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CLERK OF DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SANTA ANA

FILED

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SACV 10-00423 JVS (RNBx)
Case No.

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

INNOVATIVE ADVISORY SERVICES,
INC., INNOVATIVE ADVISORY
SERVICES LLC, ISLAND TRADER LLC
and RICHARD H. NICKLES,

Defendants.

**COMPLAINT FOR VIOLATIONS OF
THE FEDERAL SECURITIES LAWS**

1 Plaintiff Securities and Exchange Commission (“Commission”) alleges as
2 follows:

3 **JURISDICTION AND VENUE**

4 1. This Court has jurisdiction over this action pursuant to Sections 20(b),
5 20(d)(1) and 22(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.
6 §§ 77t(b), 77t(d)(1) & 77v(a)], Sections 21(d)(1), 21(d)(3)(A), 21(e) and 27 of the
7 Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78u(d)(1),
8 78u(d)(3)(A), 78u(e) & 78aa], and Sections 209(d), 209(e)(1) and 214 of the
9 Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-9(d), 80b-
10 9(e)(1) and 80b-14]. Defendants have, directly or indirectly, made use of the
11 means or instrumentalities of interstate commerce, of the mails, or of the facilities
12 of a national securities exchange in connection with the transactions, acts, practices
13 and courses of business alleged in this Complaint.

14 2. Venue is proper in this district pursuant to Section 22(a) of the
15 Securities Act [15 U.S.C. § 77v(a)], Section 27 of the Exchange Act [15 U.S.C. §
16 78aa], and Section 214 of the Advisers Act [15 U.S.C. § 80b-14] because certain of
17 the transactions, acts, practices and courses of conduct constituting violations of
18 the federal securities laws occurred within this district, and all of the defendants
19 reside and/or are located in this district.

20 **SUMMARY**

21 3. This is an investment adviser fraud conducted by Defendant Richard H.
22 Nickles (“Nickles”), through three companies that he controls: Defendant
23 Innovative Advisory Services, Inc., Defendant Innovative Advisory Services LLC,
24 (both collectively, “Innovative Advisory”) and Defendant Island Trader LLC (all
25 collectively, “Defendants”). From March 2009 to the present, Nickles and
26 Innovative Advisory have raised almost \$3 million through false newspaper
27 advertisements and oral misrepresentations about certain “insured” and “US
28 Government Guaranteed” investments.

1 4. In fact, in at least some instances, Nickles did not invest clients' funds
2 as he had represented. Instead, Defendants used various fraudulent gimmicks to
3 give clients the appearance that their business was legitimate. For example, Nickles
4 provided clients with trade confirmations for investments that he had purportedly
5 purchased for them. The trade confirmations, however, identified securities that
6 either did not exist or were never purchased. Also, the trade confirmations used the
7 name Island Trader, a broker-dealer registered with the Commission and a member
8 of the Securities Industry Protection Corporation ("SIPC") and Financial Industry
9 Regulatory Authority (FINRA). But Nickles had stopped associating with that
10 broker-dealer in March 2009 and was using the firm's name without authority to
11 mislead clients. Finally, Defendant Nickles falsely claims to be certified as a
12 Certified Financial Planner, when in fact, he is not.

13 5. Defendants, by engaging in the conduct described in this Complaint,
14 have violated, and unless enjoined will continue to violate, the antifraud provisions
15 of the federal securities laws. By this complaint, the Commission seeks emergency
16 relief against Defendants, including a temporary restraining order, an asset freeze,
17 accountings, an order expediting discovery, and an order prohibiting the
18 destruction of documents, as well as preliminary and permanent injunctions,
19 disgorgement with prejudgment interest, and civil penalties.

20 **DEFENDANTS**

21 6. **Innovative Advisory Services, Inc.** is a suspended California
22 corporation. Its principal place of business is in Santa Ana, California. It has been
23 registered with the State of California as an investment adviser since 2004.

24 7. **Innovative Advisory Services LLC** is a Nevada limited liability
25 company formed in December 2009. Its principal place of business is in Santa
26 Ana, California. It is not registered with the Commission in any capacity.

27 8. **Island Trader LLC** is a Nevada limited liability company formed in
28 December 2009. Its principal place of business is in Santa Ana, California. It is

1 not registered with the Commission, State of California, or State of Nevada.

