

STATE OF NEW JERSEY
BUREAU OF SECURITIES
153 Halsey Street
P.O. Box 47029
Newark, New Jersey 07101
Telephone (973)504-3600

IN THE MATTER OF:)
)
Jesse J. Holovacko)
(CRD # 5112298))
)
RESPONDENT)

**SUMMARY REVOCATION AND
PENALTY ORDER**

Pursuant to the authority granted to Laura H. Posner, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq. (“Securities Law”), and careful review and due consideration of the facts and certain documents provided to the Bureau, the Bureau Chief has determined that the agent and investment adviser representative registrations of Jesse J. Holovacko shall be REVOKED and a CIVIL MONETARY PENALTY be assessed for the reasons that follow.

FINDINGS OF FACT

1. Jesse J. Holovacko (hereinafter “Holovacko”) (CRD # 5112298), currently residing in South Amboy, New Jersey, has been registered with the Bureau as an agent and investment adviser representative (IAR) of various broker-dealers since October 6, 2006.
2. Holovacko was most recently registered as an agent and IAR of Merrill Lynch until he was discharged on September 3, 2014 for conduct involving misappropriation of client funds.

3. In or about November 2011, SK, fifty-eight, now a retired electrician operator, became a client of Holovacko. SK had a traditional individual retirement account (“IRA”) at Merrill Lynch.

Fraudulent Conduct

4. In or about December 2013, Holovacko contacted SK and recommended that SK purchase certain bonds in order to earn an annual 7.5% return.
5. To make the bond purchase, Holovacko instructed SK to withdraw money from SK’s IRA and deposit the funds into SK’s bank account at another financial institution.
6. After the money was deposited, Holovacko instructed SK to obtain cashier’s checks payable to Holovacko from his bank account.
7. Between December 2013 and August 2014 (the “Relevant Period”), SK gave Holovacko seventeen (17) separate cashier’s checks totaling two hundred forty two thousand dollars (\$242,000) to purchase bonds.
8. Instead of using the \$242,000 to purchase the recommended bonds, Holovacko deposited the cashier’s checks into his savings account (“Personal Account”) without SK’s knowledge.
9. After depositing the \$242,000 in his Personal Account, Holovacko withdrew the money from ATMs and bank tellers, and spent the money to, among other things, dine at expensive restaurants and patronize New Jersey casino establishments.
10. Despite numerous requests by SK, Holovacko refused to furnish him with account information or account statements.

FINRA Bar from Association

11. On September 25, 2014, the Financial Industry Regulatory Authority (“FINRA”), pursuant to FINRA Rule 8210, sent Holovacko a letter requesting information regarding his termination from Merrill Lynch involving the misappropriation of client funds.
12. On October 1, 2014, Holovacko through counsel, informed FINRA that he would not participate in its investigation or provide the documents requested by FINRA.
13. On October 14, 2014, FINRA served Holovacko with notice that he would be suspended from associating with any FINRA member effective November 7, 2014, pursuant to FINRA Rule 9552, for failing to provide information to FINRA.
14. On January 20, 2015, FINRA served Holovacko with notice that, effective January 20, 2015, he was barred from associating with any FINRA member in any capacity, pursuant to FINRA Rule 9552(h).

CONCLUSIONS OF LAW

HOLOVACKO EMPLOYED A DEVICE, SCHEME, OR ARTIFICE TO DEFRAUD IN VIOLATION OF N.J.S.A. 49:3-52(a)

15. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
16. Holovacko directly and/or indirectly employed a device, scheme, or artifice to defraud his client in violation of N.J.S.A. 49:3-52(a).
17. Each violation of N.J.S.A. 49:3-52(a) by Holovacko is a separate violation and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

**HOLOVACKO MADE UNTRUE STATEMENTS OF MATERIAL FACT OR OMITTED
TO STATE A MATERIAL FACT IN VIOLATION OF
N.J.S.A. 49:3-52(b)**

18. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
19. Holovacko made untrue statements of material fact or omitted to state material facts including but not limited to telling SK that the funds would be used to purchase bonds when in reality they were used by Holovacko for personal use.
20. Each violation of N.J.S.A. 49:3-52(b) by Holovacko is a separate violation and is cause for the imposition of a civil monetary penalty for each separate violation pursuant to N.J.S.A. 49:3-70.1.

**HOLOVACKO WILLFULLY VIOLATED OR WILLFULLY FAILED TO COMPLY
WITH A PROVISION OF THE LAW
N.J.S.A. 49:3-58(a)(1), N.J.S.A. 49:3-58(a)(2)(ii), N.J.S.A. 49:3-52(a) and N.J.S.A. 49:3-52(b)**

21. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
22. Pursuant to N.J.S.A. 49:3-58(a): “The Bureau Chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant... ii)...has willfully violated or willfully failed to comply with any provision of this act... or has willfully, materially aided others in such conduct.”
23. Holovacko directly and/or indirectly employed a device, scheme or artifice to defraud investors, in violation of N.J.S.A. 49:3-52(a).
24. Holovacko made materially false and misleading statements and/or omitted to state material facts necessary in order to make the statements made in light of the circumstances under

which they were made, not misleading to investors in connection with the offer and sale of securities in violation of N.J.S.A. 49:3-52(b).

