

STATE OF NEW JERSEY
BUREAU OF SECURITIES
153 Halsey Street, 6th Floor
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

Administrative Action

CONSENT ORDER

IN THE MATTER OF
PHILIP R. DAVIS

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities (“Bureau Chief”) under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (the “Securities Law”), including and based on a review of the relevant facts, the Bureau Chief has determined that there is good cause to enter this Consent Order as to Philip R. Davis (“Davis”), and makes the following findings.

FINDINGS OF FACT

1. Davis began Phil’s Stock World in or around 2006 as a newsletter.
2. From at least 2007, Phil’s Stock World operated as a web based newsletter with a paid on-line subscription service. The website is www.philstockworld.com (“Website”).
3. From at least 2007, Davis, among other things, wrote and edited articles for Phil’s Stock World from his home.
4. The Website includes a public section which contains commentary (both original commentary and non-exclusive content already published elsewhere) on current financial and political events which may impact on the options market, among other things.

5. The Website also provides a non-public paid online subscription section, which provides subscribers with, among other things, trade ideas, access to Davis' virtual portfolios and reports on his virtual trading activities.
6. The Website subscribers could monitor Davis' blog comments minute by minute.
7. Davis also published "live" trades for his four virtual portfolios: (1) LTP - long-term portfolio; (2) STP - short-term portfolio; (3) 10KP; and (4) 25KP. These trades were posted in spreadsheets on the Website.
8. Davis engaged in virtual not actual trading for the aforementioned portfolios.
9. In or around October 2007, the PSW Investment Club ("Club") was formed by at least 74 member investors and raised over \$1.3 million for investment by the Club. Some Club investors were subscribers of the Website.
10. Davis was requested to manage and trade the Club's funds. The Club desired to pattern its options trades on the Website.
11. The Club's portfolio objective was to replicate Davis' strategies and returns of his LTP-long-term portfolio which consisted of options trading, among other things.
12. In or around April 2008, an account was opened at Options Xpress for the Club with trading authorization given to Davis and other Club members. Davis was the person who primarily traded on behalf of the Club.
13. From April 2008 through in and around August 2008, Davis traded on behalf of the Club, which resulted in the loss of the Club's entire principal investment.
14. In or around September 2008, Options Xpress made a margin call on the Club's account which rendered the account insolvent.

15. Davis was not registered with Bureau in any capacity nor was he exempt from registration.

CONCLUSIONS OF LAW

**DAVIS ACTED AS AN UNREGISTERED INVESTMENT
ADVISER WITHOUT BEING REGISTERED WITH THE
BUREAU IN VIOLATION OF N.J.S.A. 49:3-56(a)**

16. Davis from, in or within New Jersey, advised PSW Investment Club as to the advisability of investing in, purchasing, selling or holding securities and, thus, acted as an investment adviser, as defined in N.J.S.A. 49:3-49(g)(1)(i) without being registered with the Bureau.
17. Davis violated N.J.S.A. 49:3-56(a), which requires, among other things, that only persons registered with the Bureau may lawfully act as investment advisers.
18. Each act by Davis constituted a separate violation of N.J.S.A. 49:3-56(a) and is cause for the sanctions imposed herein.

THEREFORE, IT IS on this 8TH day of MAY 2012, ORDERED and AGREED

that:

19. Davis shall cease and desist from violating the Securities Law.
20. Davis shall cease and desist from acting as an unregistered investment adviser as set forth in N.J.S.A. 49:3-56(a).
21. Davis is denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b).
22. The exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56 (c) and N.J.S.A. 49:3-56(g) are hereby revoked as to Davis.

GENERAL PROVISIONS

23. Davis shall not represent or imply that any act or practice hereinafter used or engaged in by Davis has been required or approved, in whole or part, by the Bureau.
24. The Bureau and Davis acknowledge that for purposes of enforcement of this Administrative Consent Order, New Jersey law shall govern the terms and provisions herein.
25. This Administrative Consent Order constitutes the entire agreement between the Bureau and Davis.
26. This Consent Order resolves all issues outstanding between the Bureau and Davis regarding the facts set forth in this Consent Order.
27. Nothing contained herein shall be deemed to restrict or prevent Davis from entering orders for securities transactions through registered broker-dealers on behalf of himself, his mother, his wife or former wife or his children or trust, joint or shared accounts in which they and no others are participants.
28. Davis understands that this Consent Order may be considered by the Bureau in deciding whether to approve or deny any future registration request.
29. Davis consents to the entry of this Administrative Consent Order and voluntarily waives, for the purposes of this proceeding only, an opportunity for hearing after reasonable notice within the meaning of N.J.S.A. 49:3-58(c)(2).
30. The Bureau and Davis represent that an authorized representative of each has signed this Administrative Consent Order with full knowledge, understanding and acceptance of its terms and this person has done so with authority to legally bind the respective party.

31. This Administrative Consent Order may be signed in counterparts, each of which shall be deemed an original.
32. The terms and conditions of this Administrative Consent Order may be modified with the written consent of the parties hereto and approval of the Bureau Chief in the form of a written consent order.
33. Davis neither admits nor denies any of the factual or legal allegations contained in this Administrative Consent Order.
34. Davis shall have the right to apply to the Bureau at a future date to be registered as a broker-dealer or agent or investment adviser or investment adviser representative.



Abbe R. Tiger
Chief
New Jersey Bureau of Securities

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Abbe R. Tiger, Chief,
New Jersey Bureau of Securities

By: 
Isabella T. Stempler
Deputy Attorney General

Dated: 5/4/12

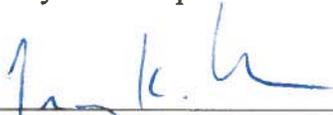
The undersigned has read this Administrative Consent Order, has been advised of his right to review it with counsel before signing it, understands it, and agrees to be bound by its terms.


Philip R. Davis

Dated: 4/30/12

Consent to the Form
and Entry of this Order:

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Tenafly, New Jersey 07670
(201) 567-4969
Attorneys for Philip R. Davis

By: 
Gregory K. Mueller, Esq.

Dated: 5/3/12