2 9. **Richard H. Nickles**, age 53, resides in Dana Point, California. He is
3 the president of Innovative Advisory Services, Inc. He is a managing member of
4 Innovative Advisory Services LLC and Island Trader LLC. Nickles previously
5 owned and operated a registered broker-dealer called Island Trader Securities, Inc.
6 until he sold it to a third party in June 2008. Under the new ownership, Island
7 Trader Securities Inc. does business under the name Island Trading (referred to
8 herein as "Island Trading"). Nickles continued to associate with Island Trading as
9 a registered representative until March 2009.

10 **THE FRAUDULENT SCHEME**

11 **A. Solicitations Made To Investors**

12 10. From at least 2004, Nickles conducted his investment advisory
13 business through Defendant Innovative Advisory Services, Inc. He later continued
14 operating this business through Innovative Advisory Services LLC, a company he
15 formed in December 2009.

16 11. According to the Internet website for Innovative Advisory at
17 www.innovativeadvisory.com, Nickles is the company's sole manager, who
18 formed the company for the purpose of utilizing "the most innovative and forward
19 looking solutions to the everyday challenges of building and preserving wealth."
20 This currently active website states that the company's sole strategy is investing in
21 exchange traded funds, i.e., ETFs. The website further states that Innovative
22 Advisory charges clients monthly fees and uses custodians to hold client assets.

23 12. From March 2009 to the present, Innovative Advisory has raised
24 nearly \$3 million by soliciting clients through newspaper advertisements appearing
25 in the *Los Angeles Times* and *Orange County Register*. One such advertisement
26 ran as recently as April 1, 2010. The advertisements promote investments offered
27 by Innovative Advisory as "insured" or "U.S. Government Guaranteed," and
28 purportedly earning annual interest ranging from 4 to 6 percent.

1 13. Typically, when investors call in response to the advertisement,
2 Nickles encourages them to invest with him, and he reiterates the guaranteed
3 nature of the investment. He has even identified to investors the specific bonds or
4 other securities he intended to buy on their behalf. Nickles has instructed clients to
5 make checks payable to Island Trader and later sent them trade confirmations from
6 Island Trader.

7 **B. Defendants Are Making Material Misrepresentations To Clients**

8 **1. Defendants Misrepresent Investments That They**
9 **Purportedly Make For Clients**

10 14. Through newspaper advertisements and oral representations, Nickles
11 and Innovative Advisory promise clients they will invest their monies in insured
12 investments or in U.S. Government bonds with guaranteed returns. Nickles has
13 orally represented to clients that their investments are insured through SIPC.

14 15. Defendants sent clients trade confirmations, which included specific
15 details about their purported investment, such as CUSIP numbers (a nine-character
16 alphanumeric code that is used to identify a specific security that is the subject of a
17 transaction), maturity date, and interest rate information. The confirmations state
18 at the bottom "Member SIPC/FINRA." Nickles and Innovative Advisory also
19 provide to clients monthly account statements reflecting their purported
20 investments.

21 16. In at least some instances, the representations and the trade
22 confirmations/account statements were false because Nickles and Innovative
23 Advisory did not invest client funds in investments as represented. Although
24 Defendants provided trade confirmations to clients, they did not purchase the
25 securities identified on the confirmations. In certain instances, the security noted
26 on the confirmation was non-existent. In other instances, there were no trades on
27 the dates referenced in the confirmations.

28 17. Furthermore, the investments were not held with a regulated custodian

1 and hence there was no SIPC protection, as falsely represented by Nickles. This is
2 evident from the facts that (a) Island Trader, Nickles' company, is not a registered
3 broker-dealer; and (b) Island Trading, which is a registered broker-dealer, did not
4 hold any client funds on behalf of Nickles and/or Innovative Advisory.

5 **2. Defendants Falsely Represent That They Are Associated**
6 **With A Registered Broker-Dealer**

7 18. From March 2009 through the present, Nickles and Innovative
8 Advisory have falsely mischaracterized their association with Island Trading so as
9 to attract clients. Specifically, even after Nickles stopped associating with Island
10 Trading in March 2009, he continued providing confirmations to clients using the
11 name Island Trader to give the false impression that his business was legitimate
12 and that client funds would be maintained with a regulated broker-dealer that was a
13 member of SIPC/FINRA. Defendants provided trade quotations and trade
14 confirmations that used the name "Island Trader" until at least March 2010.

15 19. Since March 2009, Island Trading has not conducted any business
16 with Nickles and has not acted as the custodian for either Nickles' or Innovative
17 Advisory's clients. Nevertheless, to implement his fraudulent scheme, Nickles
18 opened unauthorized bank accounts in the name of Island Trading using Island
19 Trading's employer identification number.

