

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:)	
JOSEPH P. McGIVNEY, Sr.,)	
(CRD#327740))	
LESLIE J. WNUKOWSKI,)	
and EDWIN KOZIOL,)	CASE NO. 0600457
d/b/a J.P.M. INC,)	
UNIQUE STRATEGIES, INC.,)	
HEDGE STRATEGIES, INC.,)	
JUST SHORT, INC.,)	
JPM OPTIONS, INC.)	

NOTICE OF HEARING

TO RESPONDENTS:

Joseph P. McGivney
9700 W. 197th Street
Suite 109
Mokena, Illinois
60448

Joseph P. McGivney
5558 Maple Lane
Midlothian, Illinois
60445

Joseph P. McGivney
C/O his Counsel
Richard C. Leng, Esq.
230 West. Monroe Street
Room 250
Chicago, IL
60606

Leslie Wnukowski
14500 John Humphrey Dr.
Orland Park, IL
60462

Leslie Wnukowski
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Mokena, Illinois
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Leslie Wnukowski
5558 Maple Lane
Midlothian, Illinois
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Edwin Koziol
9700 W. 197th Street
Suite 109
Mokena, Illinois
60448

Edwin Koziol
8907 South Melvina St.
Oak Lawn, Illinois
60453

You are hereby notified that, pursuant to Section 11.F of the Illinois Securities Law of 1953 (815 ILCS 5/1, *et seq.*) (the "Act") and 14 Ill. Adm. Code 130, Subpart K (the "Rules"), a public hearing is scheduled to be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, **on the 21st day of July, 2010**, at 10:00 a.m., or as soon thereafter as counsel may be heard, before **Soula Spyropoulos, Esq.**, or another duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered Finding Respondents JOSEPH P. MCGIVNEY SR., LESLIE WNUKOWSKI, and EDWIN KOZIOL in violation of the Act and granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount of \$10,000.00 per violation pursuant to Section 11.F of the Act, for each and every violation, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

NATURE OF THE CASE

Joseph P. McGivney, Sr., Leslie J. Wnukowski and Edwin Koziol have an extensive history of Securities Fraud; not one year after settling a civil enforcement action for a \$1,000,000.00 fraudulent investment scheme they began a series of new fraudulent investment scams netting in excess of \$3,000,000.00 from their victims. The Respondents currently operate several business entities that they sell stock in as well as obtain investment notes for. Investor money is deposited into one of many accounts held by the Respondents, transferred between the accounts comingling investor money, and from which Respondents misappropriate the funds to finance their lavish lifestyles including financing their gambling habits, making payments for a luxury car, transferring investor money to their relatives, paying for a child of Wnukowski's college education, as well as paying their personal bills. The Respondents also use new investor money to pay earlier investors in a Ponzi-like fashion. Indeed, the haphazard manner in which the Respondents misappropriate and spend investor money from the various bank accounts has resulted in over \$25,000.00 of investor money to be spent on overdraft and returned check charges.

Evidence of the egregiousness of McGivney and his accomplices' scams is best represented by their recent defrauding of two 90 year-olds of \$50,000.00, which the elderly victims desperately needed to pay for necessary medical expenses.

The following allegations outline the victimization of only 10 of the Respondents' many victims, which number over 35, and is not intended to be an exhaustive recitation of their extensive schemes in defrauding investors.

BACKGROUND INFORMATION

1. Respondent Joseph P. McGivney, Sr. (hereinafter, "MCGIVNEY") is a resident of Illinois with a last known address of 5558 Maple Lane, Midlothian, Illinois, 60445. MCGIVNEY has not been registered to offer or sell securities in the State of Illinois, nor has he been for at least ten years.
2. Respondent Leslie J. Wnukowski (hereinafter, "WNUKOWSKI") is a resident of Illinois with a last known address of 14500 John Humphrey Dr. in Orland Park, Illinois 60462. On information and belief WNUKOWSKI also resides at 5558 Maple Lane with MCGIVNEY. WNUKOWSKI is not registered to offer or sell securities in Illinois.
3. Respondent Edwin Koziol ("KOZIOL") is an associate of MCGIVNEY and WNUKOWSKI that assists in managing the various investment schemes detailed below. KOZIOL has a last known address of 8907 South Melvina in Oak Lawn, Illinois 60453.
4. MCGIVNEY, WNUKOWSKI and KOZIOL do business as various business entities that have lost their corporate status. Despite not having corporate status the Respondents continue to represent to the public and their victims that the following entities are properly incorporated.
5. Unique Strategies, Inc. (hereinafter, "UNIQUE") was a Nevada Corporation that has been permanently revoked from doing business in Nevada since 2008. WNUKOWSKI is the President, Secretary, and Treasurer of UNIQUE. UNIQUE is under the control of MCGIVNEY, WNUKOWSKI and KOZIOL and operates from 9700 West 197th. in Mokena, Illinois, 60448.
6. Hedge Strategies, Inc. (hereinafter, "HEDGE") was a Nevada Corporation that has been revoked from doing business in Nevada since 2009. Both WNUKOWSKI and MCGIVNEY are listed as the President, and WNUKOWSKI is the Secretary, and Treasurer of HEDGE. HEDGE is under the control of MCGIVNEY, WNUKOWSKI and KOZIOL, and operates from 9700 West 197th. in Mokena, Illinois, 60448.
7. J.P.M., Inc. (hereinafter, "JPM") was a Nevada Corporation that has been revoked from doing business in Nevada since 2009. WNUKOWSKI is the President, Secretary, and Treasurer of JPM. JPM is under the control of MCGIVNEY, WNUKOWSKI and KOZIOL and operates from 9700 West 197th. in Mokena, Illinois, 60448.

