

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,	:
	:
Plaintiff,	:
v.	:
CHARLES RICHARD HOMA, et al.	:
	:
Defendants,	:
and	:
LINDY L. GAUSE, LINDA L. NICHOLS AND	:
NICHOLS AND ASSOCIATES,	:
	:
Relief Defendants.	:

99 CV 6895  
Hon. Ronald A.  
Guzman

*DOCKETED*  
JUL 25 2002

**ORDER OF DISGORGEMENT AND CIVIL PENALTIES  
AGAINST STEVEN SHANE NICHOLS, SAFEHARBOR  
ADVISORS, INC., BELLWETHER HOLDINGS, LLC,  
SOUTHWESTERN HOLDINGS, LLC, AND TITLE HOLDINGS, LLC**

Plaintiff United States Securities and Exchange Commission ("Commission"), having filed an Amended Complaint for Temporary Restraining Order, Preliminary and Permanent Injunction, and Other Equitable Relief ("Amended Complaint"), and Defendants Steven Shane Nichols ("Nichols"), Safeharbor Advisors, Inc. ("Safeharbor"), Bellwether Holdings, LLC ("Bellwether"), Southwestern Holdings, LLC ("Southwestern"), and Title Holdings, LLC ("Title"), (collectively, the "Nichols Defendants"), in their Consent and Stipulation filed with the Court and incorporated herein by reference ("Consent"), having acknowledged receipt of the Amended Complaint and admitted the personal jurisdiction of this Court over them, and the Commission and the Nichols Defendants having waived the entry of Findings of Fact and Conclusions of Law as provided by Rule 52 of the Federal Rules of Civil Procedure, and the Nichols Defendants, without admitting or denying the allegations of the Amended Complaint

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except as to jurisdiction, and without trial, argument, or adjudication of any issue of fact or law, except for the Court's denial of the Nichols Defendants' Motion to Dismiss on August 2, 2000, having consented to the entry of this Order of Disgorgement and Civil Penalties ("Disgorgement Order"), and the Court, being fully advised in the premises, hereby states:

**I.**

**IT IS ORDERED** that the Nichols Defendants shall pay disgorgement in the amount of \$1,041,678.03, representing their gains from the conduct alleged in the Commission's Amended Complaint in this matter, plus prejudgment interest of \$232,399.01; provided, however, that upon the Nichols Defendants' effective transfer of all of the assets listed on Attachment A to the Consent, which shall be made to Phillip S. Stenger, the Receiver ("Receiver"), all remaining disgorgement and interest shall be waived based upon the accuracy and completeness of the sworn financial statements of: a) Steven S. Nichols and Linda L. Nichols, dated July 31, 2000; b) Safeharbor, dated July 15, 2000; c) Bellwether, dated July 15, 2000; d) Southwestern, dated July 15, 2000; and e) Title, dated July 15, 2000, and the affidavits of Steven S. Nichols dated December 20, 2001 and Linda L. Nichols dated December 20, 2001, which were submitted to the Commission; and the financial depositions of Steven S. Nichols on October 18, 2000, and Linda L. Nichols on October 17, 2000, which were taken by the Commission. The transfer of assets listed on Attachment A shall be made within ten days of the entry of this Disgorgement Order except that the transfer of the first listed asset (\$69,608.89) shall be made within ninety days of the entry of this Disgorgement Order.

II.

**IT IS FURTHER ORDERED** that based upon the sworn financial statements described in Section I above, and the financial depositions described in Section I above, the Court is not ordering the Nichols Defendants to pay any civil penalty pursuant to Section 20(d) of the Securities Act of 1933 and Section 21(d)(3) of the Securities Exchange Act of 1934. The determination not to impose a penalty and to waive payment of the disgorgement and prejudgment interest above and beyond the transfer of all the assets listed on Attachment A to the Consent is contingent on the accuracy and completeness of each of the Nichols Defendants' sworn statements regarding its financial condition, the confirming affidavits of Linda L. Nichols and Steven S. Nichols dated December 20, 2001, and the financial depositions of Steven S. Nichols and Linda L. Nichols.

If at any time following the entry of the Disgorgement Order the Commission obtains information indicating that any of the Nichols Defendants' representations to the Commission concerning their assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion, petition the Court for an order requiring the Nichols Defendants to pay the balance of the \$1,041,678.03 in disgorgement, prejudgment and post-judgment interest thereon, and the maximum civil penalty under the law. In connection with such petition, the only issues shall be whether the financial information provided by any of the Nichols Defendants was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made. In any

such petition, the Commission may move the Court to consider all available remedies, including, but not limited to, ordering any of the Nichols Defendants to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of the Court's Disgorgement Order. The Commission may also request additional discovery. The Nichols Defendants may not, by way of defense to such petition, (1) challenge the validity of the Consent or the Disgorgement Order; (2) contest the allegations in the Amended Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

### III.

**IT IS FURTHER ORDERED** that Defendant Bellwether is ordered to execute any necessary forms required for the appointment of the Receiver over it and the release of all claims against the Receiver or any assets held by the Receiver (the "Receivership Estate"), in a form acceptable to the Receiver, within ten days of the entry of this Disgorgement Order. Nichols, and not the Receiver, shall make client decisions for Bellwether in the action captioned James C. Norton, et al., v. Dill, Dill, Stonbraker & Hutchings, P.C. et al., CV-2001-430, filed in Shelby County, Alabama ("Norton Action"). However, all funds or assets recovered on behalf of Bellwether in the Norton Action will be distributed to the Receiver. Further, Nichols will undertake to ensure that Bellwether will be treated fairly and equitably in

any settlement or distribution plan in the Norton Action. The Commission and/or Receiver has the right as Bellwether's representative to challenge a settlement or distribution plan in the Norton Action if the Commission or Receiver believes the settlement or distribution plan does not treat Bellwether fairly and equitably.

**IV.**

**IT IS FURTHER ORDERED** that Defendant Southwestern is ordered to execute any necessary forms required for the appointment of the Receiver over it and the release of all claims against the Receiver or the Receivership Estate, in a form acceptable to the Receiver, within ten days of the entry of this Disgorgement Order. Nichols, and not the Receiver, shall make client decisions for Southwestern in the Norton Action. However, all funds or assets recovered on behalf of Southwestern in the Norton Action will be distributed to the Receiver. Further, Nichols will undertake to ensure that Southwestern will be treated fairly and equitably in any settlement or distribution plan in the Norton Action. The Commission and/or Receiver has the right as Southwestern's representative to challenge a settlement or distribution plan in the Norton Action if the Commission or Receiver believes the settlement or distribution plan does not treat Southwestern fairly and equitably.

**V.**

**IT IS FURTHER ORDERED** that Defendant Title is ordered to execute any necessary forms required for the appointment of the Receiver over it and the release of all claims against the Receiver or the Receivership Estate, in a form acceptable to the Receiver, within ten days after the entry of this Disgorgement Order.

**VI.**

**IT IS FURTHER ORDERED** that the attached Consent of Nichols, Safeharbor, Bellwether, Southwestern and Title be, and hereby is, incorporated herein with the same force and effect as if fully set out.

**VII.**

**IT IS FURTHER ORDERED** that this Court shall retain jurisdiction of this action for all purposes, including enforcement of this Disgorgement Order.

**VIII.**

**IT IS FURTHER ORDERED** that, there being no just reason for delay, the Clerk of the Court is hereby directed to enter this Disgorgement Order.



RONALD A. GUZMAN  
UNITED STATES DISTRICT JUDGE

Dated: June 27, 2002