UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MARYLAND

Securities and Exchange Commission v. Daryl M. Davis

Civil Action No. JRR-24-1908 · No. Civil Action No. JRR-24-1908 · Decided February 27, 2026

SUMMARY

This Report and Recommendation addresses the Securities and Exchange Commission's motion for default judgment against Daryl M. Davis in an action to enforce a 2019 SEC administrative order. The court recommends granting the motion in part and denying it in part, including assessment of a third-tier civil money penalty of $184,767. It recommends denying prejudgment interest and treating post-judgment interest as available by operation of law, while addressing requested injunctive relief.

CASE DETAILS

COURT	United States District Court for the District of Maryland
WRITING FOR THE COURT	Erin Aslan, United States Magistrate Judge
JURISDICTION	U.S. District Court for the District of Maryland
DECIDED	February 27, 2026
DOCKET	Civil Action No. JRR-24-1908
DISPOSITION	other
PROCEDURAL POSTURE	Report and recommendation on the Securities and Exchange Commission's motion for default judgment in an action seeking enforcement of a Commission administrative order.
STANDARD OF REVIEW	Under Federal Rule of Civil Procedure 55, well-pleaded allegations concerning liability are accepted as true after default, but damages and other relief must be independently supported. The court must determine whether the complaint states a plausible claim and whether the requested relief is supported by the pleadings and evidence.
PRECEDENTIAL VALUE	nonprecedential report and recommendation
PARTIES	Securities and Exchange Commission v. Daryl M. Davis

TOPICS

default judgment · default · civil procedure · administrative law · remedies

PRACTICE AREAS

civil procedure | securities regulation | administrative law | remedies | commercial litigation

QUESTIONS PRESENTED

1. Whether default judgment was appropriate under Federal Rule of Civil Procedure 55.
2. Whether the well-pleaded allegations established violations of Sections 206(1) and 206(2) of the Investment Advisers Act.
3. Whether the court could assess a third-tier civil money penalty of $184,767.
4. Whether the Commission established an entitlement to prejudgment interest and post-judgment interest.
5. Whether the Commission established a reasonable and substantial likelihood of future securities-law violations sufficient to warrant injunctive relief.

HOLDINGS

1. Default judgment was appropriate because Davis failed to plead or otherwise defend, did not successfully challenge service, and did not respond to the motion for default judgment or its supplement.
2. The well-pleaded allegations established a plausible violation of Sections 206(1) and 206(2) of the Advisers Act because Davis was an investment adviser who engaged in fraudulent activities through material misrepresentations and negligently breached fiduciary duties.
3. A third-tier civil money penalty of $184,767 was warranted based on Davis's fraudulent and recurrent conduct, high scienter, and the significant risk of substantial losses to others.
4. Prejudgment interest should be denied because the Commission failed to provide a factual and evidentiary basis for calculating the amount or identifying when interest began to accrue.
5. The request for a separate award of post-judgment interest should be denied because such interest applies by operation of law to a money judgment.
6. The Commission did not establish a reasonable and substantial likelihood that Davis would violate securities laws in the future, so injunctive relief should be denied.

KEY QUOTATIONS

> *“Although the United States Court of Appeals for the Fourth Circuit has a strong policy that cases be decided on the merits, default judgment is appropriate when the adversary process has been halted because of an essentially unresponsive party.”*

> *“A defendant’s default does not automatically entitle the plaintiff to entry of a default judgment; rather, that decision is left to the discretion of the court.”*

> *“The critical question for a district court in deciding whether to issue a permanent injunction in view of past violations is whether there is a reasonable likelihood that the wrong will be repeated.”*

FACTUAL BACKGROUND

Daryl M. Davis was the sole owner and founder of The Parrish Group, LLC, an investment-advising firm. Davis created and used a brochure that allegedly misrepresented the firm's assets under management, employees, leadership, clients, and registration status, and the brochure was used at least 80 times with prospective clients between July 2016 and November 2017. Davis also sent emails falsely stating that Parrish Group managed $1.4 billion in assets. In 2019, Davis entered into a settlement with the Commission, which issued an administrative order requiring a $184,767 civil monetary penalty and other relief; Davis did not seek review and did not pay the penalty.