8. JPM Options, Inc. (hereinafter "OPTIONS") is a Nevada Corporation whose status is in Default. WNUKOWSKI is the President, Secretary and Treasurer of OPTIONS. OPTIONS is under the control of MCGIVNEY, WNUKOWSKI and KOZIOL. Respondents submitted a false corporate filing with the State of Nevada, claiming that OPTIONS operates from "1504 US HWY 395 N#8 in Garnerville, Nevada." That is the address of a legitimate business not affiliated with Respondents. In reality, OPTIONS operates from 9700 West 197th. in Mokena, Illinois, 60448.
9. Just Short, Inc. (hereinafter, "JUST SHORT") is a business entity with no articles of incorporation on record. JUST SHORT is under the control of MCGIVNEY and WNUKOWSKI and operates 9700 West 197th. in Mokena, Illinois, 60448.
10. MCGIVNEY and WNUKOWSKI maintain bank accounts for UNIQUE, HEDGE, JPM, OPTIONS, JUST SHORT, as well as their own joint checking account. Both MCGIVNEY and WNUKOWSKI have signatory authority over each account. KOZIOL is also allowed to draw from the HEDGE, JPM, OPTIONS, and JUST SHORT accounts.
11. MCGIVNEY is beginning his fifth decade defrauding investors; his first scheme having been uncovered in 1973 when the Securities and Exchange Commission issued an order prohibiting MCGIVNEY and his company, McGivney and Company, from offering or selling securities due to his unlawful sale of unregistered securities involving investment contracts into whisky warehouse receipts in which MCGIVNEY lied to investors about the annual return to be expected, the suitability of such investment for the investors, the firm's markup over costs, and the marketability of the investments.
12. In 1985 the Securities and Exchange Commission obtained a permanent order of prohibition against MCGIVNEY from the Federal Court for his violations of the antifraud provisions of the Federal Securities Law when, from 1981 through 1984, MCGIVNEY obtained over \$11,000,000.00 from approximately 500 victims by selling promissory notes into his company, JPM Industries. MCGIVNEY lied to his victims, claiming that he would collateralize the notes with an assignment of stock owned by MCGIVNEY, and that he would give certain note holders liens on property owned by MCGIVNEY and JPM Industries. Furthermore, MCGIVNEY omitted to inform his victims that to pay the notes he would have to sell more promissory notes to newer investors. (SEC v. McGivney, N.D. IL., 85-C-2255).
13. In 1988 the Florida Division of Securities prosecuted MCGIVNEY for selling securities from an unregistered branch office in Florida, numerous book and records violations, inadequate supervisory procedures, and numerous prohibited business practices related to the offer and sale of securities in Florida. In 1990 MCGIVNEY consented to discontinue brokerage services in Florida.

14. In 1999 MCGIVNEY, WNUKOWSKI and KOZIOL were civilly prosecuted by the Commodity Futures Trading Commission for operating a \$1,000,000.00 "PONZI" scheme wherein MCGIVNEY, WNUKOWSKI and KOZIOL solicited investors to invest into a commodity pool. The Defendants never invested their victims' money into any commodity pool, but instead commingled the money and used it to finance their extravagant lifestyles and, occasionally, to pay some of their victims. MCGIVNEY, WNUKOWSKI and KOZIOL settled the case agreeing, among other things, to pay restitution in excess of \$800,000.00 to their victims. (CFTC v Joseph McGivney, et al., 99 C 2357).
15. MCGIVNEY, WNUKOWSKI and KOZIOL, immediately after settling the CFTC prosecution of their commodity-pool Ponzi scheme, started a new series of fraudulent investment schemes as early as 2001.
16. Since 2000 MCGIVNEY, WNUKOWSKI and KOZIOL have obtained in excess of \$3,000,000.00 from at least twenty-five investors, through the sale of short-term loans and stock for UNIQUE, HEDGE, JPM, OPTIONS, and JUST SHORT, representing that the money would be used for business purposes; at times representing that MCGIVNEY was developing a trading platform, and at other times representing to victims that their money was being invested in the market.
17. In reality, MCGIVNEY, WNUKOWSKI and KOZIOL have used some of their victims' money to pay off other investors, but most of the money has been used to finance their extravagant lifestyle. Investor money has been used to pay for Respondents' luxury car payments, gambling habits, insurance premiums, dining at upscale restaurants, visits to expensive beauty salons, a family member's college tuition and living costs, cable television bills, and other personal bills.
18. Investors 1-10, described below, are not the only investors victimized by Respondents, but their relationship with Respondents typify the victimization MCGIVNEY, WNUKOWSKI and KOZIOL have visited upon their investors.

Investor 1

19. Investor 1 is a resident of Illinois who, in 2001, was introduced to MCGIVNEY through a mutual friend.
20. In mid -2002 MCGIVNEY solicited Investor 1 to invest with MCGIVNEY's company, UNIQUE, in the form of a short-term loan.
21. MCGIVNEY told Investor 1 that the loan was to finance MCGIVNEY's development of a proprietary trading platform.
22. MCGIVNEY also told Investor 1 that he would be "going public" with his company.

