rules or regulations; or (2) a revocation or suspension of the authority of a brokerage firm or its control affiliate to act as an attorney, accountant or federal contractor.

Disclosure 1 of 13

Reporting Source: Regulator

Current Status: Final



Allegations: RESPONDENT FIRM FAILED TO PAY FINE AND/OR COSTS OF \$10,399.79 IN CONNECTION WITH NASD COMPLAINT C9A040003 WITHIN SEVEN DAYS AFTER SERVICE OF EXPULSION NOTICE; AND IT WAS ALSO NOTIFIED ON MAY 3, 2006, THAT THERE WAS A BALANCE OF \$6,826.71 DUE IN CONNECTION WITH NASD COMPLAINT E102004060501.

Initiated By: NASD

Date Initiated: 04/27/2006

Docket/Case Number:

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 06/29/2006

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Revocation/Expulsion/Denial

Other Sanctions Ordered:

Sanction Details: RESPONDENT FIRM'S MEMBERSHIP IN THE ASSOCIATION WAS EXPELLED AS OF JUNE 29, 2006, PURSUANT TO NASD RULE 8320.

Disclosure 2 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: MAY, DAVIS GROUP INC. FAILED TO PAY FEES ASSESSED IN ARBITRATION CASES 03-02868-CH AND 04-07733-SF

Initiated By: NASD

Date Initiated: 08/18/2005



Docket/Case Number: 03-02868-CH AND 04-07733-SF

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Other

Resolution Date: 09/13/2005

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Suspension

Other Sanctions Ordered:

Sanction Details: RESPONDENT FIRM'S REGISTRATION SUSPENDED AS OF SEPTEMBER 13, 2005 PURSUANT TO THE PROVISIONS OF NASD RULE 9553. SUSPENSION WILL CONTINUE UNTIL DOCUMENTARY EVIDENCE IS PROVIDED TO NASD THAT ONE OR MORE OF THE FOUR RULE 9553 DEFENSES HAVE OCCURRED.

Regulator Statement SUSPENSION LIFTED AS OF SEPTEMBER 26, 2005.

Reporting Source: Firm

Current Status: Final

Allegations: FAILURE TO PAY FEES ASSESSED IN ARBITRATION

Initiated By: NASD

Date Initiated: 09/13/2005

Docket/Case Number: 03-02868-CH AND 04-07733-SF

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Undertaking

Other Sanction(s)/Relief Sought:

Resolution: Other
Resolution Date: 09/26/2005
Sanctions Ordered: Suspension
Other Sanctions Ordered:

Sanction Details: ISSUED SEPTEMBER 13,2005 AND LIFTED SEPTEMBER 26,2005

Firm Statement FAILED TO PAY ASSESSED FEES IN ARBITRATION CASES SEPTEMBER 13,2005 AND LIFTED SEPTEMBER 26, 2005 AFTER REMITTED FUNDS RECEIVED

Disclosure 3 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: SEC RULE 15C3-1, 17A-5(D)(5); RESPONDENT FIRM OPERATED A SECURITIES BUSINESS WHILE ITS DEBT TO DEBT-EQUITY RATION EXCEEDED 70%, AND HAD EXCEEDED 70% FOR 90 DAYS PERIOR TO THAT TIME; DID FILE ITS 2003 AUDIT LATE.

Initiated By: NASD

Date Initiated: 08/25/2005

Docket/Case Number: E1020040605-01

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2005



Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE FIRM IS CENSURED AND FINED \$7,500.

Reporting Source: Firm

Current Status: Final

Allegations: FIRM FOUND NOT IN COMPLIANCE WITH NET CAPITAL DEBT-EQUITY RATIO RULE AND FILED 2003 ANNUAL AUDIT LATE.

Initiated By: NASD, DISTRICT 10

Date Initiated: 08/25/2005

Docket/Case Number: E1020040605-01

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 08/25/2005

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: FIRM FINED \$7500.00, FIRM CENSURE

Disclosure 4 of 13



Reporting Source: Regulator

Current Status: Final

Allegations: NASD CONDUCT RULE 2110, SECTION 15(C)AND 17(A) OF THE EXCHANGE ACT, SEC RULE 15C3-1 AND 17A-5 THEREUNDER- MAY, DAVIS GROUP INC. ("MDG") ACTING THROUGH AN INDIVIDUAL, FAILED TO MAINTAIN A MINIMUM REQUIRED NET CAPITAL; FILED FOCUS REPORTS THAT WERE MATERIALLY INACCURATE IN THAT THEY FAILED TO INCLUDE IN MDG'S LIABILITIES, AMOUNTS RELATING TO AN UNSATISFIED ARBITRATION AWARD AGAINST MDG, AND MATERIALLY OVERSTATED MDG'S NET CAPITAL.

