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California Corporations Commissioner
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Deputy Commissioner
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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,)	
15	v.)	ORDER BARRING RICHARD HATFIELD
16	INNOVATIVE ADVISORY SERVICES, INC.,)	NICKLES, II FROM ANY POSITION OF
17	INNOVATIVE ADVISORY SERVICES, LLC)	EMPLOYMENT, MANAGEMENT OR
18	and RICHARD HATFIELD NICKLES, II as an)	CONTROL OF ANY INVESTMENT
19	individual)	ADVISER, BROKER-DEALER OR
20	Respondents.)	COMMODITY ADVISER PURSUANT TO
)	CORPORATIONS CODE SECTION 25232.1

21 TO: Richard Hatfield Nickles II
1851 E. First Street, Suite 900
22 Santa Ana, California 92705

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24 1. On April 6, 2010, the Department of Corporations for the State of California
25 (“Department”) brought an action to bar Richard Hatfield Nickles II (“Nickles”) from any position
26 of employment, management or control of any investment adviser, broker-dealer and commodity
27 adviser pursuant to Corporations Code section 25232.1. Nickle’s current business address is 1851
28 E. First Street, Suite 900, Santa Ana, California 92705.

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

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

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

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

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

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

24 8. On April 15, 2010, the Commissioner personally served Nickles with copies of the
25 following documents: (1) Notice of Intention to enter Orders Revoking Any Investment Adviser
26 Certificate of Innovative Advisory Services, Inc. and Innovative Advisory Services, LLC and
27 Barring Richard Hatfield Nickles, II from Any Position of Employment, Management or Control of
28

1 Any Investment Adviser, Broker-Dealer or Commodity Adviser; (2) Accusation; (3) Statement to
2 Respondent; (4) Notice of Defense (Re: Revocation); (5) Notice of Defense (re: Bar); and (6)
3 Government Code sections 11507.5, 11507.6 and 11507.7.

4 9. Nickles has not requested a hearing on this matter within 30 days after the Personal
5 Service of the documents referenced in paragraph 3 as required by California Corporations Code
6 section 25233. The time period to request a hearing has expired.

7 10. On April 7, 2010 the Securities and Exchange Commission (“SEC”) filed a
8 Complaint, Civil Action No. SACV 10-00423JVS (RNBx), in the United States District Court for
9 the Central District of California, against Innovative Advisory Services, Inc., Innovative Advisory
10 Services, LLC, Island Trader, LLC and Richard H. Nickles, alleging that they had been fraudulently
11 providing investors with statements that misrepresented the type of assets in accounts,
12 misrepresented the maturity dates on investments, and produced misleading advertisements in the
13 newspapers.

14 Based upon the foregoing, the Commissioner finds it is in the public interest to bar Nickles
15 from any position of employment, management or control of any investment adviser, broker-dealer
16 or commodity adviser.

17 GOOD CAUSE APPEARING THEREFORE, IT IS ORDERED that Richard Hatfield
18 Nickles II is barred in the State of California from any position of employment, management or
19 control of any investment adviser, broker-dealer or commodity adviser pursuant to California
20 Corporations Code section 23232.1 for acts committed as specified in California Corporations Code
21 section 25232 subdivision (e). This order is effective immediately

22 Dated: May 25, 2010

23 PRESTON DuFAUCHARD
24 California Corporations Commissioner

25
26 By: _____
27 ALAN S. WEINGER
28 Deputy Commissioner
Enforcement Division