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23. In December of 2002 Investor 1 entered into a short term loan agreement (the "Note"), providing \$33,475.00 to UNIQUE for the development of the trading platform. The Note provided that Investor 1 would receive a return of 30% per year, and the Note would mature on March 1, 2003.
24. Investor 1 did receive his initial investment, with interest.
25. However, Investor 1 continued to provide Respondents with loans, providing MCGIVNEY a check written out to JPM for \$10,000.00 in October of 2004.
26. MCGIVNEY agreed to pay Investor 1 \$800.00 per month until the loan was paid back.
27. One month later, in November of 2004, Investor 1 provided MCGIVNEY a check for \$110,000.00 written to JPM for a Private Placement Offering into JPM. \$35,000.00 of this transaction was Investor 1's money, the balance having been obtained from thirteen friends and relatives.
28. Six months later, in June of 2005, Investor 1 invested another \$10,000.00 into JPM.
29. From June of 2005 through 2009 Investor 1 received monthly payments of \$800.00 and \$1,600.00 from Respondents.
30. During that time, from 2005 through 2009, Investor 1 also invested an additional \$77,000.00 with Respondents, including a \$10,000.00 investment in April of 2008.
31. However, Investor 1's money was never used to develop a trading platform, as MCGIVNEY stated.
32. For instance, on April 14, 2008, when Investor 1 invested an additional \$10,000.00 with RESPONDENTS, the money was deposited into the JUST SHORT account, and the very next day:
 - a. The account was debited \$39.00 for an overdraft fee due to the account having no funds prior to the deposit; WNUKOWSKI wrote herself a check for \$7,500.00 from the account; a different investor was paid \$4,900.00; and \$58.00 dollars was spent at a gas station.
 - b. On April 16, 2008, the JUST SHORT account was debited \$500.00 to pay a different investor, and a \$200.00 cash withdrawal was made from an ATM.

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- c. On April 18 \$400.00 was paid to KOZIOL, and \$500.00 transferred to the HEDGE account to cover overdrafts made in that account.
 - d. On April 21, 2008 \$1000.00 was paid to a different investor, \$130.00 spent at Jewel Grocery Store, \$126.00 was spent at Harrah's Casino with an additional \$400.00 cash withdrawal made from an ATM at the casino, and \$60.00 was spent at a hair salon.
 - e. On April 22, 2008, \$1650.00 was transferred to a relative of MCGIVNEY.
 - f. On April 23, 2008, \$500.00 was paid to another investor, and \$62.00 was withdrawn from an ATM.
 - g. On April 29, 2008, \$126.00 was spent at Mr. Benny's Steakhouse, WNUKOWSKI issued two checks to Investor 1 for \$10,000.00 and \$1,000.00, respectively, but they were not honored for insufficient funds.
 - h. On April 30, 2008 a \$1,132.25 payment for a life insurance premium was made, a \$500.00 payment to a different investor was also made, both payments which caused an overdraft and resulted in a \$39.00 bank fee for each.
 - i. Investor 1 would receive a check for \$12,000.00 drawn from the JUST SHORT account on May 16, 2008, and signed by MCGIVNEY, however, since Respondents had spent all of the investor money in that account, Investor 1 was paid from money taken from another investor whose \$70,000.00 was deposited into that account on May 15.
33. Investor 1 invested at least \$136,625.00 from his first investment with Respondents through August of 2008.
34. At no time was Investor 1 told by RESPONDENTS that his money would be used to pay earlier investors, nor was Investor 1 told that his money would be used to pay Respondents' personal bills or to finance their gambling habits, or that Investor 1's investment would be repaid from funds acquired from other investors.

Investor 2

35. Investor 2 is a resident of Illinois who was introduced to MCGIVNEY through a mutual friend.
36. In March of 2005 MCGIVNEY solicited Investor 2 to invest in JPM.
37. MCGIVNEY told Investor 2 that he was creating a trading platform, and eventually his company would go public.

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38. Investor 2 provided MCGIVNEY with \$50,000.00 in exchange for 52,000 shares of JPM stock.
39. On March 23, 2005, the \$50,000.00 was deposited into the JPM account.
40. In April of 2005 MCGIVNEY sent Investor 2 a stock certificate indicating ownership of 52,000 shares of JPM stock, signed by MCGIVNEY as the president of JPM.
41. In May of 2005 MCGIVNEY solicited Investor 2 again, this time for a short-term loan for JPM (the "Note").
42. Investor 2 provided MCGIVNEY with \$100,000.00 for the Note, becoming due in one year at 20% interest paid quarterly.
43. On May 12, 2005 the \$100,000.00 was deposited into the JPM account.
44. In September and December of 2005, and June and July of 2006, Investor 2 received checks drawn on the JPM account and signed by WNUKOWSKI and MCGIVNEY, for the quarterly interest payments for the Note. The payments were late, and required Investor 2 to contact MCGIVNEY for payment.
45. In each circumstance the checks referred to in paragraph 43 were drawn from other investors' money deposited into the JPM account.
46. On March 3, 2006, WNUKOWSKI wrote a check, drawn from the JPM account, for \$5,000.00 made out to Investor 2.
47. The check was not honored due to non-sufficient funds in the JPM account.
48. Investor 2 repeatedly contacted MCGIVNEY and KOZIOL to request his payments.
49. On January 29, 2007, eight months after the Note with interest was due in full, MCGIVNEY wrote a check to Investor 2 drawn from the JUST SHORT account for \$12,200.00.
50. Investor 2 attempted to deposit the check, but Respondents had issued a stop payment on it.
51. Investor 2 repeatedly attempted to contact MCGIVNEY to request his money, but MCGIVNEY ignored Investor 2's calls and e-mails.
52. Investor 2 contacted the Illinois Attorney General to lodge a complaint regarding Respondents refusal to pay Investor 2 his money.

