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9  
10 **UNITED STATES DISTRICT COURT**  
11  
12 **CENTRAL DISTRICT OF CALIFORNIA**

13 SECURITIES AND EXCHANGE  
14 COMMISSION,

15 Plaintiff,

16 vs.

17 PAUL N. NICHOLSON and  
18 PROFESSIONAL INVESTMENT  
19 EXCHANGE, INC.

20 Defendants.

21 Case No. SA CV11-00546 JVS (RNBx)

22 **AGREED JUDGMENT AS TO**  
23 **DEFENDANT PAUL N. NICHOLSON**

1 The Securities and Exchange Commission (“Commission”) having filed a Complaint and  
2 Defendant Paul N. Nicholson (“Defendant”) having entered a general appearance; consented to  
3 the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry  
4 of this Agreed Judgment without admitting or denying the allegations of the Complaint (except  
5 as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to  
6 appeal from this Agreed Judgment:

7 I.

8 IT IS ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant’s  
9 agents, servants, employees, attorneys, and all persons in active concert or participation with  
10 them who receive actual notice of this Agreed Judgment by personal service or otherwise are  
11 permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933  
12 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any  
13 means or instruments of transportation or communication in interstate commerce or by use of the  
14 mails, directly or indirectly:

- 15 (a) to employ any device, scheme, or artifice to defraud;
- 16 (b) to obtain money or property by means of any untrue statement of a  
17 material fact or any omission of a material fact necessary in order to make the  
18 statements made, in light of the circumstances under which they were made, not  
19 misleading; or
- 20 (c) to engage in any transaction, practice, or course of business which  
21 operates or would operate as a fraud or deceit upon the purchaser.

22 II.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
24 Defendant’s agents, servants, employees, attorneys, and all persons in active concert or  
25 participation with them who receive actual notice of this Agreed Judgment by personal service or  
26 otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section  
27 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and  
28 Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or

1 instrumentality of interstate commerce, or of the mails, or of any facility of any national  
2 securities exchange, in connection with the purchase or sale of any security:

- 3 (a) to employ any device, scheme, or artifice to defraud;
- 4 (b) to make any untrue statement of a material fact or to omit to state a  
5 material fact necessary in order to make the statements made, in the light of the  
6 circumstances under which they were made, not misleading; or
- 7 (c) to engage in any act, practice, or course of business which operates or  
8 would operate as a fraud or deceit upon any person.

9 III.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
11 Defendant's agents, servants, employees, , and all persons in active concert or participation with  
12 them who receive actual notice of this Agreed Judgment by personal service or otherwise are  
13 permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. §  
14 77e] by, directly or indirectly, in the absence of any applicable exemption:

- 15 (a) Unless a registration statement is in effect as to a security, making use of  
16 any means or instruments of transportation or communication in interstate  
17 commerce or of the mails to sell such security through the use or medium of any  
18 prospectus or otherwise;
- 19 (b) Unless a registration statement is in effect as to a security, carrying or  
20 causing to be carried through the mails or in interstate commerce, by any means  
21 or instruments of transportation, any such security for the purpose of sale or for  
22 delivery after sale; or
- 23 (c) Making use of any means or instruments of transportation or  
24 communication in interstate commerce or of the mails to offer to sell or offer to  
25 buy through the use or medium of any prospectus or otherwise any security,  
26 unless a registration statement has been filed with the Commission as to such  
27 security, or while the registration statement is the subject of a refusal order or stop  
28

1 order or (prior to the effective date of the registration statement) any public  
2 proceeding or examination under Section 8 of the Securities Act [15 U.S.C. §  
3 77h].

4 IV.

5 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Paul N.  
6 Nicholson and his agents, servants, employees, attorneys, and all other persons in active concert  
7 or participation with them, who receive actual notice of this order, by personal service or  
8 otherwise, and each of them, be and hereby are restrained and enjoined from violating, directly  
9 or indirectly, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)], by using any means or  
10 instrumentality of interstate commerce, or of the mails, or of any facility of any national  
11 securities exchange to effect any transactions in, or to induce or attempt to induce the purchase  
12 or sale of, any security (other than an exempted security or commercial paper, bankers'  
13 acceptances, or commercial bills) unless such person is registered with the Commission as a  
14 broker or dealer in accordance with Section 15(b) of the Exchange Act.

15 V.

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable  
17 for disgorgement of \$234,081, representing profits gained as a result of the conduct alleged in  
18 the Complaint, together with prejudgment interest thereon in the amount of \$10,722. Defendant  
19 shall satisfy this obligation by paying \$244,803 pursuant to the following payment schedule: (1)  
20 \$20,000 within 30 days of the entry of this Agreed Judgment; (2) \$224,803 within 360 days of  
21 the Entry of this Agreed Judgment. Payments shall be made by certified check, bank cashier's  
22 check, or United States postal money order payable to the Securities and Exchange Commission.  
23 The payments shall be delivered or mailed to the Office of Financial Management, Securities and  
24 Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3,  
25 Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Paul N. Nicholson  
26 as a defendant in this action; setting forth the title and civil action number of this action and the  
27 name of this Court; and specifying that payment is made pursuant to this Agreed Judgment. If  
28

1 Defendant fails to make any payment by the date agreed and/or in the amount agreed according  
2 to the schedule set forth above, all outstanding payments under this Agreed Judgment, including  
3 post-judgment interest pursuant to 28 USC § 1961, minus any payments made, shall become due  
4 and payable immediately without further application to the Court. The Commission shall remit  
5 the funds paid pursuant to this paragraph to the United States Treasury.

6 VI.

7 Upon motion of the Commission, the Court shall determine whether it is appropriate to  
8 order a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and  
9 Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount of the civil  
10 penalty. In connection with the Commission's motion for civil penalties, and at any hearing held  
11 on such a motion: (a) Defendant will be precluded from arguing that he did not violate the  
12 federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity  
13 of the Consent or this Agreed Judgment; (c) solely for the purposes of such motion, the  
14 allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the  
15 Court may determine the issues raised in the motion on the basis of affidavits, declarations,  
16 excerpts of sworn deposition or investigative testimony, and documentary evidence, without  
17 regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of  
18 Civil Procedure. In connection with the Commission's motion for civil penalties, the parties may  
19 take discovery, including discovery from appropriate non-parties.

20 VII.

21 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
22 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant  
23 shall comply with all of the undertakings and agreements set forth therein.

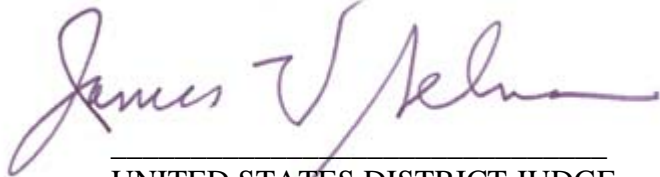
24 VIII.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain  
26 jurisdiction of this matter for the purposes of enforcing the terms of this Agreed Judgment.

IX.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Agreed Judgment forthwith and without further notice.

Dated: April 12, 2011



UNITED STATES DISTRICT JUDGE

Approved as to form:

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