

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

SECURITIES EXCHANGE ACT OF 1934
Release No. 61621 / March 2, 2010

ADMINISTRATIVE PROCEEDING
File No. 3-13686

In the Matter of	:	
	:	ORDER MAKING FINDINGS AND
DAMIR LUKOVIC	:	IMPOSING SANCTION BY DEFAULT
	:	

Background

On November 16, 2009, the Securities and Exchange Commission (Commission or SEC) initiated this proceeding pursuant to Section 15(b) of the Securities Exchange Act of 1934 (Exchange Act). The Order Instituting Proceedings (OIP) was sent by certified mail to Damir Lukovic (Lukovic) on November 17, 2009, at 50 Lisbon Street, Apartment 2, Clifton, New Jersey 07013-2061. Because the Commission had no receipt that the OIP was delivered to Lukovic, the Division of Enforcement (Division) served a copy of the OIP to that address on January 19, 2010, that was accepted by a person who represented that she was Lukovic's cousin and that he resided at that address. Attorney Michael Rosen (Attorney Rosen), who claimed to have represented Lukovic at the time, received the OIP on November 20, 2009; however, he had not filed a notice of appearance. See 17 C.F.R. § 201.102.

On December 17, 2009, the Division filed a Motion for Order Making Findings and Imposing Remedial Sanction by Default (Motion) and a Brief in Support of Motion.¹

I held a telephonic prehearing conference on January 21, 2010. Attorney Rosen reaffirmed the information he had previously stated to the Division that Lukovic will not contest the allegations in the OIP, will not submit an Offer of Settlement, and did not oppose being

¹ The attachments to the Motion were Exhibit A, the OIP; Exhibit B, an email from Attorney Rosen to the Division on December 15, 2009; Exhibit C, Final Judgment in SEC v. Thompson Price Holding Inc., No. 07-cv-9525 (RMB/KNF) (S.D.N.Y. Nov. 3, 2009); Exhibit D, Complaint in Thompson Price Holding (Oct. 25, 2007); and Exhibit E, Order in Thompson Price Holding (Oct. 26, 2009).

barred from association with any broker or dealer.² Tr. 7-9. I agreed to wait twenty days, the period allowed for an answer, from January 19, 2010, the undisputed date of service, before ruling on the Division's Motion. Id.

Motion for Default

Lukovic is in default. He did not file an Answer, he does not oppose the Motion, and he has stated his intent to exercise his Fifth Amendment privilege at any Commission proceeding. See 17 C.F.R. § 201.155(a)(2). I allow Exhibit B in evidence and take official notice of Exhibits C through E attached to the Division's Motion and I find the allegations in the OIP to be true. 17 C.F.R. §§ 201.111, .320, .323.

Findings of Fact

Lukovic, age thirty-three, a citizen of the former Yugoslavia, has resided in Brooklyn, New York, and Clifton, New Jersey. Motion, Exhibit D at 5. From at least October 2006 through October 2007, Lukovic was President of Thompson Price Holding Inc. (Thompson Price), which acted as a securities broker-dealer with an office in New York, New York. Motion, Exhibits D at 5, E at 5-7. Neither Thompson Price nor Lukovic was registered with the Commission as a broker-dealer, investment adviser, or a person associated with a broker-dealer or investment adviser. Motion, Exhibit E at 6. On October 26, 2009, the court in Thompson Price Holding granted the Commission's motion for summary judgment against Lukovic and Thompson Price as to violations of Section 17(a) of the Securities Act of 1933 (Securities Act), Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5.³ Motion, Exhibit E at 6-11.

The Complaint alleged that Lukovic and Thompson Price defrauded investors in the United States by inducing them to send checks purportedly for the purchase of shares in the initial public offerings (IPOs) of several Australian companies. Motion, Exhibit D at 5-6. Lukovic, using the alias "Greg Thompson," made false and misleading statements to prospective investors, including that: (i) Thompson Price had received allocations of shares in the IPOs; and (ii) Thompson Price would use investor funds to purchase stock in IPOs. Id. In fact, Thompson Price was not an underwriter or a broker-dealer. Motion, Exhibit D at 4-5, 7. It had no affiliation with any of the Australian companies or their underwriters. Motion, Exhibit D at 7. It never received any allocation of stock from those IPOs. Id.

In a Final Judgment entered on November 3, 2009, in Thompson Price Holding, the court permanently enjoined Lukovic from future violations of Section 17(a) of the Securities Act, Sections 10(b) and 15(a) of the Exchange Act, and Exchange Act Rule 10b-5. Motion, Exhibit C at 1-3. The court did so for the following reasons, among others:

² Attorney Rosen filed a notice of appearance on February 2, 2010. See 17 C.F.R. § 201.102(d).

³ In the civil proceeding, Lukovic asserted his Fifth Amendment privilege at his deposition on July 24, 2008. Motion, Exhibit E at 2. In this proceeding, he indicated he would do the same. Motion, Exhibit B.

(i) “none of the withdrawals from [Thompson Price’s] accounts appears made for the purchase of securities,” but rather for personal use; (ii) unsolicited calls were made to individual investors from December 5, 2006 to October 1, 2007; (iii) neither Defendant admits to any wrongdoing; and (iv) Defendants appear capable of readily resuming an unlawful operation (that required little more than a telephone and a mail drop box).

Motion, Exhibit E at 12.

The court ordered Lukovic and Thompson Price to jointly and severally disgorge \$154,510 together with prejudgment interest of \$14,305.89, and it ordered Lukovic to pay a civil penalty of \$16,500. Motion, Exhibit C at 3-5.

Ruling

Section 15(b)(6) of the Exchange Act empowers the Commission to impose a sanction where a person has committed a willful violation of the securities laws or is enjoined from such a violation and who was associated, or seeking to become associated, with a broker or dealer at the time of the wrongdoing where it is in the public interest to do so.⁴ Those conditions are met here.

The accepted criteria for determining the public interest are set out in Steadman v. SEC, 603 F.2d 1126, 1140 (5th Cir. 1979), aff’d on other grounds, 450 U.S. 91 (1981). They include the egregiousness of the unlawful conduct, the isolated or recurrent nature of the unlawful activities, the person’s degree of scienter, the sincerity of assurances against future wrongdoing, the recognition of wrongful conduct, and the likelihood of future violations. Lukovic’s conduct was egregious. It continued for at least a year. Lukovic had a high degree of scienter that his actions were fraudulent. The court in Thompson Price Holding found that Lukovic, “represented to investors that their money would be invested in the stock market . . . and he knew these statements were false when he made them.” Motion, Exhibit E at 9. Lukovic has not shown any recognition of wrongdoing or provided any assurance that he would not commit similar acts in the future. Consideration of the Steadman criteria indicates that it is in the public interest to bar Lukovic from association with a broker or dealer, a sanction that he has agreed to accept. Tr. 7; Motion, Exhibit B.

Order

I ORDER, pursuant to Section 15(b)(6) of the Securities Exchange Act of 1934, that Damir Lukovic is barred from association with any broker or dealer.

Brenda P. Murray
Chief Administrative Law Judge

⁴ The statute does not require that the broker or dealer be registered. See Vladislav Steven Zubkis, 86 SEC Docket 2618 (Dec. 2, 2005), recon. denied, 87 SEC Docket 2584 (Apr. 13, 2006).