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53. MCGIVNEY, in a written correspondence to the Attorney General's inquiry into the complaint, stated that there was a delay in paying Investor 2 and that Investor 2 would be paid within 90 days.
54. MCGIVNEY lied, he never resolved the complaint, never contacted Investor 2, and never paid Investor 2 his money.
55. In reality Respondents did not use Investor 2's money to develop a trading platform or for business purposes: they used the money to finance their own extravagant lifestyle.
56. For instance, in the days after March 23, 2005, when the \$50,000.00 Investor 2 paid for the stock was deposited into the JPM account, Respondents used the proceeds for the following non-business purposes:
 - a. On March 28, 2005, WNUKOWSKI wrote two checks to herself for \$5,200.00 and \$2,000.00, respectively.
 - b. On March 29, 2005 a different investor was paid \$1,000.00.
 - c. On March 30, 2005, \$2,000.00 was transferred to the UNIQUE STRATEGIES account, and \$1,500.00 paid to another investor.
 - d. On March 31, 2005 \$78.19 was spent at Bogart's Steakhouse in Tinley Park.
 - e. On April 1, 2005, MCGIVNEY wrote a check to himself for \$375.00, and \$1,077.00 was paid to another investor.
 - f. On April 4, 2005, \$765.00 was paid to a different investor, \$700.00 was paid to another investor, and \$78.35 was spent at Rocco's Little Italy restaurant.
 - g. On April 5, 2005, \$300.00 was withdrawn from an ATM, \$31.26 was spent at the Kingsberry Wafflehouse in Oak forest, and \$53.62 was spent at Champ's Restaurant in Orland Park.
 - h. On April 6, 2005, \$2,500.00 was paid to another investor, \$300.00 was withdrawn from an ATM and \$116.99 was spent at Harrah's Casino in Joliet.
 - i. On April 7, 2005, \$84.84 was spent at Bogart's in Tinley Park, \$42.83 at a gas station in Oak Forest, \$1,000.00 was paid to another investor and \$76.70 was spent at the Tobacco House in Frankfurt, Illinois.

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- j. On April 8, 2005, \$800.00 was paid to Investor 1, \$600.00 to another investor, \$800.00 to another investor, and \$117.55 was spent to pay for a Mutual of Omaha insurance premium.
57. Similarly, the \$100,000.00 that Investor 2 provided as a short-term loan and that was deposited into the JPM account on May 12, 2005, was not used to develop a trading platform:
- a. On May 16, 2005, \$503.50 was withdrawn from the ATM at Harrah's Casino in Joliet, Illinois.
 - b. On May 18, 2005, \$1,200.00 was paid to another investor, and \$70.70 was spent at the Tobacco House in Frankfort, Illinois.
 - c. On May 19, 2005, \$1,400.00 was paid to a relative of KOZIOL.
 - d. On May 20, 2005, \$600.00 was paid to another investor.
 - e. On May 23, 2005, \$300.00 was withdrawn through two ATMs, \$1,000.00 was paid to another investor, and \$241.07 was paid to MCGIVNEY's internet provider.
 - f. On May 24, 2005, \$45.91 was spent at Jewel Grocery Store in Oak Forest, \$202.00 was withdrawn from an ATM in Oak Forest, \$62.46 was spent at Calumet Paint and Wallpaper in Oak Forest, a check for \$14,000.00 written to WNUKOWSKI by WNUKOWSKI was cashed, \$93.00 was spent at the Silver Lakes Golf Club, and \$21.11 is spent at Home Depot in Orland Park.
 - g. On May 25, 2005, \$114.71 was spent at Jack Gibbon's Garden and Steakhouse in Oak Forest, \$144.00 was spent at Odyssey Country Club in and Tinley Park, and \$894.00 was spent on an internet service provider.
 - h. On May 31, 2005, \$200.00 was withdrawn from an ATM in Oak Forest, \$90.50 was spent at Jewel Grocery Store in Oak Forest, a check for \$1,000.00 written to WNUKOWSKI by WNUKOWSKI, and \$103.94 was spent at Rocco's Little Italy Restaurant.
 - i. On June 1, 2005, \$104.02 was spent at Target in Crestwood, \$43.03 was spent at a gas station in Oak Lawn, \$1,850.00 was paid to another investor, \$1,000.00 was transferred to the UNIQUE account, \$82.16 was spent at Jack Gibbon's Garden and Steak House in Oak Forest, \$117.55 was paid to Mutual of Omaha for an insurance premium, \$153.07 was spent at the Red Door Spa in Chicago, Illinois, and \$1,200.00 was paid to another investor.

58. Investor 2 invested at least \$150,000.00 with Respondents.
59. Respondents have refused to pay Investor 2 his principal and interest as required under the terms of the Loan, and as MCGIVNEY had represented to the Illinois Attorney General.
60. At no time was any of Investor 2's money used to produce a trading platform as MCGIVNEY represented.
61. At no time was Investor 2 told by RESPONDENTS that his money would be used to pay other investors, that the money would be used to pay Respondents' personal bills or to finance their extravagant lifestyles, or that Investor 2's investment would be repaid from funds acquired from other investors.
62. At no time prior to the offer and sale of the investment to Investor 2 did MCGIVNEY disclose that he had been ~~civily prosecuted by the CFTC and SEC~~ for securities fraud, that he had been prohibited from offering and selling securities and commodities and that he was required to return investor money pursuant to consent orders MCGIVNEY, WNUKOWSKI and KOZIOL had entered into.

Investor 3

63. Investor 3 is a resident of Illinois that first provided a short-term loan to RESPONDENTS in March of 2003.
64. On March 17, 2003, Investor 3 provided MCGIVNEY \$25,000.00 as a short-term loan to UNIQUE, with a six-month maturity date at 15% interest.
65. The short-term loan was, according to MCGIVNEY, to produce a trading platform and for business purposes.
66. Investor 3 continued to invest with Respondents through the present.
67. Since the initial investment, Investor 3 has made at least fifteen loans to Respondents as well as purchasing stock in JPM, JUST SHORT and HEDGE, totaling at least \$219,900.00.
68. As with all the other investors' money, Respondents did not use Investor 3's money to produce a trading platform nor for business purposes, for instance, when Investor 3 provided Respondents with a \$8,000.00 short-term loan on September 21, 2007 that was deposited into the JUST SHORT account:
 - a. \$7,000.00 was transferred to the JPM account the very same day, from which \$200.00 paid a personal credit-card bill, and \$159.29 was used to pay the Federal Treasury for unpaid taxes.