20 20. Nickles orchestrated his scheme further by forming a company, Island
21 Trader LLC, using a name that was confusingly similar to the legitimate broker-
22 dealer. Nickles held out Island Trader LLC as a registered broker-dealer, when, in
23 fact, it was not.

24 **3. Nickles Falsely Represents That He Is A Certified Financial**
25 **Planner**

26 21. The website for Innovative Advisory Services, Inc. touts Nickles'
27 experience and qualifications and claims that Nickles is a "CFP," which refers to a
28 Certified Financial Planner, a designation that is bestowed by the Certified

1 Financial Planner Board of Standards. Nickles, however, has no such credentials
2 or certification.

3 **FIRST CLAIM FOR RELIEF**

4 **Fraud In The Offer Or Sale Of Securities**

5 **Violations of Section 17(a) of the Securities Act**

6 **(Against Nickles, Innovative Advisory Services, Inc., and**

7 **Innovative Advisory Services LLC)**

8 22. The Commission realleges and incorporates by reference paragraphs 1
9 through 21 above.

10 23. Nickles and Innovative Advisory, and each of them, by engaging in
11 the conduct described above, in the offer or sale of securities by the use of means
12 or instruments of transportation or communication in interstate commerce or by
13 use of the mails directly or indirectly:

- 14 a. with scienter, employed devices, schemes, or artifices to
- 15 defraud;
- 16 b. obtained money or property by means of untrue statements of a
- 17 material fact or by omitting to state a material fact necessary in
- 18 order to make the statements made, in light of the circumstances
- 19 under which they were made, not misleading; or
- 20 c. engaged in transactions, practices, or courses of business which
- 21 operated or would operate as a fraud or deceit upon the
- 22 purchaser.

23 24. By engaging in the conduct described above, Nickles and Innovative
24 Advisory violated, and unless restrained and enjoined will continue to violate,
25 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

26 ///

27 ///

28 ///

SECOND CLAIM FOR RELIEF

Fraud In Connection With The Purchase Or Sale Of Securities

Violations of Section 10(b) of the Exchange Act and Rule 10b-5

(Against Nickles, Innovative Advisory Services, Inc., and

Innovative Advisory Services LLC)

25. The Commission realleges and incorporates by reference paragraphs 1 through 21 above.

26. Nickles and Innovative Advisory, and each of them, by engaging in the conduct described above, directly or indirectly, in connection with the purchase or sale of a security, by the use of means or instrumentalities of interstate commerce, of the mails, or of the facilities of a national securities exchange, with scienter:

- a. employed devices, schemes, or artifices to defraud;
- b. made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or
- c. engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

27. By engaging in the conduct described above, Nickles and Innovative Advisory violated, and unless restrained and enjoined will continue to violate, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

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1 **THIRD CLAIM FOR RELIEF**

2 **Fraud By An Investment Adviser**

3 **Violations Of Sections 206 (1) and (2) of the Advisers Act**

4 **(Against Nickles, Innovative Advisory Services, Inc., and**

5 **Innovative Advisory Services LLC)**

6 28. The Commission realleges and incorporates by reference paragraphs 1
7 through 21 above.

8 29. Nickles and Innovative Advisory, by engaging in the conduct
9 described above, directly or indirectly, by the use of the mails or means and
10 instrumentalities of interstate commerce:

- 11 a. with scienter, employed and are employing devices, schemes
12 and artifices to defraud clients or prospective clients; or
13 b. engaged in and are engaged in transactions, practices, and
14 courses of business which operated as a fraud or deceit upon
15 clients or prospective clients.

16 30. By reason of the activities described herein, Nickles and Innovative
17 Advisory violated and unless restrained and enjoined will continue to violate
18 Sections 206(1) and (2) of the Advisers Act [15 U.S.C. §§ 80b-6(1) and (2)].

19 **FOURTH CLAIM FOR RELIEF**

20 **Failure To Register As A Broker-Dealer**

21 **Violation of Section 15(a) of the Exchange Act**

22 **(Against Island Trader and Nickles)**

23 31. The Commission realleges and incorporates by reference paragraphs 1
24 through 21 above.

