



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Kathy Blumenfeld, **Secretary**

James Nickels Sentenced in The Fiscal Concierge Ponzi Scheme

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On May 29, 2019, James Nickels, age 68, of Manitowoc, Wisconsin was sentenced to seven years in federal prison for conducting a Ponzi scheme he carried out through his business, The Fiscal Concierge, LLC from 2006 to 2017. Under a plea agreement reached in February 2019, Nickels will pay \$3,193,616 in restitution to 41 investors, 39 from Wisconsin, and one each from Illinois and Michigan.

The criminal charges arose from Nickels' actions in soliciting investors for The Fiscal Concierge, a business that provided automatic bill-paying services to the elderly for a monthly fee. In exchange for their investments, Nickels offered investors 12-month promissory notes that included an 8% annual return. According to the plea agreement, investors indicated they relied on the promise for an 8% annual return and Nickels' assurance that there had been no missed interest payments, in deciding to invest in The Fiscal Concierge. In addition, some people invested because of assurances that The Fiscal Concierge would soon be a big company. However, in October 2013, The Fiscal Concierge began missing interest payments, yet continued to tout in marketing materials that no interest payments had been missed. In fact, after the first missed interest payment in October 2013, The Fiscal Concierge received over \$1.8 million in promissory note investments.

According to the plea agreement, company records showed the business was never profitable—its gross receipts from its bill paying function never exceeded \$11,000 annually, yet its yearly operating expenses averaged about \$463,000. Generally, investments were used to pay operating expenses, to make Ponzi-like payments of principal and interest to existing investors, and for payments to Nickels personally.

The federal prosecution of Nickels was based upon the investigation of the Division of Securities of the Wisconsin Department of Financial Institutions which entered a Summary Order to Cease and Desist against Nickels, The Fiscal Concierge and others on October 24, 2016, and a Final Order on December 9, 2016. The Division's Final Order charged the respondents with selling unregistered securities, and misrepresentations in connection with the offer and sale of securities, including failing to disclose Nickels' disciplinary history with state securities regulators, the risks of the investment, the Ponzi-like payments to investors, and Nickels' retention of over \$700,000 of investor funds for his personal use. The Division's Final Order prohibits Nickels from selling unregistered securities in Wisconsin, revokes all securities exemptions under Wis. Stat. Ch. 551, and orders over \$3 million in restitution and \$50,000 in penalties.

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“Wisconsin investors should use caution when approached with any unsolicited investment opportunities,” said Kathy Blumenfeld, Secretary of the Wisconsin Department of Financial Institutions. “It’s best to learn before you get burned. In most fraud cases, the investors are unable to recover their losses because the fraudster has already spent the money.” To inquire about the registration status of your salesperson or the product recommended, investors may call the Division of Securities at (608) 266-2139.

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