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- b. On September 24, 2007, \$160.00 was spent at Sam's Club, and on the next day \$231.33 was spent on beauty supplies from Arbonne International.
 - c. As for the JUST SHORT account, where the money was originally deposited on September 21, 2007; three days later the account was debited \$38.00 for an overdraft fee on a \$450.00 check written to another investor that was cashed on the 21st. Also, on the 24th, a \$15,000.00 payment was wired to a different investor, \$200.00 was withdrawn from an ATM, and \$109.42 was spent at Wal-Mart.
 - d. The next day, September 25, 2007, \$63.00 was debited from the JUST SHORT account at the Silver Lakes Golf Course and Country Club, another investor was paid \$1,638.38, and a relative of MCGIVNEY was given \$1,650.00. from the account.
 - e. On September 26, 2007, \$500.00 was withdrawn at the ATM at Harrah's Casino in Joliet, and another investor was paid \$500.00, but the account was debited \$38.00 twice for the overdrafts that occurred on the payments to investors the previous day. The account would later be debited an additional \$38.00 each for the returned \$500.00 check that was not honored, and for the overdraft caused by the ATM withdrawal at the casino.
69. Investor 3's \$10,000.00 investment on June 27, 2008, deposited into the JUST SHORT account was also used to pay other investors, as well as for personal use:
- a. On June 30, 2008, \$450.00 was paid to another investor, \$2,000.00 was paid to a different investor, \$63.29 was spent at El Cortez Lounge in Country Club, Illinois, and \$100.00 was withdrawn from an ATM.
 - b. On July 1, 2008, \$24.65 was spent at Walgreens, \$1132.25 on an insurance premium, \$184.59 on a second insurance premium, \$2,000.00 was paid to another investor, and \$100.00 was withdrawn from an ATM.
 - c. On July 3, 2008, \$900.00 was paid to a different investor, \$600.00 was paid to a second investor, and \$750.00 in medical bills were paid.
 - d. On July 7, 2008, \$3,500.00 in residential rent was paid, \$100.00 was withdrawn from an ATM, \$34.20 was spent at Fountain Hills Golf Course in Alsip, Illinois, \$70.00 was spent at a gas station, \$500.00 was used to pay a Chase personal credit card, \$178.47 was spent at Mr. Benny's Steakhouse in Mokena, Illinois, and the account was debited \$39.00 for overdrafts.

- e. On July 8, 2008, \$100.00 was paid to Mercedes of Orland Park, \$1,000.00 was paid to another investor, \$63.92 was spent at Jewel Grocery Store in Oak Forest, and \$134.00 was spent at the George Dunn Golf Course.
 - f. On July 9, 2008, \$275.00 was spent on a State Farm insurance policy premium, \$1,023.00 was paid to Eastern Illinois University for the tuition of WNUKOWSKI's relative, \$180.00 was spent at the Deer Creek Golf Course.
 - g. On July 10, 2008, \$100.46 was spent at Rocco's Little Italy Restaurant, and \$2,850.00 was given to a relative of MCGIVNEY.
 - h. On July 14, 2008, \$175.00 was spent at Roque Beauty Salon in Chicago, \$112.97 was spent at Louie's Chophouse in Oak Lawn, \$62.00 was spent at Green Garden Country in Frankfort, Illinois, and a \$600.00 payment to Investor 1 was made.
70. On or about August 13, 2007, MCGIVNEY solicited Investor 3 for a subscription agreement to purchase stock in HEDGE at \$1 per share, and Investor 3 contracted to purchase \$35,000.00.
71. On August 13, 2007 Investor 3's check for \$35,000.00 was deposited into the HEDGE account.
72. On the 14th Investor 3's money was used to pay for two rounds of golf at the Silver Lakes Golf club, and then \$25,000.00 was transferred to the JUST SHORT account to cover overdraft charges and fees, pay two other investors \$15,000.00 and to cover a check MCGIVNEY wrote to himself for \$1,200.00.
73. At no time was Investor 3 told by RESPONDENTS that his money would be used to pay other investors, that the money would be used to pay Respondents' personal bills or to finance their extravagant lifestyles, pay for WNUKOWSKI's child's college education, or that Investor 3's investment would be repaid from funds acquired from other investors.

Investors 4 and 5

74. Investors 4 and 5 are an elderly couple, over 90 years of age, that reside in Kentucky. Investors 4 and 5 are in ill-health and depend on their money to pay for medical care.
75. Investors 4 and 5 had been defrauded by McGivney in his 1999 fraudulent Commodities investment scam and had lost money with Respondents when they invested in UNIQUE in 2004 to, as MCGIVNEY stated, "develop a proprietary trading structure."

