



IAPD Report

JAMES WILLIAM NICHOLS

CRD# 823850

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When communicating online or investing with any professional, make sure you know who you're dealing with. [Imposters](#) might link to sites like BrokerCheck from [phishing](#) or similar scam websites, or through [social media](#), trying to steal your personal information or your money.

Please contact FINRA with any concerns.



IAPD Information About Representatives

IAPD offers information on all current-and many former representatives. Investors are strongly encouraged to use IAPD to check the background of representatives before deciding to conduct, or continue to conduct, business with them.

What is included in a IAPD report?

IAPD reports for individual representatives include information such as employment history, professional qualifications, disciplinary actions, criminal convictions, civil judgments and arbitration awards.

It is important to note that the information contained in an IAPD report may include pending actions or allegations that may be contested, unresolved or unproven. In the end, these actions or allegations may be resolved in favor of the representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

Where did this information come from?

The information contained in IAPD comes from the Investment Adviser Registration Depository (IARD) and FINRA's Central Registration Depository, or CRD, (see more on CRD below) and is a combination of:

- information the states require representatives and firms to submit as part of the registration and licensing process, and
- information that state regulators report regarding disciplinary actions or allegations against representatives.

How current is this information?

Generally, representatives are required to update their professional and disciplinary information in IARD within 30 days.

Need help interpreting this report?

For help understanding how to read this report, please consult NASAA's IAPD Tips page <http://www.nasaa.org/IAPD/IARReports.cfm>

What if I want to check the background of an Individual Broker or Brokerage Firm?

To check the background of an Individual Broker or Brokerage firm, you can search for the firm or individual in IAPD. If your search is successful, click on the link provided to view the available licensing and registration information in FINRA's BrokerCheck website.

Are there other resources I can use to check the background of investment professionals?

It is recommended that you learn as much as possible about an individual representative or Investment Adviser firm before deciding to work with them. Your state securities regulator can help you research individuals and certain firms doing business in your state. The contact information for state securities regulators can be found on the website of the North American Securities Administrators Association <http://www.nasaa.org>



Report Summary

JAMES WILLIAM NICHOLS (CRD# 823850)

The report summary provides an overview of the representative's professional background and conduct. The information contained in this report has been provided by the representative, investment adviser and/or securities firms, and/or securities regulators as part of the states' investment adviser registration and licensing process. The information contained in this report was last updated by the representative, a previous employing firm, or a securities regulator on **02/19/2015**.

CURRENT EMPLOYERS

Firm	CRD#	Registered Since
IA NICHOLS INVESTMENT MANAGEMENT	CRD# 121108	01/13/2010

QUALIFICATIONS

This representative is currently registered in **0** SRO(s) and **1** jurisdiction(s).

Is this representative currently Inactive or Suspended with any regulator? **No**

Note: Not all jurisdictions require IAR registration or may have an exemption from registration. Additional information including this individual's qualification examinations and professional designations is available in the Detailed Report.

REGISTRATION HISTORY

This representative was previously registered with the following firm(s):

FIRM	CRD#	LOCATION	REGISTRATION DATES
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No information reported.

For additional registration and employment history details as reported by the individual, refer to the Registration and Employment History section of the Detailed Report.

DISCLOSURE INFORMATION

Disclosure events include certain criminal charges and convictions, formal investigations and disciplinary actions initiated by regulators, customer disputes and arbitrations, and financial disclosures such as bankruptcies and unpaid judgments or liens.

Are there events disclosed about this representative? **Yes**

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	1



Qualifications

REGISTRATIONS

This section provides the SRO, states and U.S. territories in which the representative is currently registered and licensed, the category of each registration, and the date on which the registration becomes effective. This section also provides, for each firm with which the representative is currently employed, the address of each location where the representative works. This individual is currently registered with **1** jurisdiction(s) and **0** SRO(s) through his or her employer(s).

Employment 1 of 1

Firm Name: **NICHOLS INVESTMENT MANAGEMENT**
Main Address: 175 EXCHANGE STREET
BANGOR, ME 04401
Firm ID#: 121108

Regulator	Registration	Status	Date
IA Maine	Investment Adviser Representative	Approved	01/13/2010

Branch Office Locations

NICHOLS INVESTMENT MANAGEMENT
175 EXCHANGE STREET
BANGOR, ME 04401



Qualifications

PASSED INDUSTRY EXAMS

This section includes all industry exams that the representative has passed. Under limited circumstances, a representative may attain registration after receiving an exam waiver based on a combination of exams the representative has passed and qualifying work experience. Likewise a new exam requirement may be grandfathered based on a representative's specific qualifying work experience. Exam waivers and grandfathering are not included below.

