

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MARY ANN SMITH (CA Bar No. 230943)
Senior Corporations Counsel
4 1515 K Street, Suite 200
5 Sacramento, CA 95814
Tel: (916) 322-6067
6 Fax: (916) 445-6985
7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

11	In the Matter of the Accusation of)	CASE NO.
12	THE CALIFORNIA CORPORATIONS)	FILE NO. 130945
13	COMMISSIONER,)	
14	Complainant,)	ORDER REVOKING THE INVESTMENT
15	v.)	ADVISOR CERTIFICATE OF INNOVATIVE
16	INNOVATIVE ADVISORY SERVICES, INC.,)	ADVISORY SERVICES, INC AND
17	INNOVATIVE ADVISORY SERVICES, LLC)	INNOVATIVE ADVISORY SERVICES, LLC
18	and RICHARD HATFIELD NICKLES, II as an)	PURSUANT TO CORPORATIONS CODE
19	individual)	SECTION 25232.
20	Respondents.)	

21 TO: Richard Hatfield Nickles, II
Innovative Advisory Services, Inc.
22 Innovative Advisory Services, LLC
23 1851 E. First Street, Suite 900
24 Santa Ana, CA 92705

25 1. On April 6, 2010, the Department of Corporations for the State of California (“Department”)
26 brought an action to revoke the investment adviser certificate of Innovative Advisory Services, Inc.
27 doing business as Innovative Advisory Services, LLC (hereinafter referred to collectively as
28 “Innovative”) pursuant to Corporations Code section 25232(e) and (h). The current business address
of Innovative is 1851 E. First Street, Suite 900, Santa Ana, California 92705.

ORDER REVOKING THE INVESTMENT ADVISOR CERTIFICATE OF INNOVATIVE ADVISORY SERVICES, INC AND INNOVATIVE ADVISORY SERVICES, LLC PURSUANT TO CORPORATIONS CODE SECTION 25232.

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2 2. Innovative Advisory Services, Inc. is a suspended California corporation doing
3 business at 1851 East First Street, Suite 900, Santa Ana, California 92705. Since May 2004,
4 Innovative has been certified with the California Department of Corporations as an Investment
5 Adviser. Innovative is the successor to R. Nickles & Company. Richard Hatfield Nickles II
6 (“Nickles”) owns and controls both companies.

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8 3. As of March 2010, Innovative Advisory Services, LLC is the primary business name
9 for Innovative Advisory Services, Inc.

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11 4. At all relevant times, Richard Hatfield Nickles, II is the owner, officer and director of
12 Innovative.

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14 5. In September 2009, the Department of Corporations (“Department”) initiated a non-
15 routine examination of Innovative, pursuant to allegations that Innovative and Nickles were
16 publishing misleading advertisements and providing false statements to a client. Pursuant to the
17 examination, the Department requested that Innovative and Nickles provide certain documents for
18 review. Nickles and Innovative refused to provide the requested records.

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20 6. From at least March 2008 to the present, Innovative and Nickles published
21 misleading advertisements in the Orange County Register and the Los Angeles Times. The
22 advertisements indicate that the investments offered by Innovative are U.S. Government Guaranteed.
23 Nickles admitted to posting the advertisements in an effort to induce the interest of prospective
24 investors. However, when people respond to the advertisement, Nickles attempts to sell them
25 exchange traded funds, which are not government guaranteed.

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27 7. From at least April through June 2009, Innovative and Nickles provided account
28 statements to a client that contained material discrepancies in the securities depicted in the said

1 statements.
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3 8. On April 15, 2010, the Commissioner personally served Innovative with copies of the
4 following documents: (1) Notice of Intention to enter Orders Revoking Any Investment Adviser
5 Certificate of Innovative Advisory Services, Inc. and Innovative Advisory Services, LLC and
6 Barring Richard Hatfield Nickles, II from Any Position of Employment, Management or Control of
7 Any Investment Adviser, Broker-Dealer or Commodity Adviser; (2) Accusation; (3) Statement to
8 Respondent; (4) Notice of Defense (Re: Revocation); (5) Notice of Defense (re: Bar); and (6)
9 Government Code sections 11507.5, 11507.6 and 11507.7.
10

11 9. Innovative has not requested a hearing on this matter within 30 days after the
12 Personal Service of the documents referenced in paragraph 3 as required by California Corporations
13 Code section 25233. The time period to request a hearing has expired.
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15 10. On April 7 2010 the Securities and Exchange Commission (“SEC”) filed a
16 Complaint, Civil Action No. SACV 10-00423JVS (RNBx), in the United States District Court for
17 the Central District of California, against Innovative Advisory Services, Inc., Innovative Advisory
18 Services, LLC, Island Trader, LLC and Richard H. Nickles, alleging that they had been fraudulently
19 providing investors with statements that misrepresented the type of assets in accounts,
20 misrepresented the maturity dates on investments, and produced misleading advertisements in the
21 newspapers.
22

23 11. California Corporations Code section 25232 provides that the commissioner may
24 revoke a investment adviser certificate if it is in the public interest and if the investment
25 adviser, or one or more of its officers or controlling persons, willfully violates the Securities Act of
26 1933, the securities Exchange Act of 1934 . . .Title 4 of the Corporations Code, and for willfully
27 violating any provision of this division or the rules there under, as specified in Corporations Code
28 section 25232 subdivisions (e) and (h).

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The Commissioner finds that each of the above enumerated matters provide an independent basis under California Corporations Code section 25232, justifying the issuance of an Order revoking the investment adviser certificates of Innovative Advisory Services, Inc. and Innovative Advisory Services, LLC. Based upon the foregoing, the Commissioner finds it is in the public interest to revoke the investment adviser certificates of Innovative Advisory Services, Inc. and Innovative Advisory Services, LLC.

NOW THEREFORE, GOOD CAUSE SHOWING, IT IS HEREBY ORDERED that the investment adviser certificates of Innovative Advisory Services, Inc. and Innovative Advisory Services, LLC. are revoked pursuant to Corporations Code sections 25232, subdivisions (e) and (h). This order is effective immediately.

Dated: May 25, 2010

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division