76. In December of 2008 MCGIVNEY telephoned Investors 4 and 5 to solicit them to invest in his latest investment scheme.
77. MCGIVNEY told Investors 4 and 5 that he felt badly for losing all their money in the prior investment, and that he had “discovered the secret investing formula” that would double their investment money in one year.
78. MCGIVNEY told Investors 4 and 5 that he would not charge them anything to make up for the losses they suffered from his prior investments.
79. MCGIVNEY further told Investors 4 and 5 that he was training several young investment students on how to use this formula, and that investors were rapidly signing up so they should join before the few remaining spots were taken.
80. MCGIVNEY delivered Investors 4 and 5 correspondence purporting to show three different accounts that he had managed and traded in using his “secret trading formula” and had resulted in substantial gains.
81. MCGIVNEY told Investors 4 and 5 that he would personally manage their account.
82. Investors 4 and 5 did not sign any documents, or provide MCGIVNEY any power of attorney.
83. MCGIVNEY had obtained the personal information of Investor 4 and 5, including their social security numbers, from his previous investment scams.
84. On November 24, 2008, using a computer under his or his associates’ control, MCGIVNEY or an associate opened an on-line margin account in the names of Investor 4 and 5 with Interactive Brokers (the “Account”).
85. MCGIVNEY had established an e-mail address for the Account so that all the statements and account information would be e-mailed to him, or a person under his control, and not to Investors 4 and 5.
86. By using the personal information of Investor 4 and 5 MCGIVNEY inhibited Interactive Brokers from knowing that it was MCGIVNEY, or one of his associates, and not Investors 4 and 5, that were initiating the purchase and sales of securities in the Account.
87. MCGIVNEY bought and sold stock options in the Account, presumably utilizing his “secret investing formula” in determining what options to purchase with Investor 4 and 5’s money.

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88. MCGIVNEY's "secret formula" resulted in a loss of almost \$40,000.00 by June of 2009.
89. During this time MCGIVNEY sent Investors 4 and 5 false information regarding their account.
90. On December 13, 2008, MCGIVNEY faxed Investors 4 and 5 a transmittal on HEDGE letterhead claiming that their account had already made \$1,688.00 and that their \$50,000.00 would double by March of 2009.
91. In reality, the Account had not been approved by Interactive Brokers until December 2, 2008, when MCGIVNEY proceeded to place almost half of the money into options, and his "secret trading formula" had resulted in a loss of approximately \$6,000.00 that month.
92. By April of 2009 MCGIVNEY's "secret trading formula" had lost more than \$16,000.00., and by July of 2009 he had lost over \$46,000.00 of Investor 4 and 5s' savings.
93. By March of 2009, when MCGIVNEY had promised a 100% return on Investor 4 and 5's principal, Investors began contacting MCGIVNEY to obtain their purported money so they could pay for their much needed medical services.
94. Investors 4 and 5 informed MCGIVNEY that they desperately needed \$25,000.00 to pay for medical expenses.
95. In May of 2009, MCGIVNEY had \$6,000.00 wired from the Account to Investors 4 & 5.
96. However, MCGIVNEY also drew a check from the JUST SHORT account for \$19,000.00 and mailed it to Investors 4 & 5.
97. The money MCGIVNEY drew from the JUST SHORT account belonged to other investors.
98. Investors 4 and 5 would contact MCGIVNEY again, in late 2009 through early 2010 to request the rest of their money to pay medical expenses.
99. MCGIVNEY began to ignore their calls, so KOZIOL began to speak with Investors 4 and 5.
100. KOZIOL informed Investors that MCGIVNEY's company was getting ready to go public, causing a delay in paying them, but that they would get their money.
101. KOZIOL continued to delay, making excuses for why Investors were not getting their money, until March of 2010.

102. In March of 2010 Investors 4 and 5 received a check drawn on the JUST SHORT account and signed by MCGIVNEY for the amount of \$11,000.00. Far short of the \$80,000.00 that MCGIVNEY had promised they would get one year earlier.
103. The check for \$11,000.00 was not honored for insufficient funds in the JUST SHORT account.
104. Respondents have since refused to answer Investor 4 and 5s' questions, return their calls, or pay them their money.
105. At no time did MCGIVNEY disclose to Investors 4 and 5 that he was not licensed or registered to act as a broker or investment advisor.
106. At no time did MCGIVNEY disclose to Investors 4 and 5 that they would be paid from other investor money.
107. At no time did MCGIVNEY provide Investors 4 and 5 with accurate statements of the Interactive Brokers account he had opened in their name.

Investor 6

108. Investor 6 is a resident of Illinois that on or about February 14, 2007 was offered by MCGIVNEY a subscription agreement to purchase 15,000 shares of HEDGE stock at \$1.00 per share.
109. On that date Investor 6 and MCGIVNEY signed a subscription agreement for the 15,000 shares.
110. On February 16, 2007, a check for \$15,000.00 drawn on Investor 6's checking account was deposited into the HEDGE account.
111. Prior to the February 16, 2007, deposit the HEDGE account balance was \$329.70.
112. On February 20, 2007 \$12,000.00 was transferred from the HEDGE account to the JUST SHORT account. A \$3,000.00 cash deposit was also made into the JUST SHORT account that day.
113. On February 20, 2007, prior to the transfer and the cash deposit, the JUST SHORT account balance was \$466.91.00.
114. On February 20, 2007, \$14,000.00 was paid from the JUST SHORT account to a different Investor that had invested \$353,500.00 into JPM in 2006 and was receiving monthly payments from the JUST SHORT account. This investor had

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not invested into HEDGE or JUST SHORT, and was receiving payments derived, like the February 20, 2007, payment, from other investor money.

115. After transferring the funds to the JUST SHORT account, on February 20, 2007, over \$320.00 of Investor 6's money was used for groceries, a \$46.00 stop at a Clark gas station in Mokena, Illinois, \$34.00 in AMC movie tickets, \$22.00 at a liquor store, and a \$2,500.00 check payable to MCGIVNEY was cashed, leaving the HEDGE account balance to become overdrawn.
116. At no time was Investor 6 told by RESPONDENTS that his money would be used to pay other investors, that the money would be used to pay Respondents' personal bills or to finance their extravagant lifestyles, or that Investor 6's investment would be repaid from funds acquired from other investors.

