

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

\_\_\_\_\_) )  
IN THE MATTER OF: Jay C. Zayer ) FILE # 0500587  
CRD# 1972600 )  
\_\_\_\_\_) )

SECOND AMENDED NOTICE OF HEARING

TO RESPONDENT Jay C. Zayer  
CRD# 1972600  
343 Park Avenue 4E  
Highland Park, Illinois 60035

Jay C. Zayer  
CRD# 1972600  
C/o Kovack Securities, Inc.  
6451 N. Federal Hwy.  
Suite 1201  
Ft. Lauderdale, Florida 33308

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 4th day of March at the hour of 10:00 a.m. or as soon as possible thereafter, before James L. Kopecky, Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered which would revoke Jay C. Zayer's ("Respondent"), registration as a salesperson in the State of Illinois and/or 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 pursuant to Section 11.E of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

**COUNT I-EMPLOYMENT OF A DEVICE  
OR SCHEME TO DEFRAUD**

1. That the Respondent, Jay C. Zayer is individual whose last known address is 343 Park Avenue 4E, Highland Park, Illinois 60035.

## Second Amended Notice of Hearing

2

2. That the Respondent was a registered sales person with the State of Illinois through National Securities Corporation from June 28, 2001 until his voluntary termination September 15, 2005. Respondent is currently registered as a sales representative with the State of Illinois through Kovack Securities, Inc. beginning September 21, 2005.
3. That "OS" is the Investor and a customer of Respondent.
4. That "OS" had a brokerage account with National Securities Corporation from November 2001 through May 2005. During all relevant times the Respondent was the Registered Representative for this account.
5. That Respondent transacted numerous unauthorized trades in OS' account.
6. That the Respondent in order to conceal the unauthorized trades in OS' account instructed National Securities Corporation to send all correspondence including account statements to a post office box under the control of the Respondent.
7. That in the summer of 2004 OS requested from the Respondent copies of his monthly account statements that he had not received.
8. That OS following up on his request went to the home of the Respondent to pick up the statements.
9. That the Respondent only provided OS with a false May 2004 statement, which he had created in order to continue the cover-up.
10. That the May 2004 false statement Respondent created overstated the true balance of OS' account by approximately \$13,000.
11. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person, to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
12. Section 12.I of the Act provides, *inter alia*, that it shall be a violation 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.
13. That by virtue of the foregoing, Respondent violated Sections 12.F and 12.I of the Act.

**COUNT II-EMPLOYMENT OF A DEVICE  
OR SCHEME TO DEFRAUD**

14. Paragraphs 1 through 10 are realleged and incorporated by reference as though fully set forth herein.
15. Respondent conducted churning of OS' account through excessively trading in the account. Specifically, Respondent turned over OS' account 14.42 times in 2002; 22.390 times in 2003; and 30.33 times in 2004.
16. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person, to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
17. That Section 12.I of the Act provides, *inter alia*, 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."
18. That by virtue of the foregoing, Respondent violated Sections 12.F and 12.I of the Act.
19. Section 8.E(1)(g) of the Act provides, subject to the provisions of subsection F of Section 11 of this Act, the registration of a salesperson may be revoked if the Secretary of State finds the salesperson has violated any of the provisions of this Act.
20. Pursuant to Section 8.E(1)(g) of the Act, Respondent's registration as a salesperson in the State of Illinois is subject to revocation.

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of receipt of this notice. Your failure to do this within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Second Amended Notice of Hearing

4

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default by you.

The Rules promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>.

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

Dated: This 15<sup>th</sup> day of January 2009

Handwritten signature of Jesse White in black ink, with a stylized flourish to the right.

JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Gregory J. Solberg  
69 West Washington Suite 1220  
Chicago, Illinois 60602  
(312) 793-9643

Hearing Officer:  
James L. Kopecky  
190 S. LaSalle St.  
Chicago, Illinois 60603  
(312) 380-6552