This individual has passed 0 principal/supervisory exams, 0 general industry/product exams, and 1 state securities law exam.

Principal/Supervisory Exams

Exam	Category	Date
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No information reported.

General Industry/Product Exams

Exam	Category	Date
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No information reported.

State Securities Law Exams

Exam	Category	Date
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IA Uniform Investment Adviser Law Examination (S65)	Series 65	02/26/2015
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PROFESSIONAL DESIGNATIONS

This section details that the representative has reported **0** professional designation(s).

No information reported.



Registration & Employment History

PREVIOUSLY REGISTERED WITH THE FOLLOWING FIRMS

This representative held registrations with the following firms:

No information reported.

EMPLOYMENT HISTORY

Below is the representative's employment history for up to the last 10 years.

Employment Dates	Employer Name	Position	Investment Related	Employer Location
08/1989 - Present	NICHOLS INVESTMENT MANAGEMENT	OWNER/CHIEF COMPLIANCE OFFICER	Y	BANGOR, ME, United States

OTHER BUSINESS ACTIVITIES

This section includes information, if any, as provided by the representative regarding other business activities the representative is currently engaged in either as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise. This section does not include non-investment related activity that is exclusively charitable, civic, religious, or fraternal and is recognized as tax exempt.

TREASURER, PHILLIPS-STRICKLAND HOUSE CORP.

21 BOYD STREET BANGOR, ME 04401 RESIDENTIAL ASSISTED LIVING FACILITY 4/2012 TO PRESENT

3 HOURS PER MONTH, 1 HOUR DURING TRADING HOURS. REVIEW THE FINANCIAL STATEMENTS OF THE ORG. AND ADVISE THEM REGARDING THEIR INVESTMENT MANAGER.

MEMBER OF THE INVESTMENT COMMITTEE, BANGOR LAND TRUST 27 STATE STREET BANGOR, ME 04401 BLT MANAGES THEIR PROPERTIES IN BANGOR AREA.

1 HOUR PER YEAR. HELP OVERSEE THE INVESTMENT PORTFOLIO. 4/2010 TO PRESENT



Disclosure Summary

Disclosure Information

What you should know about reported disclosure events:

(1) Certain thresholds must be met before an event is reported to IARD, for example:

- A law enforcement agency must file formal charges before an Investment Adviser Representative is required to report a particular criminal event.;
- A customer dispute must involve allegations that an Investment Adviser Representative engaged in activity that violates certain rules or conduct governing the industry and that the activity resulted in damages of at least \$5,000.

(2) Disclosure events in IAPD reports come from different sources:

As mentioned in the "About IAPD" section on page 1 of this report, information contained in IAPD comes from Investment Adviser Representatives, firms and regulators. When more than one of these sources reports information for the same disclosure event, all versions of the event will appear in the IAPD report. The different versions will be separated by a solid line with the reporting source labeled.

(3) There are different statuses and dispositions for disclosure events:

- A disclosure event may have a status of *pending*, *on appeal*, or *final*.
 - A "pending" disclosure event involves allegations that have not been proven or formally adjudicated.
 - A disclosure event that is "on appeal" involves allegations that have been adjudicated but are currently being appealed.
 - A "final" disclosure event has been concluded and its resolution is not subject to change.
- A final disclosure event generally has a disposition of *adjudicated*, *settled* or *otherwise resolved*.
 - An "adjudicated" matter includes a disposition by (1) a court of law in a criminal or civil matter, or (2) an administrative panel in an action brought by a regulator that is contested by the party charged with some alleged wrongdoing.
 - A "settled" matter generally represents a disposition wherein the parties involved in a dispute reach an agreement to resolve the matter. Please note that Investment Adviser Representatives and firms may choose to settle customer disputes or regulatory matters for business or other reasons.
 - A "resolved" matter usually includes a disposition wherein no payment is made to the customer or there is no finding of wrongdoing on the part of the Investment Adviser Representative. Such matters generally involve customer disputes.

(4) You may wish to contact the Investment Adviser Representatives to obtain further information regarding any of the disclosure events contained in this IAPD report.



DISCLOSURE EVENT DETAILS

When evaluating this information, please keep in mind that some items may involve pending actions or allegations that may be contested and have not been resolved or proven. The event may, in the end, be withdrawn, dismissed, resolved in favor of the Investment Adviser Representative, or concluded through a negotiated settlement with no admission or finding of wrongdoing.

