

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

BEFORE THE
SECURITIES COMMISSIONER

In the Matter of Baxter, Banks)
& Smith, LTD.; Michail Shklovsky;)
Alec Feldman, and their Officers,)
Directors, Agents and Employees)
Respondent.)

**CEASE AND DESIST ORDER,
NOTICE OF CIVIL PENALTY, AND
NOTICE OF RIGHT TO
REQUEST A HEARING**

40771
2820083

2850069

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**THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO
BAXTER, BANKS & SMITH, LTD.; MICHAEL SHKLOVSKY; ALEC FELDMAN, AND
THEIR OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES:**

The Securities Commissioner has a reasonable basis to believe that the Respondent has engaged in, is engaging in, or is about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondent.

1. The Respondent, Baxter, Banks & Smith, LTD. (Baxter) is a securities broker/dealer firm headquartered in the state of Florida. Baxter (CRD # 40771) is not now and has never been registered as a broker/dealer in North Dakota and has never applied to be registered as a broker/dealer in North Dakota.
2. On April 29, 1999, Baxter entered into a consent order with the Illinois Securities Department based on unregistered broker/dealer activity in Illinois. Baxter agreed to make payment of investigative costs and to make an offer of rescission to the investors in Illinois.
3. The Respondent, Michail Shklovsky, is an agent for Baxter, and who works in a New York branch office of Baxter. Shklovsky (CRD # 2820083) is not now and has never been registered as a salesman in the state of North Dakota and has never applied to be registered as a broker/dealer in North Dakota with Baxter or with any other firm.
4. The Respondent, Alec Feldman, is an agent for Baxter, and who works in a New York branch office of Baxter. Feldman (CRD # 2850069) is not currently registered as a salesman in the state of North Dakota. Feldman has never been registered, nor has

he ever applied to be registered as a broker/dealer in North Dakota with Baxter. Feldman previously applied to be registered as a securities salesman in Wisconsin and his application was denied on March 26, 1999.

5. The Respondents have offered for sale and sold securities to residents of North Dakota. Such securities were sold in at least four North Dakota accounts with Baxter, which were established by Shklovsky, Feldman and other persons.
6. The subject securities may have been offered in violation of §10-04-04 N.D.C.C.
7. Respondent, Baxter, was not registered as a securities broker/dealer in North Dakota in violation of §10-04-10(1) N.D.C.C.
8. Respondents, Shklovsky and Feldman, were not registered as securities salesmen in North Dakota in violation of §10-04-10(2) N.D.C.C.

NOW, THEREFORE, IT IS ORDERED, pursuant to §10-04-16 N.D.C.C., that the Respondents immediately shall **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject investment, or any other investment interest however denominated, unless and until such investment interests have been registered with the Securities Commissioner.
2. From offering for sale or selling investments in North Dakota unless and until they have registered with the Securities Commissioner as dealers or salesmen.

This order does not prohibit the offer or sale of securities through exempt securities transactions under §10-04-06 N.D.C.C., nor does it prohibit registered dealers and sales agents from offering or selling exempt securities under §10-04-05 N.D.C.C.

YOU ARE NOTIFIED that any willful violation of this order is a **Class B Felony** pursuant to §10-04-18(1) N.D.C.C. Pursuant to §12.1-32-01 N.D.C.C., a **Class B Felony** is punishable by a \$10,000 fine and 10 years' imprisonment.

NOTICE OF CIVIL PENALTIES

YOU ARE NOTIFIED that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to §10-04-16(1) N.D.C.C. The Securities Commissioner does not herein assess civil penalties, but expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that pursuant to §10-04-12 N.D.C.C. you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN TEN (10) DAYS AFTER THE RECEIPT OF THIS ORDER. The respondent has the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 16th day of August, 1999.



Syver Vinje

Syver Vinje, Securities Commissioner
Office of the Securities Commissioner
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910

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)
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AFFIDAVIT OF MAILING

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I, Jacqui Ferderer, being first duly sworn, state that I am a citizen of the United States over the age of twenty-one years and not a party to or interested in the above-entitled proceeding.

On this 16 day of August, 1999, I deposited in the Central Mailing Bureau of the United States Post Office Department in the State Capitol in Bismarck, North Dakota, a true and correct copy of each of the following documents:

**CEASE AND DESIST ORDER, NOTICE OF CIVIL PENALTY,
AND NOTICE OF RIGHT TO REQUEST A HEARING**

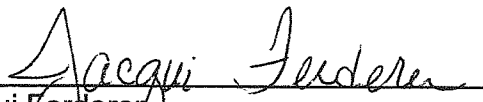
A copy of the above document was securely enclosed in an envelope with postage duly prepaid, sent via certified mail, return receipt requested, addressed to each of the following:

Baxter, Banks & Smith, LTD.
309 Fifth Avenue North
St. Petersburg, FL 33701

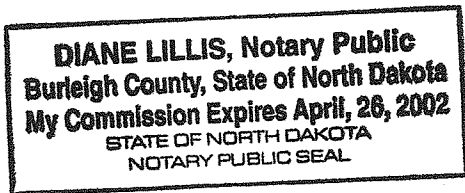
Michail Shklovsky
Baxter, Banks & Smith, LTD.
140 Fulton Street, 4th Floor
New York, NY 10038


Alec Feldman
Baxter, Banks & Smith, LTD.
140 Fulton Street, 4th Floor
New York, NY 10038

To the best of my knowledge, information, and belief, the address given above is the actual mailing address for the party intended to be served or of the attorney representing that party.


Jacquie Ferderer

Subscribed and sworn to before me this 16 day of August, 1999.




Diane Lillis, Notary Public
Burleigh County, North Dakota
My commission expires 04/26/2002