Initiated By: NASD

Date Initiated: 06/22/2005

Docket/Case Number: [C9A050033](#)

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 06/22/2005

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, RESPONDENT FIRM CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS; THEREFORE, FIRM IS CENSURED, AND FINED \$7,500., JOINTLY AND SEVERALLY.

Reporting Source: Firm



Current Status: Final
Allegations: FIRM FOUND NOT IN COMPLIANCE WITH NET CAPITAL RULE.
Initiated By: NASD,DISRTICT 9
Date Initiated: 06/22/2005
Docket/Case Number: [C9A050033](#)
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Censure
Other Sanction(s)/Relief Sought: FINE JOINTLY AND SEVERLLY
 SUSPENSION OF FINOP, 15 DAYS
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 06/22/2005
Sanctions Ordered: Censure
 Monetary/Fine \$7,500.00
Other Sanctions Ordered:
Sanction Details: FIRM AND FINOP FINED \$7500.00 J&S, FIRM CENSURE

Disclosure 5 of 13

Reporting Source: Regulator
Current Status: Final
Allegations: FAILURE TO FILE ANNUAL AUDITED REPORT
Initiated By: NASD
Date Initiated: 04/19/2004
Docket/Case Number:
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Suspension
Other Sanction(s)/Relief Sought:



Resolution: Other
Resolution Date: 04/19/2004
Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No
Sanctions Ordered: Suspension
Other Sanctions Ordered:
Sanction Details: NASD REGISTRATION SUSPENDED APRIL 19, 2004 FOR FAILURE TO FILE ANNUAL AUDITED REPORT PER NASD RULE 8221.
 NASD SUSPENSION OF REGISTRATION LIFTED APRIL 29, 2004. NASD RECEIVED ANNUAL AUDIT REPORT.

Reporting Source: Firm
Current Status: Final
Allegations: FAILURE TO FILE ANNUAL AUDITED REPORT
Initiated By: NASD
Date Initiated: 04/19/2004
Docket/Case Number: 13495182
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Suspension
Other Sanction(s)/Relief Sought:
Resolution: Withdrawn
Resolution Date: 04/29/2004
Sanctions Ordered: Suspension
Other Sanctions Ordered:
Sanction Details: SUSPENSION 4/19/2004 TO 4/29/2004



Firm Statement FIRM SUPPENDED FOR FAILURE TO FILE ANNUAL REPORT WITHIN GUIDE
LINE DATES FROM 4/19/2004 TO 4/29/2004

Disclosure 6 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: NASD CONDUCT RULE 2110 AND 2440 - RESPONDENT MEMBER EFFECTED DISTRIBUTIONS OF WARRANTS IN SECURITIES, AND THAT DURING THE COURSE OF THE DISTRIBUTIONS, RESPONDENT MEMBER CONTINUED TO BID FOR AND INDUCE OTHERS TO PURCHASE THE SECURITIES. RESPONDENT MEMBER EFFECTED SALES OF SECURITIES TO CUSTOMERS AT PRICES THAT WERE UNFAIR.

Initiated By: NASD

Date Initiated: 02/25/2004

Docket/Case Number: C9A040003

Principal Product Type: Other

Other Product Type(s): UNSPECIFIED TYPE OF SECURITIES.

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/25/2004

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, MAY, DAVIS GROUP INC. CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$30,000.00. THE FIRM HAS ASSERTED AN INABILITY TO PAY, AND HAS PROVIDED



FINANCIAL INFORMATION TO NASD. IN LIGHT OF ITS FINANCIAL STATUS,
A FINE OF \$30,000.00 HAS BEEN IMPOSED ON IT.

Reporting Source: Firm

Current Status: Final

Allegations: DURING 1997 THE FIRM FAILED TO COMPLY WITH RULE 101(A) OF
REGULATION M AND CONDUCT RULES 2110 AND 2440

Initiated By: NASD

Date Initiated: 01/02/2000

Docket/Case Number: C9A040003

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CENSURE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 02/25/2004

Sanctions Ordered: Censure
Monetary/Fine \$30,000.00

Other Sanctions Ordered: NONE

Sanction Details: CESURE AND FINE TOTALING \$30,000.00. TO BE PAID IN INSTALLMENTS.