This report provides the information exactly as it was reported to the Investment Adviser Registration Depository. Some of the specific data fields contained in the report may be blank if the information was not provided.

The following types of events are disclosed about this representative:

Type	Count
Regulatory Event	1

Regulatory Event

This disclosure event may include a final, formal proceeding initiated by a regulatory authority (e.g., a state securities agency, a federal regulator such as the Securities and Exchange Commission or the Commodities Futures Trading Commission, or a foreign financial regulatory body) for a violation of investment-related rules or regulations. This disclosure event may also include a revocation or suspension of an Investment Adviser Representative's authority to act as an attorney, accountant or federal contractor.

Disclosure 1 of 1

Reporting Source:	Regulator
Regulatory Action Initiated By:	MAINE OFFICE OF SECURITIES
Sanction(s) Sought:	Disgorgement Requalification Restitution Suspension
Date Initiated:	10/26/2013
Docket/Case Number:	13-9583
URL for Regulatory Action:	
Employing firm when activity occurred which led to the regulatory action:	NICHOLS INVESTMENT MANAGEMENT
Product Type:	Equity-OTC
Allegations:	NICHOLS VIOLATED 32 MRS § 16412(M) AND RULE CHAPTER 515 SECTION 14(11) WHEN HE FAILED TO PROVIDE SUFFICIENTLY DETAILED WRITTEN NOTICE TO CLIENTS OF MATERIAL CONFLICTS OF INTERESTS TO INCLUDE, BUT NOT LIMITED TO, THE FACT THAT (A) NICHOLS PERSONALLY OWNS SHARES OF WEBCO AND DELPHAX, TWO VERY THINLY TRADED AND ILLIQUID STOCKS; (B) NICHOLS'S PERSONAL OWNERSHIP INTEREST IN WEBCO COMPRISES OVER 94 PERCENT OF HIS ENTIRE INVESTMENT HOLDINGS; (C) GIVEN THE THINLY-TRADED NATURE OF WEBCO, PURCHASES OF WEBCO IN CLIENT ACCOUNTS ARE LIKELY TO POSITIVELY IMPACT THE VALUE OF NICHOLS'S PERSONAL WEBCO HOLDINGS WHILE SALES OF WEBCO IN CLIENT ACCOUNTS ARE LIKELY TO NEGATIVELY IMPACT THE VALUE OF NICHOLS'S WEBCO HOLDINGS; (D) A MEMBER OF NICHOLS'S FAMILY HAS A SIGNIFICANT OWNERSHIP IN WEBCO; (E)