25 32. Island Trader and Nickles, by engaging in the conduct described
26 above, directly or indirectly, made use of the mails or means or instrumentalities of
27 interstate commerce to effect transactions in, or to induce or attempt to induce, the
28 purchase or sale of securities, without being registered as a broker or dealer in

1 accordance with Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

2 33. By engaging in the conduct described above, Island Trader and
3 Nickles, each violated, and unless restrained and enjoined will continue to violate,
4 Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

5 **PRAYER FOR RELIEF**

6 WHEREFORE, the Commission respectfully requests that the Court:

7 **I.**

8 Issue findings of fact and conclusions of law that the defendants committed
9 the alleged violations.

10 **II.**

11 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), temporarily,
12 preliminarily and permanently enjoining Nickles and Innovative Advisory
13 Services, Inc. and Innovative Advisory Services LLC and their officers, agents,
14 servants, employees, and attorneys, and those persons in active concert or
15 participation with any of them, who receive actual notice of the judgment by
16 personal service or otherwise, and each of them, from violating Section 17(a) of
17 the Securities Act [15 U.S.C. § 77q(a)], Sections 10(b) and 15(a) of the Exchange
18 Act [15 U.S.C. §§ 78j(b), 78o(a)], and Rule 10b-5 thereunder [17 C.F.R. §
19 240.10b-5], and Sections 206(1) and 206(2) of the Advisers Act [15 U.S.C. §§
20 80b-6(1) and 80b-6(2)].

21 **III.**

22 Issue judgments, in forms consistent with Fed. R. Civ. P. 65(d), temporarily,
23 preliminarily and permanently enjoining Nickles and Island Trader and their
24 officers, agents, servants, employees, and attorneys, and those persons in active
25 concert or participation with it, who receive actual notice of the judgment by
26 personal service or otherwise, and each of them, from violating Section 15(a) of
27 the Exchange Act [15 U.S.C. § 78o(a)].
28

1 **IV.**

2 Issue, in a form consistent with Fed. R. Civ. P. 65, a temporary restraining
3 order and a preliminary injunction freezing the assets of each Defendant,
4 prohibiting each Defendant from destroying documents, granting expedited
5 discovery, and requiring accountings from each Defendant.

6 **V.**

7 Order each Defendant to disgorge all ill-gotten gains from their illegal
8 conduct, together with prejudgment interest thereon.

9 **VI.**

10 Order each Defendant to pay civil penalties under Section 20(d) of the
11 Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15
12 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15 U.S.C. §80B-
13 9(e)].

14 **VII.**

15 Retain jurisdiction of this action in accordance with the principles of equity
16 and the Federal Rules of Civil Procedure in order to implement and carry out the
17 terms of all orders and decrees that may be entered, or to entertain any suitable
18 application or motion for additional relief within the jurisdiction of this Court.

19 **VIII.**

20 Grant such other and further relief as this Court may determine to be just and
21 necessary.

22
23 DATED: April 6, 2010



24 David VanHavermaat
25 Attorney for Plaintiff
26 Securities and Exchange Commission
27
28

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge James V. Selna and the assigned discovery Magistrate Judge is Robert N. Block.

The case number on all documents filed with the Court should read as follows:

SACV10- 423 JVS (RNBx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

Western Division
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

Southern Division
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

Eastern Division
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

APR-07-2010 11:48

U.S. ATTORNEYS OFFICE

714 338 3708

P.010

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) SECURITIES AND EXCHANGE COMMISSION	DEFENDANTS INNOVATIVE ADVISORY SERVICES, INC., INNOVATIVE ADVISORY SERVICES, LLC, ISLAND TRADER, LLC and RICHARD H. NICKLES Orange County
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) David J VanHavermaat and/or Janet Rich Weissman (323) 965-3998 Securities and Exchange Commission 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036	Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.) <input checked="" type="checkbox"/> 1 U.S. Government Plaintiff <input type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:33%;">Citizen of This State</td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:33%;">Incorporated or Principal Place of Business in this State</td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Citizen of Another State</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td>Incorporated and Principal Place of Business in Another State</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td>Foreign Nation</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>	Citizen of This State	PTF	DEF	Incorporated or Principal Place of Business in this State	PTF	DEF	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	Citizen of Another State	<input type="checkbox"/>	<input type="checkbox"/>	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	Citizen or Subject of a Foreign Country	<input type="checkbox"/>	<input type="checkbox"/>	Foreign Nation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
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IV. ORIGIN (Place an X in one box only.)

