

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) Order Number S-08-349-09-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND  
 ) NOTICE OF INTENT TO ENTER  
Linda C. Nicholls; ) ORDER TO CEASE AND DESIST,  
A & E Productions; ) TO IMPOSE A FINE, AND TO  
Respondent ) RECOVER COSTS  
 )

THE STATE OF WASHINGTON TO: Linda C. Nicholls  
A & E Productions

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents Linda C. Nicholls and A & E Productions have each violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 against each to cease and desist from such violations, to impose a fine, and to recover costs. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

Respondent

1. Linda C. Nicholls (“Nicholls”) was at all relevant times a resident of Washington.
2. A & E Productions is believed to be a trust for which Nicholls served as Trustee, and which used a mailing address of 14136 NE Woodinville-Duvall Road #127, in Woodinville, Washington.

1 Nature of the Offering

2 3. In 2005, the Respondent Linda C. Nicholls offered and sold investments in the  
3 form of promissory notes to over a dozen investors in Washington and Idaho, raising at least  
4 \$200,000 as part of a purported investment program that used the name “Global Cash Card  
5 Program” and “GCC Program.” Nicholls participated in meetings with prospective investors  
6 in Washington regarding the purported investment program. Investors were encouraged to  
7 solicit others, and were paid a monthly “referrer fee” for other investors that they referred to  
8 the investment program.  
9

10 4. Prospective investors were provided with offering materials regarding the  
11 investment program. According to these materials, Global Cash Card had purportedly  
12 negotiated an agreement with an unnamed group of successful international investors referred  
13 to as “the Trading Group” who purportedly had a “solid track record.” Offering materials  
14 represented that the investment program was designed to produce a “consistent stream of  
15 monthly income with a minimum of risk to the participant.” Offering materials also indicated  
16 that investor returns were to be generated through foreign currency trading (“forex”) and  
17 stated “Our trader trades the Forex spot (cash) market.” Investors had no control over the use  
18 of their investment funds and did not participate in the forex trading.  
19

20 5. Investors were instructed to fill out various forms, and write a check or cashier’s  
21 check payable to A & E Productions. A & E Productions was described in offering materials  
22 as the “marketing arm” of the Global Cash Card Program. Some investors mailed their forms  
23 and investor checks to a private mail box located in Woodinville, Washington that was used  
24 by Nicholls.  
25

1           6.     After receiving these materials, Nicholls would send investors a follow-up letter  
2 and enclose a promissory note that she signed. The promissory notes identified the borrower  
3 as A & E Productions, and had a term of one year. Nicholls signed some of the notes as  
4 Trustee for A & E Productions. According to the terms of the promissory notes, after an  
5 initial “waiting period” investors were to receive a return of 10% per month for a period of  
6 twelve months. Investors were also eligible for a monthly “profit sharing bonus” that was  
7 dependent upon on the success of the trading program and at the discretion of an unnamed  
8 “third party trustee/fiduciary.”  
9

10           7.     After making their investment, some investors were mailed a debit card, along  
11 with an activation code, which enabled them to make cash withdrawals in the amount of their  
12 monthly return. Other investors were mailed their returns through checks signed by Nicholls  
13 that were drawn on a bank account in the name of A & E Productions.

14           8.     Investors were led to believe there was a minimum “assured” amount of return.  
15 The promissory notes stated: “The minimum assured TOTAL payments shall be no less than  
16 the original principle plus a simple 20% = 120% total.” [sic] The notes further represented  
17 that “the principle amount and an additional 20% is assured as a baseline minimum.” [sic]  
18 Nicholls also sent investors a “Letter of understanding” that stated that investors would  
19 receive “a basic rate of 10% per month plus a bonus rate of 10% plus a 100% return” of their  
20 initial investment.  
21

22           9.     In fact, several investors received only a few initial payments and lost most of  
23 their entire investment. Throughout 2006, Nicholls made a series of lulling statements that  
24 provided various excuses for nonpayment.  
25

