

United States Department of Justice

For Immediate Release

August 6, 2010 **United States Attorney's Office**
Central District of California

Santa Ana Investment Advisor Charged with Running \$10+ Million Ponzi Scheme That Bilked Senior Citizens

SANTA ANA, CA—The owner and operator of a Santa Ana investment firm has been named in a criminal information that charges him with mail fraud and securities fraud related to an alleged Ponzi scheme that collected more than \$10 million from about two dozen victims, many of whom were elderly residents of Orange County and Los Angeles County.

Richard H. Nickles, 57, of Irvine, the owner of Innovative Advisory Services, Inc., was charged with four counts of mail fraud and two counts of securities fraud in an information filed late Thursday afternoon. Nickles has been in custody since he was arrested on July 9 during a meeting with two victims at his Santa Ana office.

According to the information, Nickles placed advertisements in the Orange County Register and Los Angeles Times advertising safe investments through Innovative Advisory Services. The advertisements variously described the investments as “U.S. Government Guaranteed,” “FDIC Insured,” “Guaranteed” or “Insured” and stated that there was a “\$50,000 Minimum Investment.” After being contacted by potential investors, Nickles met with them and offered investments in various types of low-risk bonds. According to the information, Nickles took money from investors, but instead of investing the money in the bonds he recommended, Nickles used the money to pay off prior investors or trade in securities not authorized by the investors. The information further alleges that to perpetuate his scheme, Nickles created fraudulent statements from Innovative Advisory Services that were mailed to investors.

Investigators estimate that victims of the Innovative Advisory Services Ponzi scheme have suffered losses of approximately \$6.2 million.

Nickles is scheduled to be arraigned on the information Monday morning in United States District Court.

An information contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty.

Each count of mail fraud carries a statutory maximum penalty of 20 years in federal prison. Additionally, each count of securities fraud in the information carries a statutory maximum of five years in prison.

Nickles and Innovative Advisory Services were named in a civil complaint filed by the Securities and Exchange Commission that alleged Nickles operated a fraudulent scheme. United States District Judge James V. Selna issued a preliminary injunction in April that prevents Nickles from

being involved in the sale of securities without being registered as a broker and/or dealer, neither of which Nickles was at the time of his arrest.

The criminal case against Nickles is the result of an investigation by the Federal Bureau of Investigation.