Firm Statement THE FIRM SIGNED AN AWAC WITH THE NASD AND HAS SET UP A PAYMENT
PLAN FOR THE FINE.

Disclosure 7 of 13

Reporting Source: Firm

Current Status: Final

Allegations: FIRM WAS PUT IN NET CAPITAL DEFICIENCY DUE TO AN ARBITRATION
AWARD

Initiated By: FIRM WAS FOUND TO NOT HAVE SUFFICIENT NET CAPITAL DUE TO AN
ARBITRATION AWARD BY NASD



Date Initiated: 07/08/2003
Docket/Case Number: NO CASE #
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: FIRM WAS ORDERED TO CEASE ANY "SECURITIES" ACTIVITIES
Resolution: Other
Resolution Date: 10/08/2003
Sanctions Ordered:
Other Sanctions Ordered: N/A
Sanction Details: N/A
Firm Statement SEE ABOVE

Disclosure 8 of 13

Reporting Source: Regulator
Current Status: Final
Allegations: SEC RULE 15C3-1, NASD CONDUCT RULE 2110 - RESPONDENT MEMBER FIRM THROUGH AN INDIVIDUAL FAILED TO MAINTAIN A MINIMUM REQUIRED NET CAPITAL OF \$100,000.00.
Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.
Date Initiated: 07/01/2003
Docket/Case Number: C9A030024
Principal Product Type: No Product
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Acceptance, Waiver & Consent(AWC)
Resolution Date: 07/01/2003



Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, THE RESPONDENT MEMBER FIRM CONSENTED TO THE FINDING OF THE ALLEGATIONS AND TO THE FOLLOWING SANCTIONS: CENSURED AND FINED \$7,500.00 JOINTLY AND SEVERALL.

Reporting Source: Firm

Current Status: Final

Allegations: FIRM FAILED TO MAINTAIN REQUIRED NET CAPITAL 6 TIMES DURING THE PERIOD JANUARY THROUGH JUNE 2001

Initiated By: NASD

Date Initiated: 07/01/2003

Docket/Case Number: NASD C9A030024

Principal Product Type: Equity Listed (Common & Preferred Stock)

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Other

Other Sanction(s)/Relief Sought: FINE

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 10/01/2003

Sanctions Ordered: Censure
Monetary/Fine \$7,500.00

Other Sanctions Ordered:

Sanction Details: FINE

Disclosure 9 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: MAY DAVIS GROUP, INC. FAILED TO TRANSITION ONTO THE IARD SYSTEM AND TO SUBMIT ITS FORM ADV VIA THE IARD IN VIOLATION OF RULE .10



OF THE CODE OF MARYLAND REGULATIONS 02.02.05 AND AN ORDER ISSUED BY THE SECURITIES COMMISSIONER ON MARCH 5, 2002.

Initiated By: MARYLAND

Date Initiated: 10/17/2002

Docket/Case Number: 2002-0774

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Revocation

Other Sanction(s)/Relief Sought: REVOCATION OF INVESTMENT ADVISER REGISTRATION IN MARYLAND.

Resolution: Order

Resolution Date: 11/19/2002

Sanctions Ordered: Revocation/Expulsion/Denial

Other Sanctions Ordered: REVOCATION OF INVESTMENT ADVISER REGISTRATION IN MARYLAND.

Sanction Details: PERMANENT REVOCATION OF INVESTMENT ADVISER REGISTRATION IN MARYLAND.

Reporting Source: Firm

Current Status: Final

Allegations: MARYLAND HAS REVOKED THE FIRMS IA REGISTRATION DUE TO THE FACT THAT MDG DID NOT TRANSITION ON TO IARD. THIS WAS AN OVERSIGHT AS A RESULT OF THE TERRORIST ATTACKS ON THE WTC.

Initiated By: MARYLAND REVOKED FIRMS IA LICENSE FOR NOT SIGNING UP THROUGH IARD.

