

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-08-349-10-FO01
Whether there has been a violation of the)
Securities Act of Washington by:) ENTRY OF FINDINGS OF FACT AND
Linda C. Nicholls;) CONCLUSIONS OF LAW AND
A & E Productions;) FINAL ORDER TO CEASE AND DESIST
Respondent)

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

INTRODUCTION

On May 4, 2010, the Securities Administrator of the State of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist, Impose Fines, and Recover Costs S-08-349-09-SC01 (hereinafter "Statement of Charges"), against Respondents Linda C. Nicholls and A & E Productions. The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing ("Notice"), and an Application for Adjudicative Hearing ("Application for Hearing"), were served on Respondents Linda C. Nicholls and A & E Productions on or about August 31, 2010.

The Notice advised that a written application for an administrative hearing on the Statement of Charges must be received within twenty days. Respondents Linda C. Nicholls and A & E Productions each failed to request an administrative hearing within twenty days of service of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided or otherwise. The Securities Administrator therefore will adopt as final the findings of fact and conclusions of law as set forth in the Statement of Charges and enter a final

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND
FINAL ORDER TO CEASE AND DESIST

1 order against Respondents Linda C. Nicholls and A & E Productions to cease and desist from
2 violations of the Securities Act.

3 **FINDINGS OF FACT**

4 Respondent

5 1. Linda C. Nicholls (“Nicholls”) was at all relevant times a resident of
6 Washington.

7 2. A & E Productions is believed to be a trust for which Nicholls served as Trustee,
8 and which used a mailing address of 14136 NE Woodinville,-Duvall Road #127, in
9 Woodinville, Washington
10

11 Nature of the Offering

12 3. In 2005, the Respondent Linda C. Nicholls offered and sold investments in the
13 form of promissory notes to over a dozen investors in Washington and Idaho, raising at least
14 \$200,000 as part of a purported investment program that used the name “Global Cash Card
15 Program” and “GCC Program.” Nicholls participated in meetings with prospective investors
16 in Washington regarding the purported investment program. Investors were encouraged to
17 solicit others, and were paid a monthly “referrer fee” for other investors that they referred to
18 the investment program.
19

20 4. Prospective investors were provided with offering materials regarding the
21 investment program. According to these materials, Global Cash Card had purportedly
22 negotiated an agreement with an unnamed group of successful international investors referred
23 to as “the Trading Group” who purportedly had a “solid track record.” Offering materials
24 represented that the investment program was designed to produce a “consistent stream of
25 monthly income with a minimum of risk to the participant.” Offering materials also indicated

1 that investor returns were to be generated through foreign currency trading (“forex”) and
2 stated “Our trader trades the Forex spot (cash) market.” Investors had no control over the use
3 of their investment funds and did not participate in the forex trading.

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

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

18
19 7. After making their investment, some investors were mailed a debit card, along
20 with an activation code, which enabled them to make cash withdrawals in the amount of their
21 monthly return. Other investors were mailed their returns through checks signed by Nicholls
22 that were drawn on a bank account in the name of A & E Productions.

23 8. Investors were led to believe there was a minimum “assured” amount of return.
24 The promissory notes stated: “The minimum assured TOTAL payments shall be no less than
25 the original principle plus a simple 20% = 120% total.” [sic] The notes further represented

1 that “the principle amount and an additional 20% is assured as a baseline minimum.” [sic]
2 Nicholls also sent investors a “Letter of understanding” that stated that investors would
3 receive “a basic rate of 10% per month plus a bonus rate of 10% plus a 100% return” of their
4 initial investment.

5 9. In fact, several investors received only a few initial payments and lost most of
6 their entire investment. Throughout 2006, Nicholls made a series of lulling statements that
7 provided various excuses for nonpayment.
8

9 Misrepresentations and Omissions

10 10. In the offer and sale of the promissory notes described above, the Respondents
11 failed to disclose material information, which made the information that was disclosed,
12 misleading to investors. While offering materials represented to investors that they would
13 receive returns of 10% per month, they failed to disclose the basis and assumptions
14 underlying those purported returns. The Respondents failed to disclose other material
15 information to investors, including, but not limited to: the operating history and management
16 of the Global Cash Card Program and A & E Productions; the identity of the “Trading
17 Group”; information relating to the prior and intended use of investor funds; and the
18 compensation that Nicholls received in connection with the investment program. The
19 Respondents also failed to disclose the fact that Nicholls had filed for bankruptcy three times
20 between 2004 and 2005.
21

22 11. The offering materials used in connection with the offering contained misleading
23 statements regarding the risks associated with the investment. Among other things, the offering
24 materials misleadingly stated the investment program had a “minimum of risk” and that investors
25

1 were “assured” a certain amount of payment, while failing to disclose the risks associated with
2 forex trading and the fact that investors could lose all of their investment.

3 Non-compliance with Subpoena

4 12. The Securities Administrator lawfully issued Subpoena Duces Tecum and to
5 Testify, S-08-349-09-DI01 that was served via personal service at the residence of
6 Respondent Linda C. Nicholls on or about February 18, 2009. The subpoena sought records
7 relating to Global Cash Card and A & E Productions, and required Nicholls to appear for
8 testimony at the Securities Division. As of the date this order was entered, Nicholls has failed
9 to comply with this Subpoena, by failing to appear for testimony and by failing to provide any
10 documents in response to the subpoena.
11

12 Registration Status

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

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

18 **CONCLUSIONS OF LAW**

19 1. The offer or sale of the promissory notes described above constitutes the offer or
20 sale of a security as defined in RCW 21.20.005(10) and (12).
21

22 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no
23 registration for such offer or sale is on file with the Securities Administrator.
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25

1 It is further ORDERED that Respondent Linda C. Nicholls shall be liable for and pay
2 costs in the amount of \$5,000.

3 **AUTHORITY AND PROCEDURE**

4 This Final Order is entered pursuant to the provisions of RCW 21.20.390 and RCW
5 21.20.395, and is subject to the provisions of RCW 21.20.440 and Chapter 34.05 RCW. The
6 Respondents have the right to petition the superior court for judicial review of this agency
7 action under the provisions of chapter 34.05 RCW. For the requirements for filing a Petition
8 for Judicial Review, see RCW 34.050.510 and sections following. Pursuant to 21.20.395, a
9 certified copy of this order may be filed in Superior Court. If so filed, the clerk shall treat the
10 order in the same manner as a Superior Court judgment as to the fine, and the fine may be
11 recorded, enforced, or satisfied in like manner.
12

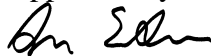
13 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

14 DATED and ENTERED this 29th day of September, 2010.

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18 WILLIAM M. BEATTY
19 Securities Administrator

20 Approved by:

21 

22 Suzanne E. Sarason
23 Chief of Enforcement

Presented by:

24 

25 Robert Kondrat
Enforcement Attorney