

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64396 / May 4, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14368

In the Matter of

PAUL N. NICHOLSON,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Paul N. Nicholson (“Respondent” or “Nicholson”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Nicholson, age 56, resides in Corona Del Mar, California. From 1990 to 2010, he served as the president and member owner of Macarthur Strategies, Inc. ("Macarthur"), a registered broker-dealer with a principal place of business in Irvine, California. From 1996 to 2010, he also was the owner and president of Professional Investment Exchange, Inc. ("PIE"), which is the general partner for various issuers of limited partnership interests. Nicholson has series 7, 24, 39 and 63 securities licenses.

2. On April 12, 2011, an agreed judgment was entered by consent against Nicholson, permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. Paul N. Nicholson, et al., Civil Action Number 8:11-CV-00546-JVS-RNB, in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that, in connection with the sale of limited partnership interests, Nicholson misused and misappropriated investor funds, including, among other things, using investor funds to pay undisclosed commissions to unlicensed salespeople, to pay Macarthur's expenses and to pay undisclosed personal salary and expenses. The complaint also alleged that in communications with potential and existing investors, Nicholson engaged in conduct that operated as a fraud and deceit on investors, including by omitting material information about the use of investor proceeds and about the past performance of Nicholson's and PIE's oil-and-gas ventures. The complaint further alleged that Nicholson sold unregistered securities and that he operated PIE as an unregistered broker-dealer.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Nicholson's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, that Respondent Nicholson be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization, or from participating in an offering of penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served

as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions ("Order") on the Respondent and his legal agent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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