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Material misrepresentations land industry bar for unregistered IA's principal

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Claiming your firm manages over \$1 billion in assets to nearly 100 prospects when in reality the firm has "never managed any significant assets" sparks a surefire way to garner the SEC's attention. Further falsely representing that your firm is registered with the Commission as an investment adviser when it isn't invites a swift enforcement action.

Such material misrepresentations, and others, have landed **The Parrish Group** and **Daryl Davis**, the firm's founder, sole owner and sole manager, a censure and industry bar, respectively. A July 2 SEC [settlement](#) reveals that Parrish Group and Davis "repeatedly misled prospective clients" about the firm's assets under management, its clients, the number and identity of its employees, and its registration status with the SEC.

Questionable brochure

The Commission found that from at least July 2016 to November 2017, the Washington, D.C.-headquartered Parrish Group and Davis used a brochure to advertise the firm's investment advisory services to prospective clients. Those prospects included athletes starting their professional careers and their parents.

As Parrish Group's sole manager, Davis drafted the brochure and was responsible for its content, the SEC stated. Davis, or a firm rep acting at his direction, e-mailed the brochure to prospective clients at least 80 times, the Commission added.

The misrepresentations identified by the SEC included:

- ✓ Representing that Parrish Group had 14 employees, when the SEC discovered that the firm never had more than one other employee besides Davis.
- ✓ Identifying "certain prominent individuals and entities" as Parrish Group's purported clients, including a prominent business executive, a professional athlete, pension fund, and employee health system, when none was ever a client.

Parrish Group was registered with the SEC for a short time spanning June 2007 to February 2008. The firm then continued to operate as an unregistered investment adviser, the SEC noted.

Registration claim

Parrish Group's registration withdrawal back in 2008 evidently didn't stop Davis from claiming his firm was still registered with the Commission. The SEC stated that in January 2018, a professional athlete then receiving non-advisory services from Parrish Group, responded to Davis's recommendation that he open an investment advisory account by inquiring as to what registrations Parrish Group held. Davis falsely responded that Parrish Group was registered with the SEC as an investment adviser, the SEC stated.

The information contained herein was current as of the publication date.

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