25. As such, the Bureau has proper grounds to revoke Holovacko's registrations and certain exemptions pursuant to N.J.S.A. 49:3-58(a)(2)(ii).
26. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to revoke Holovacko's registrations.

**HOLOVACKO ENGAGED IN DISHONEST OR UNETHICAL PRACTICES
IN THE SECURITIES BUSINESS**

N.J.S.A. 49:3-58(a)(I), N.J.S.A. 49:3-58(a)(2)(vii), N.J.A.C. 13:47A-6.3(a)(21), N.J.A.C. 13:47A-6.3(a)(30), and N.J.A.C. 13:47A-6.3(a)(31)

27. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
28. Pursuant to N.J.S.A. 49:3-58(a): "The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vii) has engaged in dishonest or unethical practices in the securities ... business, as may be defined by the rule of the bureau chief."
29. Pursuant to N.J.A.C. 13:47A-6.3(a): "'Dishonest or unethical practices' as used in N.J.S.A. 49:3-47 et seq., specifically in ... N.J.S.A. 49:3-58(a)(2)(vii), shall include ... (21.) ... [f]ailing or refusing to furnish a customer, upon reasonable request, information to which the customer is entitled ... (30.)... Making any misrepresentation or omission of a material fact or otherwise employing any form of concealment or deception in connection with the offer, sale, purchase or negotiation of any securities, commodity futures, banking or insurance contract, instrument or transaction...(31.)... Engaging in any material misrepresentation or omission or engaging in deceitful, deceptive or fraudulent conduct involving any aspect of the securities, banking, insurance, investment advisory or

commodities futures industries or engaging in any conduct described above which, at the time, is prohibited by the statutes or rules governing the above industries in the jurisdiction where the conduct occurred...”

30. Holovacko engaged in dishonest or unethical practices in the securities business by, among other things, obtaining client’s funds through deceptive means, depositing client money into his personal account, and refusing to furnish his client with his account information.
31. The conduct described in the previous paragraphs is grounds, pursuant to N.J.S.A. 49:3-58(a)(2)(vii), to revoke Holovacko’s registrations and certain exemptions.
32. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(1), it is in the public interest to revoke Holovacko’s registrations.

HOLOVACKO IS THE SUBJECT OF AN ORDER BY A SELF-REGULATORY ORGANIZATION EXPELLING HIM FROM A NATIONAL SECURITIES ASSOCIATION

N.J.S.A. 49:3-58(a)(l) and N.J.S.A. 49:3-58(a)(2)(vi)

33. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.
34. Pursuant to N.J.S.A. 49:3-58(a): “The bureau chief may by order deny, suspend, or revoke any registration if he finds: (1) that the order is in the public interest; and (2) that the applicant or registrant ... (vi) is the subject of an order of ... a self-regulatory organization ... expelling him from a ... national securities ... association registered under the 'Securities Exchange Act of 1934'...”
35. Having been barred from association with any FINRA member, Holovacko has effectively been expelled from a self-regulatory organization.
36. This is cause, pursuant to N.J.S.A. 49:3:58(a)(2)(vi), to revoke Holovacko’s registrations and certain exemptions.

37. Based upon the foregoing and pursuant to N.J.S.A. 49:3-58(a)(2)(vi), it is in the public interest to revoke Holovacko's registrations.

THEREFORE, it is on this 13th day of May, 2015, hereby **ORDERED**,

38. That the agent and investment adviser representative registrations of Jesse J. Holovacko be **REVOKED**;

39. That Jesse J. Holovacko is assessed a civil monetary penalty in the amount of seventy-five thousand dollars (\$75,000.00), pursuant to N.J.S.A. 49:3-70.1, immediately due and payable to the "State of New Jersey, Bureau of Securities;" and

40. Jesse J. Holovacko be denied all exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b); and

41. The exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c), and N.J.S.A. 49:3-56(g) are hereby revoked as to Jesse J. Holovacko.



Laura H. Posner
Chief, New Jersey Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., specifically, N.J.S.A. 49:3-58(c), the Bureau Chief shall entertain on no less than three-days' notice, a written application to lift the summary revocation on written application of the registrant and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the applicant or registrant a written statement of the reasons for the summary revocation.

This matter will be set down for a hearing if a written request for such a hearing is filed with the Bureau within 15 days after the respondent receives this Order. A request for a hearing must be accompanied by a written response, which addresses specifically each of the allegations set forth in the Order. A general denial is unacceptable. At any hearing involving this matter, an individual respondent may appear on his/her own behalf or be represented by an attorney.

Orders issued pursuant to this subsection to suspend or revoke any registration, and/or deny or revoke exemptions, shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order to suspend or revoke any registration shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

If no hearing is requested, the Order shall become a Final Order and will remain in effect until modified or vacated. If a hearing is held, the Bureau Chief shall affirm, vacate or modify the order in accord with the findings made at the hearing.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.