

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of Baxter, Banks & Smith,)
LTD.; Mikhail S. Shklovsky; Oleg A.)
Feldman; Francis M. McDermott;)
Maurizio V. Grammatica; Kevin J.)
Ruggiero; and John Does 1-3;)
Respondents)

**NOTICE OF CIVIL
PENALTY AND ORDER
FOR CIVIL PENALTY**

.....
TO: MIKHAIL S. SHKLOVSKY, BAXTER, BANKS & SMITH, LTD., 140
FULTON STREET, 4TH FLOOR, NEW YORK, NY 10038.

TO: OLEG A. FELDMAN, 2944 WEST 5TH STREET, APT 15D, BROOKLYN,
NY 11224.

TO: MAURIZIO V. GRAMMATICA, 5127 WINDWARD AVENUE, SARASOTA,
FL 34242.

PROCEDURAL AND FACTUAL HISTORY

1. On November 1, 1999, the North Dakota Securities Commissioner (Commissioner) issued the Administrative Complaint, Proposed Civil Penalty, and Notice of Right to Request a Hearing (Administrative Complaint) in the above-captioned matter.

2. Respondent, Mikhail S. Shklovsky, was served with the Administrative Complaint on November 5, 1999, and the Commissioner did not receive any request for hearing on behalf of Mr. Shklovsky.

3. Respondent, Oleg A. Feldman, was served with the Administrative Complaint on November 6, 1999, and the Commissioner did not receive any request for hearing on behalf of Mr. Feldman.

4. Respondent, Maurizio V. Grammatica, was served with the Administrative Complaint on November 8, 1999, and the Commissioner did not receive any request for hearing on behalf of Mr. Grammatica.

5. The Administrative Complaint proposed to assess civil penalties against each of the respondents.

6. Each of the respondents have been found to have violated the Securities Act and have been properly afforded their opportunity hearing on this matter.

NOTICE OF CIVIL PENLTY

You are hereby Notified that, pursuant section 10-04-16(1) N.D.C.C., the Commissioner has the authority to assess civil penalties, in an amount not to exceed \$10,000 per violation, against any person who, after having been afforded the opportunity for a hearing, is found to have violated any provision of the Securities Act. You are hereby further notified that you, and each of you, have been assessed civil penalties, as set forth in the Order for Civil Penalties below, and you are hereby directed to provide payment of the penalties assessed to the Commissioner immediately.

ORDER FOR CIVIL PENLITIES

NOW, THEREFORE, the North Dakota Securities Commissioner hereby Orders that:

1. Respondent, Mikhail S. Shklovsky, shall pay to the Commissioner a civil penalty in the amount \$32,000 based on violations set forth in the Administrative Complaint. Shklovsky's liability is joint and several, including Grammatica, Francis McDermott and Baxter, Banks & Smith, LTD (though the penalties

against Francis McDermott and Baxter, Banks & Smith, LTD are only proposed, as they have requested a hearing).

2. Respondent, Oleg A. Feldman, shall pay to the Commissioner a civil penalty in the amount of \$4,000 based on violations set forth in the Administrative Complaint. Feldman's liability is joint and several with other persons including Grammatica, Francis McDermott and Baxter, Banks & Smith, LTD and Kevin Ruggiero (though the penalties against Francis McDermott and Baxter, Banks & Smith, LTD are only proposed, as they have requested a hearing, and the penalty against Ruggiero is only proposed, for he has not been served with the Administrative Complaint).

3. Respondent, Maurizio V. Grammatica, shall pay to the Commissioner a civil penalty in the amount of \$92,000 based on violations set forth in the Administrative Complaint. Grammatica's liability is joint and several, in whole or in part, as set forth below:

a. Grammatica's responsibility for payment of \$4,000 of civil penalties is joint and several with Feldman and Ruggiero (the penalty against Ruggiero is only proposed, for he has not been served with the Administrative Complaint).

b. Grammatica's responsibility for payment of \$32,000 of civil penalties is joint and several with Shklovsky.

c. Grammatica's responsibility for payment of the entire civil penalty is joint and several with Francis McDermott and Baxter, Banks & Smith, LTD, (though the penalties against Francis McDermott and

Baxter, Banks & Smith, LTD are only proposed, as they have requested a hearing).

IN TESTIMONY WHEREOF, witness my hand and seal this 21st day of

December, 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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Ruggiero; and John Does 1-3;)
Respondents)

AFFIDAVIT OF MAILING

.....

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 21st day of December, 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 the following document:

**NOTICE OF CIVIL PENALTY AND
ORDER FOR CIVIL PENLATY**

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:

Maurizio V. Grammatica
Baxter, Banks & Smith, LTD.
1514 Stickney Point Road
Sarasota, FL 34231

Maurizio V. Grammatica
5127 Windward Avenue
Sarasota, FL 34242

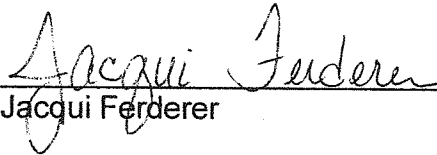
Michail S. Shklovsky
Baxter, Banks & Smith, LTD.
140 Fulton Street, 4th Floor
New York, NY 10038

Michail S. Shklovsky
3605 Van Duren Ave
Fair Lawn, NJ 07410

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

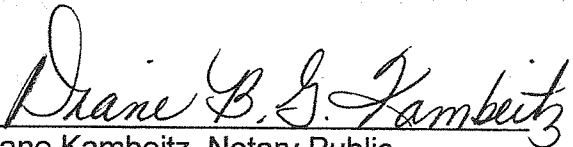
Oleg A. Feldman
2944 West 5th Street, Apt 15D
Brooklyn, NY 11224

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 21st day of December, 1999.



Diane Kambeitz, Notary Public
Burleigh County, North Dakota
My commission expires 3/10/2000