PROCEDURAL HISTORY

The Commission filed the action on July 1, 2024, seeking enforcement of a 2019 administrative order under the Advisers Act and Investment Company Act. Davis failed to plead or otherwise defend, and the Clerk entered default on September 11, 2025. The district court denied Davis's motion to vacate default based on improper service and referred the default-judgment motion to Magistrate Judge Erin Aslan for a report and recommendation. The report recommends granting default judgment in part by assessing a $184,767 civil money penalty, while denying prejudgment interest, post-judgment interest, and injunctive relief.

DISPOSITION

other

CASES CITED

- Securities & Exchange Commission v. Lawbaugh, 359 F. Supp. 2d 418 (D. Md. 2005)
- Securities & Exchange Commission v. Moody, No. 3:18-CV-442 (JAG), 2019 WL 2494421 (E.D. Va. June 13, 2019)
- Ryan v. Homecomings Financial Network, 253 F.3d 778, 780 (4th Cir. 2001)
- Entrepreneur Media, Inc. v. JMD Entertainment Group, LLC, 958 F. Supp. 2d 588, 593 (D. Md. 2013)
- Frozen Wheels, LLC v. Potomac Valley Home Medical, Inc., 2024 WL 1132092 (D. Md. Mar. 15, 2024)
- Select Specialty Hospital - Quad Cities, Inc. v. WH Administrators, Inc., 2020 WL 4569521 (D. Md. Aug. 7, 2020)
- Monge v. Portofino Ristorante, 751 F. Supp. 2d 789, 795 (D. Md. 2010)
- United States v. Bob Bakers Golden Services Inc., 2023 WL 3304897 (D. Md. May 8, 2023)
- Securities and Exchange Commission v. McCarthy, 322 F.3d 650, 654-58 (9th Cir. 2003)
- Securities & Exchange Commission v. Jarkesy, 603 U.S. 109, 116, 123-24 (2024)
- Securities & Exchange Commission v. Capital Gains Research Bureau, Inc., 375 U.S. 180, 186-91 (1963)
- Securities & Exchange Commission v. Gotchey, 1992 WL 385284, 981 F.2d 1251 (table) (4th Cir. Dec. 28, 1992)
- Securities & Exchange Commission v. North Star Financial, LLC, 2019 WL 3860321 (D. Md. Aug. 15, 2019), aff'd, 826 F. App'x 306 (4th Cir. 2020)
- United States Securities & Exchange Commission v. Owings Group, LLC, 2021 WL 1909606 (D. Md. May 12, 2021), aff'd, 43 F.4th 382 (4th Cir. 2022)
- Gabelli v. Securities & Exchange Commission, 568 U.S. 442, 452 (2013)
- Securities & Exchange Commission v. First Jersey Securities, Inc., 101 F.3d 1450, 1476 (2d Cir. 1996)

- Securities & Exchange Commission v. Sargent, 329 F.3d 34, 40 (1st Cir. 2003)
- Securities & Exchange Commission v. Marker, 427 F. Supp. 2d 583, 592 (M.D.N.C. 2006)
- United States v. Akoto, 2025 WL 1702951 (D. Md. June 18, 2025), report and recommendation adopted, 2025 WL 2453432 (D. Md. July 21, 2025)
- Developers Surety & Indemnity Co. v. Kiotsekoglou, 2021 WL 3187988 (D. Md. July 28, 2021)
- United Community Bank, Inc. v. IAAAA, Inc., 2021 WL 2685362 (D. Md. June 29, 2021)
- Securities & Exchange Commission v. Chapman, 826 F. Supp. 2d 847, 857-58 (D. Md. 2011)
- Securities & Exchange Commission v. Resnick, 604 F. Supp. 2d 773, 781 (D. Md. 2009)
- Securities & Exchange Commission Release Notice, Release No. 1374, 2001 WL 223378, at *6 (Mar. 8, 2001)
- Johnston, 368 F. Supp. 3d 235, 253