

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: STANSLAV KAMINSKY

FILE NO. 0300068

NOTICE OF HEARING

TO THE RESPONDENT:

Stanslav Kaminsky
(CRD#: 2721200)
2775 East 12 Street
Brooklyn, New York 11235

c/o Dupont Securities Group, Inc.
42 Broadway
11th Floor
New York, New York 10004

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 18th day of June 2003, at the hour of 10:00 a.m., or as soon as possible thereafter, before Soula J. Spyropoulos, 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 revoking Stanslav Kaminsky's (the "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(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That at all relevant times, the Respondent was registered with the Secretary of State as a salesperson in the State of Illinois pursuant to Section 8 of the Act.
2. That on January 29, 2003, the United Securities and Exchange Commission (SEC) entered an Order Making Findings and Imposing Remedial Sanctions and A Cease and Desist Order (Order) in Administrative Proceeding File No. 3-11023 against the Respondent which imposed the following sanctions:

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- a. cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and from causing violations of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder;
 - b. suspended from association with any broker or dealer for a period of twelve (12) months;
 - c. pay disgorgement and prejudgment interest in the total amount of \$30,454; and
 - d. pay a civil money penalty in the amount of \$20,509.
3. That the Order found that:
- a. Respondent, 25 years old, is a resident of Brooklyn, New York. From about April 1997 through November 1997, Respondent was a registered representative associated with W.J. Nolan and Co. ("W.J. Nolan"), a broker-dealer registered with the Commission. W.J. Nolan was headquartered in New York, New York and was a member of the New York Stock Exchange. Respondent worked at the W.J. Nolan office located at 381 South Park Avenue, New York New York. From about April 1996 through November 1996, and from February 1998 to the present, Respondent was also registered representative associated with other broker-dealers registered with the Commission.
 - b. During the period April 1997 through November 1997, the Respondent engaged in fraudulent sales practices in the accounts of five customers at W.J. Nolan. His activities included churning, unauthorized trading and unsuitable trading.
 - c. Respondent made one or more trades without the customer's authority in the accounts of four of the customers. Respondent also purchased certain highly speculative, thinly traded micro cap securities priced below \$5 per share in the accounts of four of the customers. Respondent failed to disclose the risks of these investments to the customers. These investments were unsuitable in light of the financial situations and investment objectives of the customers.
 - d. Respondent also engaged in churning in the accounts of three of the customers. Respondent exercised de facto control over the accounts of these three customers. The annualized turnover ratios in the three accounts ranged from 7 to 15.5, and the annualized breakeven rates of return ranged from 66.3% to 155.1%. The trading in these accounts was

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excessive in light of the customers' investment objectives and financial needs. This excessive trading was also unsuitable for these customers.

- e. Respondent knowingly or recklessly engaged in the fraudulent sales practices described above for the purpose of generating commissions. Respondent earned \$20,509 in commissions from these fraudulent transactions, and the customers incurred realized and unrealized losses totaling \$92,746. Respondent knowingly or recklessly disregard the customers' financial situations, investment objectives, and interests for his own financial gain.
 - f. W.J. Nolan maintained certain required customer account records that contained false information in violation of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder. By failing to make and keep certain required records containing information that is true and correct, Respondent knowingly provided substantial assistance to W.J. Nolan in its violations.
 - g. As a result of the conduct described above, Respondent willfully violated Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer and sale of securities and in connection with the purchase or sale of securities.
 - h. As a result of the conduct described above, Respondent caused and willfully aided and abetted W.J. Nolan's violations of Section 17(a) of the Exchange Act and Rule 17a-3 thereunder, which require that broker-dealers registered with the Commission make and keep current certain books and records.
4. That Section 8.E(1)(k) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that such salesperson has any order entered against him after notice and opportunity for a hearing by the United States Securities and Exchange Commission arising from any fraudulent or deceptive act or a practice in violation of any statute, rule, or regulation administered or promulgated by the agency.
 5. That the Respondent had notice and opportunity to consent the issues in controversy, but chose to resolve the matter with the SEC.
 6. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(k) of the Act.

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

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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.

A copy of the Rules, promulgated under the Act and pertaining to Hearing held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent.

ENTERED: This 1st day of May, 2003.



JESSE WHITE
Secretary of State
State of Illinois

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