Date Initiated: 03/05/2002

Docket/Case Number: 2002-0774

Principal Product Type: Other

Other Product Type(s): INVESTMENT ADVISORY

Principal Sanction(s)/Relief Sought: Revocation


Other Sanction(s)/Relief Sought:

Resolution: Decision
Resolution Date: 11/19/2002
Sanctions Ordered: Revocation/Expulsion/Denial

Other Sanctions Ordered:

Sanction Details: MDG HAD IT'S IA REGISTRATION REVOKED IN MARYLAND.
Firm Statement MDG WAS LOCATED IN THE WTC. DUE TO THE TERRORIST ATTACKS MDG NEGLECTED TO INFORM MARYLAND THAT IT WAS DISCONTINUING IT'S IA BUSINESS. MARYLAND REVOKED MDG'S IA REGISTRATION

Disclosure 10 of 13

Reporting Source: Regulator
Current Status: Final
Allegations: FAILURE TO SUPERVISE REPRESENTATIVE WHO MADE UNSUITABLE RECOMMENDATIONS AND SOLD UNREGISTERED, NON-EXEMPT SECURITIES (NET LIVE COMMUNICATIONS).
Initiated By: KANSAS SECURITIES COMMISSIONER
Date Initiated: 05/23/2000
Docket/Case Number: 98-3586/2000E059
Principal Product Type: Equity - OTC
Other Product Type(s):
Principal Sanction(s)/Relief Sought: Other
Other Sanction(s)/Relief Sought: NOTICE OF INTENT TO INVOKE SANCTIONS
Resolution: Consent
Resolution Date: 05/11/2002
Sanctions Ordered: Censure
 Disgorgement/Restitution
Other Sanctions Ordered: FIRM REQUIRED TO PAY RECISSION TO CLIENT IN THE AMOUNT OF \$20,633.
Sanction Details: FIRM REQUIRED TO PAY RECISSION TO CLIENT IN THE AMOUNT OF



\$20,633.

Regulator Statement

RESPONDENT OFFERED AND SOLD UNREGISTERED, NON-EXEMPT SECURITIES IN KANSAS AND FAILED TO REASONABLY SUPERVISE AGENT KENWARD A. LAWSON (CRD 234096)

Reporting Source:

Firm

Current Status:

Final

Allegations:

SALE OF IPO IN STATE OF KANSAS, NOT ALLOWED IN STATE. CLIENT COMPLAINT.

Initiated By:

STATE OF KANSAS

Date Initiated:

05/23/2000

Docket/Case Number:

DOCKET 2000E059

Principal Product Type:

Equity - OTC

Other Product Type(s):**Principal Sanction(s)/Relief Sought:****Other Sanction(s)/Relief Sought:****Resolution:**

Consent

Resolution Date:

05/31/2001

Sanctions Ordered:

Disgorgement/Restitution

Other Sanctions Ordered:**Sanction Details:**

FIRM REQUIRED TO MAKE RECISSION TO CLIENT OF 20,632.00 IN FOUR EQUAL INSTALLMENTS OF 5158.00 EACH. PAYMENTS STATRTED IN MAY 2001 AND WILL END IN AUGUST 2001.

Disclosure 11 of 13**Reporting Source:**

Regulator

Current Status:

Final

Allegations:

NASD RULES 2110, 3010, 3320, 4613(B), AND SEC RULE 11AC1-1- AS A REGISTERED MARKET MAKER IN SECURITIES, THE FIRM FAILED TO EXECUTE ORDERS PRESENTED AT THE FIRM'S PUBLISHED BID OR PUBLISHED OFFER IN AN AMOUNT UP TO ITS PUBLISHED QUOTATION



SIZE, AND THEREBY, FAILED TO HONOR ITS PUBLISHED QUOTATION; AND, THE FIRM'S SUPERVISORY SYSTEM DID NOT PROVIDE FOR SUPERVISION REASONABLY DESIGNED TO ACHIEVE COMPLIANCE WITH RESPECT TO THE APPLICABLE SECURITIES LAWS AND REGULATIONS CONCERNING THE SEC AND NASD FIRM QUOTE RULES.

Initiated By: NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Date Initiated: 05/11/2001

Docket/Case Number: CMS010056

Principal Product Type: Equity - OTC

Other Product Type(s):

Principal Sanction(s)/Relief Sought:

Other Sanction(s)/Relief Sought:

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/11/2001

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered: UNDERTAKING

Sanction Details: WITHOUT ADMITTING OR DENYING THE ALLEGATIONS, MAY, DAVIS GROUP CONSENTED TO THE DESCRIBED SANCTIONS AND TO THE ENTRY OF FINDINGS, THEREFORE, THE FIRM IS CENSURED, FINED \$10,000 AND REQUIRED TO REVISE ITS WRITTEN SUPERVISORY PROCEDURES RELATING TO THE SEC AND NASD FIRM QUOTE RULES.

