

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
DIVISION OF SECURITIES
233 RICHMOND STREET, SUITE 232
PROVIDENCE, RI 02903-4232

IN THE MATTER OF

SHAREHOLDERS SERVICE GROUP, INC.

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: CONSENT AGREEMENT
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I.

The Securities Division ("Division") of the Rhode Island Department of Business Regulation ("Department") enters into this Consent Agreement ("Agreement") to resolve concerns that Section 201 of the Rhode Island Uniform Securities Act of 1990 ("RIUSA"), Section 7-11-101 *et seq.* of the Rhode Island General Laws, 1989, as amended may have been violated by Shareholders Service Group, Inc. ("SSG"). The Division has determined to resolve this matter, after investigation but without instituting administrative proceedings, by entering into this Agreement.

II.

It is hereby agreed by and between the Division and SSG that:

1. SSG, a California corporation formed on October 4, 2002, is a broker-dealer with a principal place of business at 9845 Erma Road, San Diego, CA.
2. At all times relevant to this Agreement, it has been unlawful for a broker-dealer to transact business in Rhode Island without being licensed or exempt from licensing under RIUSA
3. On August 31, 2006 SSG filed an application for licensing through the Central

Registration Depository (“CRD”). On this same date Peter Mangan, President, SSG, notified the Securities Division that an application for licensing was submitted and that prior to this application, SSG had sales activity in Rhode Island.

4. On August 31, 2006 the Division sent a BROKER DEALER QUESTIONNAIRE AND AFFIDAVIT: PRIOR SALES (the “AFFIDAVIT”) to SSG advising that it is a requirement that must be filed with the Division as part of the license application.
5. On September 5, 2006 the Division received the completed affidavit from SSG. Accompanying the Affidavit was a letter dated September 1, 2006 detailing the circumstances surrounding the unlicensed sales activity.
4. SSG advised the Division that prior business was transacted on six different dates in July and August, 2006 for one client in Rhode Island. SSG completed these transactions on instructions from a Federally Registered Investment Adviser, located in the State of Maine, relying on the de minimis exemption. The Investment Adviser has discretionary trading authority granted by the client to trade in the client’s account. SSG received commissions totaling \$632.80 from these trades.
5. SSG has represented to this Division that the failure to obtain the proper licensing was an oversight caused by an administrative error.
6. SSG voluntarily brought this situation to the Division’s attention and has cooperated fully during the Division’s inquiry into this matter.
7. It is the position of the Division that SSG may have violated Section 201 of RIUSA and the rules promulgated thereunder.

III

Based on the foregoing, the Division finds that the following is in the public interest,

appropriate for the protection of investors and consistent with the purposes intended by the policy and provisions of RIUSA.

Accordingly, it is hereby further agreed that:

1. SSG shall immediately undertake to comply fully with Section 201 of RIUSA and the rules promulgated thereunder;
2. The application submitted through the CRD are complete and the registration is effective as of the date hereof. Said registration will expire, as they shall on such date every year, on December 31 of this year, or in accordance with the terms of the orders appended hereto;
3. Upon execution of this agreement, SSG shall pay an administrative penalty in the amount of One Thousand Dollars (\$1,000.00) to the Department;
4. Additional violations of Section 201 of RIUSA may be grounds for significant and substantial penalties such as revocation or suspension, administrative penalties up to ten thousand dollars (\$10,000.00) per violation and the imposition of criminal and civil sanctions.

Dated as of the 28th day of September, 2006.

Man's G. O'Leary

Maria L. D'Alessandro Associate Director and
Superintendent of Securities

By: *Michael Meyer*

Shareholder Services Group, Inc.

President

On this _____ day of _____, 2006 appeared before me _____,
_____ who executed the foregoing Consent Agreement and who duly acknowledged
to me that he was authorized to do so.

NOTARY PUBLIC _____
My Commission Expires _____

Notary Acknowledgment attached.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

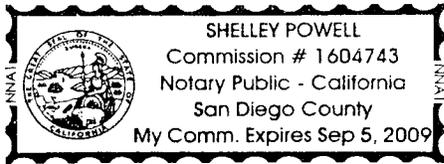
State of California

County of San Diego } ss.

On 9-25-06, before me, Shelley Powell,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared Peter Madigan,
Name(s) of Signer(s)

personally known to me
 proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Shelley Powell
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Consent Agreement

Document Date: 9-25-06 Number of Pages: 4

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT OF SIGNER

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