Investor 7

117. Investor 7 is a resident of Illinois that on or about May 18, 2007 was offered by MCGIVNEY a subscription agreement to purchase 20,000 shares of HEDGE stock at \$1.00 per share.
118. On May 18, 2007 Investor 7 and MCGIVNEY signed a subscription agreement for 20,000 shares.
119. On May 18, 2007 a check for \$20,000.00 drawn on Investor 7's checking account was deposited into the HEDGE account.
120. Prior to the deposit of Investor 7's \$20,000.00 the HEDGE account had a balance of approximate \$10,000.00 which was derived from a transfer of another investor's money that was in the JUST SHORT account.
121. After the Deposit of Investor 7's money into the HEDGE account, MCGIVNEY cashed two checks totaling \$1,700.00, two other investors were paid \$1,500.00, and on May 21, \$14,000.00 was transferred back to the JUST SHORT account.
122. On May 21, 2007, after the transfer, \$14,000.00 was paid to an earlier investor.
123. At no time was Investor 7 told by RESPONDENTS that his money would be used to pay other investors, that the money would be used to pay Respondents' personal bills or to finance their extravagant lifestyles, or that Investor 7's investment would be repaid from funds acquired from other investors.

Investors 8, 9 and 10

124. Investors 8, 9 and 10 are all residents of Illinois.

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125. On May 25, 2007 Investor 8 was offered by MCGIVNEY a subscription agreement to purchase 150,000 shares of HEDGE stock at \$1.00 per share, and on that date they signed a subscription agreement for the 150,000 shares
126. On May 25, 2007 Investor 9 was offered by MCGIVNEY a subscription agreement to purchase 25,000 shares of HEDGE stock at \$1.00 per share, and on that date they signed a subscription agreement for the 25,000 shares.
127. On June 6, 2007 Investor 10 was offered by MCGIVNEY a subscription agreement to purchase 50,000 shares of HEDGE stock for a total price of \$30,000.00, and on that date they signed a subscription agreement for the 50,000 shares.
128. On May 24, 2007 a check for \$150,000.00 drawn on Investor 8's checking account was deposited into the HEDGE account. Prior to this deposit the account balance was approximately \$18,000.00.
129. On May 25, 2007 a check for \$10,000.00 drawn on Investor 9's checking account, and a check for \$30,000.00 drawn on Investor 10's checking account, were deposited into the HEDGE account.
130. After the deposits, \$140,000.00 was transferred to the JUST SHORT account, and on May 25, 2007, WNUKOWSKI cashed a check drawn from the HEDGE account for \$12,700.00, MCGIVNEY cashed a check drawn on the HEDGE account for \$1,600.00 and \$136.00 was spent at Harrah's casino in Joliet.
131. During the first week of June, 2007, Investor 8, 9 and 10s' money, that of which was still left in the HEDGE account, was used to finance a trip to Las Vegas, Nevada, which included paying bills for diners at expensive restaurants and \$500.00 ATM withdrawals from a banking machine at the Bally's casino. A payment to another investor of \$2,268.00 was also made from Investor 8, 9 and 10s' money.
132. Just prior to the May 25, 2007, \$140,000.00 transfer to the JUST SHORT account, that account's balance was overdrawn by \$26,986.97.
133. After the \$140,000.00 deposit of Investors 8, 9 and 10s' money into the JUST SHORT account, approximately \$93,000.00 was paid to 14 other investors.
134. Apparently the trip to Las Vegas did not fulfill the gambling "itch." On May 29, 2007, MCGIVNEY cashed a \$500.00 check from the JUST SHORT account, and \$504.00 was withdrawn from the account at Harrah's Casino in Joliet.
135. At no time were Investors 8, 9 or 10 told by RESPONDENTS that their money would be used to pay other investors, that the money would be used to pay Respondents' personal bills or to finance their extravagant lifestyles and support

their gambling habits, or that their investments would be repaid from funds acquired from other investors, if paid at all.

136. In addition to RESPONDENTS' expenditure of their victims' money as detailed above, Respondents have also used investor money for:
- a. Approximately \$10,000.00 of investor money was used to help finance WNUKOWSKI's relative's education at Eastern Illinois University.
 - b. Almost \$3,000.00 of Investor money was spent at Harrah's casino in Joliet, with over \$50,000.00 in investor money withdrawn from an ATM machine directly outside of Harrah's Casino in Joliet, Illinois.
 - c. KOZIOL has also taken over \$215,000.00 in investor money from the various accounts in the form of checks written to him, usually by WNUKOWSKI or MCGIVNEY, and more than \$14,000.00 has been given to a relative of KOZIOL.
 - d. MCGIVNEY has taken over \$40,000.00 in cash from investor money through checks he or WNUKOWSKI issued to him, and almost \$175,000.00 of investor money has been given to relatives of MCGIVNEY.
 - e. WNUKOWSKI has taken almost \$170,000.00 of investor money through checks written to herself, \$14,000.00 of investor money was transferred to relatives of WNUKOWSKI not counting the \$10,000.00 she used for her relative's education at EIU.
 - f. Over \$62,000.00 of investor money was withdrawn from ATMs.
 - g. \$2,700.00 of investor money was spent at the Tobacco House in Frankfurt Illinois, a cigarette and cigar retailer.
 - h. Over \$46,000.00 of investor money was spent at restaurants, mostly extravagant and expensive steak and seafood restaurants, several nights a week.
 - i. Approximately \$8,700.00 of investor money was spent on groceries.
 - j. \$36,500.00 of investor money was spent on car payments for a Mercedes Benz, automotive mechanical work and at a high-end a car stereo store.
 - k. \$9,300.00 of investor money was spent at beauty salons, high-end spas, and to purchase beauty supplies.