Reporting Source: Firm

Current Status: Final

Allegations: BACKING AWAY VIOLATIONS AND AS A RESULT SUPERVISORY VIOLATIONS

Initiated By: NASD REGULATION, INC.

Date Initiated: 02/25/1999

Docket/Case Number: CMS010056

Principal Product Type: Equity - OTC

Other Product Type(s):



Principal Sanction(s)/Relief Sought: Censure

Other Sanction(s)/Relief Sought: A FINE OF 10,000.00

Resolution: Acceptance, Waiver & Consent(AWC)

Resolution Date: 05/11/2001

Sanctions Ordered: Censure
Monetary/Fine \$10,000.00

Other Sanctions Ordered:

Sanction Details: FINED 5000.00 FOR BACKING AWAY VIOLATIONS AND 5000.00 FOR RESULTING SUPERVISORY VIOLATIONS. ACCEPTED BY NASDR ON MAY 11, 2001.

Firm Statement FINED 5000.00 FOR BACKING AWAY VIOLATIONS AND 5000.00 FOR RESULTING SUPERVISORY VIOLATIONS. ACCEPTED BY NASDR ON MAY 11, 2001.

Disclosure 12 of 13

Reporting Source: Regulator

Current Status: Final

Allegations: RESPONDENT FAILED TO COMPLY WITH CONSENT ORDER DATED MARCH 12, 1999 REGARDING SPECIAL SUPERVISION OF ONE OF THEIR AGENTS.

Initiated By: STATE OF MICHIGAN - CIS - OFIS - DIVISION OF SECURITIES

Date Initiated: 10/11/1999

Docket/Case Number: BD9356

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought: CEASE AND DESIST - CONDITIONAL CIVIL PENALTY

Resolution: Consent

Resolution Date: 06/08/2000

Sanctions Ordered: Monetary/Fine \$2,850.00



Other Sanctions Ordered: Cease and Desist/Injunction
 CONDITIONAL CIVIL PENALTY OF \$1,000 PER OCCURRENCE OF FAILURE TO PROVIDE QUARTERLY REPORTS OR NOTIFICATION OF NEW DISCIPLINARY ACTIONS AGAINST THEIR AGENT.

Sanction Details: RESPONDENT PAID CIVIL PENALTY OF \$1,000.00 AND ADMINISTRATIVE COSTS OF \$1,850.00

Regulator Statement RESPONDENT FAILED TO SUPERVISE AGENT AS PART OF MARCH 12, 1999 CONSENT ORDER, IN VIOLATION OF MICHIGAN UNIFORM SECURITIES ACT.

Reporting Source: Firm

Current Status: Final

Allegations: AS EMPLOYING BROKER OF RR, AND AS PER PREVIOUS AGREEMENT WITH STATE OF MICHIGAN, THE FIRM FAILED TO SUBMIT REQUIRED REPORTS TO STATE. ALSO, FIRM FAILED TO NOTIFY STATE OF CLIENT COMPLAINT.

Initiated By: STATE OF MICHIGAN

Date Initiated: 10/11/1999

Docket/Case Number: BD9356

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 04/17/2000

Firm Statement RR OF FIRM PUT UNDER SPECIAL SUPERVISION BY STATE. DUE TO CHANGE OF PERSONNEL AT FIRM REQUIRED REPORT NOT FILED ON THE RR AND HIS ACTIVITIES PER PREVIOUS CONSENT ORDER. AS A RESULT A CIVIL PENALTY OF 1000.00 AND ADMINISTRATIVE COSTS OF 1850.00 WERE LEVIED AGAINST FIRM.