<input checked="" type="checkbox"/> 1 Original Proceeding	<input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court	<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from another district (specify):	<input type="checkbox"/> 6 Multi-District Litigation	<input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judge
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V. REQUESTED IN COMPLAINT: JURY DEMAND: Yes No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: Yes No **MONEY DEMANDED IN COMPLAINT: \$** _____

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 The Complaint alleges violations of the federal securities laws. 15 U.S.C. § 77q(a); 15 U.S.C. § 78j(b); 17 C.F.R. § 240.10b-5; 15 U.S.C. §§ 80b-6 (1) & (2), and 15 U.S.C. § 78o(a)

VII. NATURE OF SUIT (Place an X in one box only.)

<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 193 Contract Product Liability <input type="checkbox"/> 196 Franchise <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability BANKRUPTCY <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General Habeas Corpus <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition PROPERTY <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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SACV 10-00423 JVS (RNBx)

FOR OFFICE USE ONLY: Case Number: _____

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? No Yes
If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? No Yes
If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) A. Arise from the same or closely related transactions, happenings, or events; or
 B. Call for determination of the same or substantially related or similar questions of law and fact; or
 C. For other reasons would entail substantial duplication of labor if heard by different judges; or
 D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.
 Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.
 Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

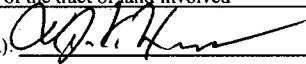
County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Innovative Advisory Services, Inc. - Orange County Innovative Advisory Services, LLC - Orange County Island Trader, LLC - Orange County Richard H. Nickles - Orange County	

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange County	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER)  Date 4/5/10

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

APR-07-2010 11:47

U.S. ATTORNEYS OFFICE

714 338 3708 P.002

David J. VanHavermaat, Cal. Bar No. 175761
Janet Rich Weissman, Cal. Bar No. 137023
Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION

CASE NUMBER

PLAINTIFF(S)

SACV 10-00423 JVS (RNBx)

v.

INNOVATIVE ADVISORY SERVICES, INC.,
INNOVATIVE ADVISORY SERVICES, LLC., ISLAND
TRADER, LLC and RICHARD H. NICKLES,

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): _____

RICHARD H. NICKLES
23602 TAMPICO BAY
DANA POINT, CA 92629

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, David J. VanHavermaat/Janet Rich Weissman, whose address is SEC/LARO, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: April 7, 2010

By: J. DeBose
Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

APR-07-2010 11:47

U.S. ATTORNEYS OFFICE

714 338 3708 P.002

David J. VanHavermaat, Cal. Bar No. 175761
Janet Rich Weissman, Cal. Bar No. 137023
Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE COMMISSION

CASE NUMBER

PLAINTIFF(S)

SACV 10-00423 JVS (RNBx)

v.

INNOVATIVE ADVISORY SERVICES, INC.,
INNOVATIVE ADVISORY SERVICES, LLC., ISLAND
TRADER, LLC and RICHARD H. NICKLES,

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): _____ INNOVATIVE ADVISORY SERVICES, INC. _____
_____ RICHARD H. NICKLES, AUTHORIZED AGENT _____
_____ 23602 TAMPICO BAY _____
_____ DANA POINT, CA 92629 _____

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, David J. VanHavermaat/Janet Rich Weissman, whose address is SEC/LARO, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

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U.S. ATTORNEYS OFFICE

714 338 3708 P.002

David J. VanHavermaat, Cal. Bar No. 175761
Janet Rich Weissman, Cal. Bar No. 137023
Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION

CASE NUMBER

PLAINTIFF(S)

SACV 10-00423 JVS (RNBx)

v.

INNOVATIVE ADVISORY SERVICES, INC.,
INNOVATIVE ADVISORY SERVICES, LLC., ISLAND
TRADER, LLC and RICHARD H. NICKLES,

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): _____

INNOVATIVE ADVISORY SERVICES, LLC
RICHARD H. NICKLES, MANAGING MEMBER _____
23602 TAMPICO BAY _____
DANA POINT, CA 92629 _____

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, David J. VanHavermaat/Janet Rich Weissman, whose address is SEC/LARO, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

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Janet Rich Weissman, Cal. Bar No. 137023
Securities and Exchange Commission
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION

CASE NUMBER

PLAINTIFF(S)

SACV 10-00423 JVS (RNBx)

v.

INNOVATIVE ADVISORY SERVICES, INC.,
INNOVATIVE ADVISORY SERVICES, LLC., ISLAND
TRADER, LLC and RICHARD H. NICKLES,

SUMMONS

DEFENDANT(S).

TO: DEFENDANT(S): _____ ISLAND TRADER, LLC
RICHARD H. NICKLES, MANAGING MEMBER _____
23602 TAMPICO BAY _____
DANA POINT, CA 92629 _____

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached complaint _____ amended complaint counterclaim cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, David J. VanHavermaat/Janet Rich Weissman, whose address is SEC/LARO, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, CA 90036. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: April 7, 2010

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