SEVERAL MEMBERS OF NICHOLS'S IMMEDIATE FAMILY OR CLOSE RELATIVES HAVE AN OWNERSHIP INTEREST IN WEBCO; AND (F) THE COMBINED AGGREGATE HOLDINGS BY NICHOLS, HIS FAMILY MEMBERS AND THE FIRM'S CLIENTS HAD CREATED AN ULTRA-CONCENTRATED POSITION IN WEBCO THAT COMPRISED, AT ANY GIVEN TIME, BETWEEN 8 AND 10 PERCENT OF WEBCO'S OUTSTANDING SHARES AND 25 TO 30 PERCENT OF THE OUTSTANDING PUBLIC FLOAT FOR WEBCO. NICHOLS VIOLATED 32 MRS § 16412(M) AND RULE CHAPTER 515 SECTION 14(23) BY ENGAGING IN DISHONEST AND UNETHICAL PRACTICES WHEN HE (A) FAILED TO MAKE ADEQUATE DISCLOSURES OF THE RISKS OF INVESTING IN SMALL-CAP STOCKS AND THINLY TRADED POSITIONS ON THE FIRM'S PART 2A; (B) CREATED AN OVERCONCENTRATION IN WEBCO IN SELECT CLIENT ACCOUNTS BY SELLING POSITIONS OTHER THAN WEBCO IN AN ATTEMPT TO MEET CLIENT LIQUIDITY NEEDS; AND (C) CONTINUING TO MAKE DISCRETIONARY PURCHASES OF WEBCO IN CLIENT ACCOUNTS EVEN AFTER BECOMING PERSONALLY CONCERNED WITH THE LIQUIDITY OF WEBCO STOCK AND EVEN AFTER BEING PUT ON NOTICE BY THE OFFICE OF ITS CONCERNS REGARDING WEBCO'S ILLIQUIDITY AND THE COMBINED AGGREGATE WEBCO HOLDINGS OF NICHOLS AND HIS FAMILY AND CLIENTS. NICHOLS VIOLATED 32 MRS § 16412(M) AND RULE CHAPTER 515 SECTION 14(1) WHEN HE FAILED TO CONDUCT A SUITABILITY ANALYSIS FOR EACH CLIENT IN ORDER TO OBTAIN SUFFICIENT INFORMATION ON WHICH TO FORM THE BASIS OF THE PURCHASE, SALE OR EXCHANGE OF SECURITIES AND THEREFORE DID NOT HAVE REASONABLE GROUNDS TO BELIEVE THAT ALL OF THE RECOMMENDATIONS HE MADE TO HIS CLIENTS WERE IN THE BEST INTEREST OF HIS CLIENTS. NICHOLS VIOLATED RULE CHAPTER 515 SECTION 7(1)(P) WHEN HE FAILED TO MAKE AND MAINTAIN WRITTEN SUITABILITY INFORMATION FOR EACH INVESTMENT ADVISORY CLIENT. NICHOLS VIOLATED 32 MRS § 16412(M) AND RULE CHAPTER 515 SECTION 14(15) WHEN HE EFFECTED AT LEAST 18 TRANSACTIONS IN A CLIENT'S ACCOUNT PRIOR TO ENTERING INTO A WRITTEN INVESTMENT ADVISORY AGREEMENT WITH THAT CLIENT AND WHEN NICHOLS FURTHER FAILED TO ADEQUATELY DISCLOSE, IN SUBSTANCE, THE SERVICES TO BE PROVIDED PURSUANT TO THE INVESTMENT ADVISORY AGREEMENT, TO INCLUDE THE FIRM'S MANAGEMENT RESPONSIBILITIES FOR THE INVESTMENT HOLDINGS OTHER THAN COMMON STOCK HELD IN THE CLIENT'S ACCOUNT.

Current Status: Final

Resolution: Order

Does the order constitute a final order based on violations of any laws or regulations that prohibit fraudulent, manipulative, or deceptive conduct? No

Resolution Date: 01/13/2015

Sanctions Ordered: Disgorgement
Requalification
Restitution
Suspension

Other: IN THE EVENT NICHOLS INVESTMENT MANAGEMENT IS ACQUIRED BY ANOTHER FIRM WITH WHICH NICHOLS BECOMES AFFILIATED AS AN AGENT OR INVESTMENT ADVISER REPRESENTATIVE (IAR), NICHOLS WILL BE SUBJECT TO THE HEIGHTENED SUPERVISION CONDITIONS AS SET FORTH IN THE ORDER AND ANY OTHER CONDITIONS DEEMED APPROPRIATE BY THE SECURITIES ADMINISTRATOR AT THE TIME OF



LICENSURE. HEIGHTENED SUPERVISION CONDITIONS WILL REMAIN IN EFFECT FOR A PERIOD OF TWO YEARS FROM THE DATE OF LICENSURE. ANY BREAK IN NICHOLS LICENSURE AS AN AGENT OR IAR IN MAINE WILL TOLL THE EXPIRATION OF THE CORRESPONDING TWO-YEAR PERIOD OF HEIGHTENED SUPERVISION.

Sanction 1 of 1

Sanction Type: Suspension
Capacities Affected: ALL CAPACITIES
Duration: 60 DAYS
Start Date: 01/13/2015
End Date: 03/14/2015

Requalification 1 of 1

Requalification Type: Requalification by Exam
Length of time given to requalify: N/A
Type of exam required : SERIES 65
Has condition been satisfied: No

Monetary Sanction 1 of 2

Monetary Related Sanction: Restitution
Total Amount: \$7,375.26
Portion Levied against individual: \$7,375.26
Payment Plan: N/A
Is Payment Plan Current: Yes
Date Paid by individual: 01/13/2015
Was any portion of penalty waived? No

Amount Waived:

Monetary Sanction 2 of 2

Monetary Related Sanction: Disgorgement
Total Amount: \$77,642.05
Portion Levied against individual: \$77,642.05
Payment Plan: FULL DISGORGEMENT MUST BE MADE TO CLIENTS WITHIN 18 MONTHS OF THE DATE OF THE ORDER
Is Payment Plan Current: Yes
Date Paid by individual:
Was any portion of penalty waived? No
Amount Waived:



End of Report

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