Disclosure 13 of 13

Reporting Source: Regulator



Current Status: Final
Allegations: Not Provided
Initiated By: State of Michigan, Corporation, Securities & Land D*See FAQ #1*
Date Initiated: 03/12/1999
Docket/Case Number: BD 7622
Principal Product Type:
Other Product Type(s):
Principal Sanction(s)/Relief Sought:
Other Sanction(s)/Relief Sought:
Resolution: Stipulation and Consent
Resolution Date: 03/12/1999
Sanctions Ordered: Revocation/Expulsion/Denial
Other Sanctions Ordered:
Sanction Details: On 7/24/97, this agent's registration was denied by Texas. Prior to July 1997, the Bureau had sent several letters to the firm requesting special supervision for Mr. Schulman, based upon his disciplinary history. The firm failed to respond to our requests for supervision until revocation proceedings began against Mr. Schulman on 11/24/98. Consequently, they agreed to a special supervision order and payment of costs of investigation by the firm of \$1,500.00 to maintain the agent's registration in Michigan.
Regulator Statement See above CONTACT: DEBORAH L. BROWN 517-334-6211

Reporting Source: Firm
Current Status: Final
Allegations: NO ALLEGATIONS. ADMINISTRATIVE FEES TO STATE FOR RR INVESTIGATION COSTS.
Initiated By: STATE OF MICHIGAN
Date Initiated: 03/12/1999



Docket/Case Number: BD7622

Principal Product Type: No Product

Other Product Type(s):

Principal Sanction(s)/Relief Sought: Civil and Administrative Penalt(ies) /Fine(s)

Other Sanction(s)/Relief Sought:

Resolution: Order

Resolution Date: 03/12/1999

Firm Statement FIRM WAS ORDERED TO PAY ADMINISTRATIVE FEES IN CONNECTION WITH STATE OF MICHIGAN INVESTIGATION INTO RR. WE WILL WORK WITH STATE TO ATTEMPT TO HAVE THIS ITEM REMOVED FROM FIRM RECORDS.

Arbitration Award - Award/Judgment

Brokerage firms are not required to report arbitration claims filed against them by customers; however, BrokerCheck provides summary information regarding FINRA arbitration awards involving securities and commodities disputes between public customers and registered securities firms in this section of the report.

The full text of arbitration awards issued by FINRA is available at www.finra.org/awardsonline.

Disclosure 1 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT RELATED-BREACH OF CONTRACT; ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE
Arbitration Forum:	NASD
Case Initiated:	04/12/2000
Case Number:	00-00991
Disputed Product Type:	COMMON STOCK
Sum of All Relief Requested:	\$161,000.00
Disposition:	AWARD AGAINST PARTY
Disposition Date:	01/28/2002
Sum of All Relief Awarded:	\$45,459.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 2 of 6

Reporting Source:	Regulator
Type of Event:	ARBITRATION
Allegations:	ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-SUITABILITY; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING; ACCOUNT RELATED-FAILURE TO SUPERVISE
Arbitration Forum:	NASD
Case Initiated:	06/15/2001
Case Number:	01-02904

Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$250,000.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 07/03/2003
Sum of All Relief Awarded: \$284,255.01

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 3 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT RELATED-ERRORS-CHARGES; ACCOUNT RELATED-OTHER
Arbitration Forum: NASD
Case Initiated: 07/10/1997
Case Number: [97-02721](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: \$25,305.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/13/1999
Sum of All Relief Awarded: \$2,750.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 4 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-CHURNING; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING
Arbitration Forum: NASD
Case Initiated: 09/17/1998

Case Number: [98-02927](#)
Disputed Product Type: UNKNOWN TYPE OF SECURITIES
Sum of All Relief Requested: \$86,150.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 02/10/2000
Sum of All Relief Awarded: \$150.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 5 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT ACTIVITY-UNAUTHORIZED TRADING
Arbitration Forum: NASD
Case Initiated: 11/10/1998
Case Number: [98-04074](#)
Disputed Product Type: COMMON STOCK; WARRANTS/RIGHTS
Sum of All Relief Requested: \$174,327.00
Disposition: AWARD AGAINST PARTY
Disposition Date: 01/09/2001
Sum of All Relief Awarded: \$174,327.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

Disclosure 6 of 6

Reporting Source: Regulator
Type of Event: ARBITRATION
Allegations: ACCOUNT ACTIVITY-BRCH OF FIDUCIARY DT; ACCOUNT ACTIVITY-MISREPRESENTATION; ACCOUNT RELATED-FAILURE TO SUPERVISE; ACCOUNT RELATED-NEGLIGENCE



Arbitration Forum: NASD
Case Initiated: 11/12/1999
Case Number: [99-04753](#)
Disputed Product Type: COMMON STOCK
Sum of All Relief Requested: Unspecified Damages
Disposition: AWARD AGAINST PARTY
Disposition Date: 10/31/2000
Sum of All Relief Awarded: \$32,000.00

There may be a non-monetary award associated with this arbitration.
Please select the Case Number above to view more detailed information.

End of Report



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