- l. \$2,100.00 of investor money was spent to pay cable television provider bills.
 - m. Over \$25,000.00 of investor money was spent to pay over 550 bank overdraft charges and return item fees due to Respondents having overdrawn the various accounts as well as having issued checks that were not honored due to insufficient funds in those accounts.
137. Not to be deterred from thinking of a new twist on their usual investment scams, RESPONDENTS have recently started a new investment scheme to defraud investors involving OPTIONS. WNUKOWSKI opened a bank account in the name of "JPM OPTIONS, INC." listing her as President and MCGIVNEY as a signer, despite the fact that OPTIONS corporate status in Nevada has been in Default and is the product of a false filing.
138. RESPONDENTS have already obtained and deposited over \$300,000.00 of investor money into the OPTIONS account, transferred the money to other accounts commingling investor money and investment money, used the money to pay other investors, and misappropriated most of the money to finance their extravagant lifestyles.

**MCGIVNEY ignored and scoffed at the Order of Prohibition
issued against him**

139. On July 11, 2008, a Temporary Order of Prohibition was issued against MCGIVNEY and JPM. The Order prohibited MCGIVNEY and JPM from offering or selling securities for at least 90 days.
140. Despite the issuance of the Order MCGIVNEY continued to solicit investors for his purported investments, taking at least \$87,000.00 from investors during the period of prohibition.

JURISDICTION

141. The short-term business loans and sale of stock to Investors 1, 2, 3, 6, 7, 8, 9 and 10 constitute the "Offer" and "Sale" "Securities" as defined by Sections 2.5(a), 2.5 and 2.1 of the Illinois Securities Law of 1953 (the "Act").
142. MCGIVNEY's establishment of a brokerage account for Investors 4 and 5, and his subsequent purchase and sales of securities in that account constitute the sale of securities as defined by Sections 2.5 and 2.1 of the Act.

143. MCGIVNEY's establishment of a brokerage account for Investors 4 and 5, and his subsequent purchase and sales of securities in that account constitute the activities of a salesperson of securities as defined by Section 2.9 of the Act.

VIOLATIONS

144. Section 12.A of the Act provides it shall be a violation of the provisions of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.
145. Section 8.A of the Act states, in pertinent part, that every salesperson of securities, investment advisor and investment advisor representative shall be registered as such with the Secretary of State.
146. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
147. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
148. Section 12.I of the Act provides that it shall be a violation of the provisions of the Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
149. MCGIVNEY, for failing to disclose to Investors 1, 2, 3, 6, 7, 8, 9, and 10 that their investment money into his various schemes would be used to pay other investors, that the money would be used to pay Respondents' personal bills, to finance their extravagant lifestyles and support their gambling habits, or that their investments would be repaid from funds acquired from other investors, if paid at all, violated Sections 12.A, 12.F and G for each offer and sale of short-term loans and stock to the Investors.
150. MCGIVNEY, for establishing a brokerage account in the names of Investors 4 and 5, and selling securities therein when not registered as a salesperson of securities, violated Sections 8.A and 12.A of the Act.
151. MCGIVNEY, for not informing Interactive Brokers that he, and not Investors 4 and 5, had opened the account and would be trading in their names, violated Sections 12.G,I and A of the Act.

152. MCGIVNEY, for **each** purchase or sale of a security he instituted in the brokerage account he opened in Investor 4 & 5s' names, violated Sections 12.F, G and I of the Act.
153. MCGIVNEY, for sending correspondence on HEDGE letterhead to Investors 4 and 5 misstating their gains and positing the accounts value would be \$100,000.00 by March of 2009 violated Sections 12.I and A of the Act.
154. MCGIVNEY and WNUKOWSKI, for issuing checks to investors from the JUST SHORT, JPM, and HEDGE accounts when those accounts did not have funds to pay constitute violations of Sections 12.I and A of the Act for **each** dishonored check issued.
155. MCGIVNEY and WNUKOWSKI, for issuing checks from the JUST SHORT, JPM and HEDGE accounts to pay investors with money obtained from other investors constitute violations of Sections 12.I and A of the Act for **each** check issued.
156. MCGIVNEY for providing a false statement to the Illinois Attorney General regarding Investor 2's complaint constitutes a violation of Section 12.I of the Act.
157. KOZIOL for failing to inform Investors 4 and 5 that their money had been lost by MCGIVNEY's mismanagement of the Investment Broker account, stating that the failure to pay was due to the purported "going public" with MCGIVNEY's business, and telling them that they would be paid, constitutes a violation of Sections 12.A, F, G and I of the Act.
158. MCGIVNEY, WNUKOWSKI and KOZIOL, by withdrawing investor money from the various bank accounts for personal use have violated Sections 12.A, F and I of the Act for **each** withdrawal from the accounts.

PRAYER FOR RELIEF

The Illinois Securities Department requests that after all evidence has been introduced, witnesses heard and the matter closed, the Hearing Officer submit a Recommendation that:

1. Permanently prohibits Respondents from offering or selling securities in Illinois pursuant to Section 11.F of the Act.
2. Find that Respondents violated the Act as detailed in paragraphs 144-158, above.

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3. Recommend that, pursuant to Section 11.E.4 of the Act, that a fine of not less than \$10,000.00 per violation be imposed upon MCGIVNEY, WNUKOWSKI and KOZIOL: totaling at least \$1,000,000.00 against MCGIVNEY, \$1,000,000.00 against WNUKOWSKI and \$500,000.00 against KOZIOL.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

DATED: This 4th day of June, 2010.



JESSE WHITE
Secretary of State
State of Illinois

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