1 Misrepresentations and Omissions

2 10. In the offer and sale of the promissory notes described above, the Respondents  
3 failed to disclose material information, which made the information that was disclosed,  
4 misleading to investors. While offering materials represented to investors that they would  
5 receive returns of 10% per month, they failed to disclose the basis and assumptions  
6 underlying those purported returns. The Respondents failed to disclose other material  
7 information to investors, including, but not limited to: the operating history and management  
8 of the Global Cash Card Program and A & E Productions; the identity of the “Trading  
9 Group”; information relating to the prior and intended use of investor funds; and the  
10 compensation that Nicholls received in connection with the investment program. The  
11 Respondents also failed to disclose the fact that Nicholls had filed for bankruptcy three times  
12 between 2004 and 2005.  
13

14 11. The offering materials used in connection with the offering contained misleading  
15 statements regarding the risks associated with the investment. Among other things, the offering  
16 materials misleadingly stated the investment program had a “minimum of risk” and that investors  
17 were “assured” a certain amount of payment, while failing to disclose the risks associated with  
18 forex trading and the fact that investors could lose all of their investment.  
19

20 Non-compliance with Subpoena

21 12. The Securities Administrator lawfully issued Subpoena Duces Tecum and to  
22 Testify, S-08-349-09-DI01 that was served via personal service at the residence of  
23 Respondent Linda C. Nicholls on or about February 18, 2009. The subpoena sought records  
24 relating to Global Cash Card and A & E Productions, and required Nicholls to appear for  
25 testimony at the Securities Division. As of the date this order was entered, Nicholls has failed

1 to comply with this Subpoena, by failing to appear for testimony and by failing to provide any  
2 documents in response to the subpoena.

3 Registration Status

4 13. Linda C. Nicholls is not currently registered as a securities salesperson or  
5 broker-dealer in the State of Washington. From 1992 to 1997, Nicholls was licensed as a  
6 securities salesperson in the State of Washington (CRD number 2221766). Nicholls has not  
7 been registered as a securities salesperson in the State of Washington since that time.  
8

9 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

10 **CONCLUSIONS OF LAW**

11 1. The offer or sale of the promissory notes described above constitutes the offer or  
12 sale of a security as defined in RCW 21.20.005(10) and (12).

13 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no  
14 registration for such offer or sale is on file with the Securities Administrator.

15 3. Linda C. Nicholls has violated RCW 21.20.040 by offering or selling said  
16 securities while not registered as a securities salesperson or broker-dealer in the State of  
17 Washington.

18 4. The offer or sale of the investments described above was made in violation of  
19 RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, Respondents Linda C.  
20 Nicholls and A & E Productions made misstatements of material facts or omitted to state  
21 material facts necessary in order to make the statements made, in light of circumstances under  
22 which they were made, not misleading.  
23  
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1                   **NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST**

2                   Pursuant to RCW 21.20.390(1), and based on the above Tentative Findings of Fact and  
3 Conclusions of Law, the Securities Administrator intends to order that Linda C. Nicholls, A & E  
4 Productions, and their agents and employees, each cease and desist from violations of RCW  
5 21.20.140, RCW 21.20.040, and RCW 21.20.010.

6   **NOTICE OF INTENT TO IMPOSE A FINE**

7                   Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and  
8 Conclusions of Law, the Securities Administrator intends to order that Respondent Linda C.  
9 Nicholls shall be liable for and pay a fine of \$10,000.

10   **NOTICE OF INTENT TO RECOVER COSTS**

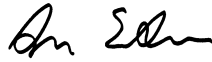
11                   Pursuant to RCW 21.20.390(5), and based upon the Tentative Finds of Fact and  
12 Conclusions of Law, the Securities Administrator intends to order that the Respondent Linda C.  
13 Nicholls shall be liable for and pay the Securities Division the costs, fees, and other expenses  
14 incurred in the conduct of the administrative investigation and hearing of this matter of not less  
15 than \$5,000.

16   **AUTHORITY AND PROCEDURE**

17                   This Statement of Charges is entered pursuant to the provisions of chapter 21.20 RCW  
18 and is subject to the provisions of RCW 34.05. The Respondents may make a written request  
19 for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND  
20 OPPORTUNITY FOR HEARING accompanying this order.  
21

22                   If the Respondent does not request a hearing, the Securities Administrator intends to  
23 adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter a final  
24 order to cease and desist and impose the fines and costs sought.  
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1 Dated and Entered this 4th day of May, 2010.

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4 SUZANNE SARASON  
Chief of Enforcement

5 Presented by:

6 

7  
8 Robert Kondrat  
Enforcement Attorney