

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 68087 / October 23, 2012

ADMINISTRATIVE PROCEEDING
File No. 3-15075

In the Matter of

JACQUES NICHOLS,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO RULE 102(e) OF THE
COMMISSION’S RULES OF PRACTICE,
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 against Jacques Nichols (“Respondent”) pursuant to Rule 102(e)(3)(i) of the Commission’s Rules of Practice.¹

¹ Rule 102(e)(3)(i) provides, in relevant part, that:

The Commission, with due regard to the public interest and without preliminary hearing, may, by order, . . . suspend from appearing or practicing before it any . . . attorney . . . who has been by name . . . permanently enjoined by any court of competent jurisdiction, by reason of his or her misconduct in an action brought by the Commission, from violating or aiding and abetting the violation of any provision of the Federal securities laws or of the rules and regulations thereunder.

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.3 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Rule 102(e) of the Commission’s Rules of Practice, 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. Jacques Nichols, age 75, is a resident of Camas, Washington. Until January 2012, he was a licensed attorney in the State of Oregon.
2. From at least March 2009 through 2011, Nichols represented himself as Senior Trustee and Director of Merchant Securities and Trust (“Merchant”) and the Senior Director and Special Counsel of QFF Securities Funds, Ltd. and QFF Holdings LLC (the “QFF Entities”).
3. On September 20, 2012, the Commission filed a complaint against Nichols in SEC v. Nichols (Civil Case No. 3:12-cv-01698-HZ). On September 26, 2012, a final judgment was entered by consent against Nichols permanently enjoining him from future aiding and abetting violations of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder. Nichols was also ordered to pay \$42,500 in disgorgement of ill-gotten gains, and \$99 in prejudgment interest. However, based on Nichols’ sworn representations and other information of his financial condition, the Court did not impose a civil penalty or require payment of \$42,599 of disgorgement and prejudgment interest.
4. The Commission’s complaint alleged, among other things, that Nichols aided and abetted a Ponzi scheme involving various funds managed by Yusaf Jawed and his entities, Grifphon Asset Management, LLC and Grifphon Holdings, LLC. Nichols and others represented that Merchant and the QFF Entities had promised to pay tens of millions of dollars to buy Grifphon fund assets. In actuality, Merchants and the QFF entities were sham entities with no ability to pay anything for Grifphon’s alleged assets. Nichols’ misrepresentations enabled Jawed to continue his fraud. They also resulted in Jawed raising over \$1.2 million from investors.

IV.

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

Accordingly, it is hereby ORDERED, effective immediately:

Pursuant to Section 102(e) of the Commission's Rules of Practice that Respondent Nichols be and hereby is suspended from appearing or practicing before the Commission as an attorney.

By the Commission.

Elizabeth M. Murphy
Secretary