

SECURITIES ACT OF 1933

Release No. 8057 / January 23, 2002

SECURITIES EXCHANGE ACT OF 1934

Release No. 45324 / January 23, 2002

ADMINISTRATIVE PROCEEDING

File No. 3-10286

In the Matter of

BNB Capital, Inc. and Vincent
W. Beale, Sr.,

Respondents

**ORDER MAKING FINDINGS AND
IMPOSING REMEDIAL SANCTIONS
AND CEASE-AND-DESIST ORDERS**

I.

In connection with a public administrative proceeding instituted against them on September 13, 2000, pursuant to Section 8A of the Securities Act of 1933 ("Securities Act"), and Section 15(b), 19(h) and 21C of the Securities Exchange Act of 1934 ("Exchange Act"), Respondents Vincent W. Beale, Sr. ("Beale") and BNB Capital, Inc. ("BNB") (collectively referred to herein as "Respondents") have submitted an Offer of Settlement ("Offer") to the Securities and Exchange Commission ("Commission"), which the Commission has determined to accept.

Solely for the purpose of this proceeding and any other proceeding brought by or on behalf of the Commission or in which the Commission is a party, and without admitting or denying the findings contained herein, except as to jurisdiction, which they admit, Respondents consent to the entry of findings and remedial sanctions as set forth below.

II.

On the basis of this Order and the Offer submitted by Respondents, the Commission makes the following findings:¹

¹ The findings herein are made pursuant to the Offer and are not binding on any other person or entity in this or any other proceeding.

A. BNB Capital, Inc., formerly known as BNB Securities, Inc. (File No. 8-50266), was incorporated in The Woodlands, Texas in December 1996. The Commission issued an order granting its broker-dealer registration on September 24, 1997, effective upon its approval for membership in a self-regulatory organization.

B. Vincent W. Beale, Sr., 52, of The Woodlands, Texas, is BNB's president. Beale has worked for various registered broker-dealers since 1985 and is registered with a self-regulatory organization, NASD Regulation, Inc. ("NASDR").

C. NASDR approved BNB's membership on April 7, 1998.

D. In April and May 1996, Beale and another person (hereinafter referred to as "associate"), by means or instruments of interstate commerce, transportation and communication, offered and sold securities in the form of unregistered one year promissory notes convertible into common stock issued by a start-up communications company. At the time Beale and his associate offered and sold the convertible notes, they were employed by registered broker-dealers. However, Beale and his associate made their offers and sales without the knowledge, approval or involvement of their respective employers. Beale and his associate received a 25 percent commission on their sales of the convertible notes.

E. In the offer and sale, or in connection with the purchase or sale, of the convertible notes, Beale and his associate made material misrepresentations, and omitted material facts necessary to make statements made not misleading, including: that an investment in the convertible notes posed little or no risk; that the issuer had an enormous potential for profit; that the issuer possessed rights to the communications technology it sought to develop; that investors could profit from an initial public offer by the issuer; and that Beale had personally invested \$1.6 million in the issuer. The issuer is no longer in business, and investors in the convertible notes never received any return on their investment.

F. In mid-1996, Beale and his associate were discharged by the registered broker-dealers employing them. The two then formed BNB. However, before the registration process for BNB was completed and BNB was registered with the Commission as a broker-dealer, Beale and his associate agreed to have BNB undertake a private placement of the unregistered common stock of a lighting company. In return, the lighting manufacturer agreed to reimburse BNB for its expenses and to pay BNB a 10 percent commission on all stock sales. Between February 1997 and July 1997, BNB, by and through Beale and his associate, raised approximately \$1.5 million from the sale of the lighting manufacturer's stock to 34 investors in five states, all before BNB's registration became effective.

G. As a result of the aforesaid activities, Beale willfully violated, and committed or caused violations of Section 17(a) of the Securities Act, and Section 10(b), 15(a)(1) and 15(c) of the Exchange Act and Rules 10b-5 and 15c1-2 thereunder.

H. As a result of the aforesaid activities, BNB willfully violated, and committed or caused violations of Section 15(a)(1) of the Exchange Act.

I. As a result of the aforesaid activities, Beale was unjustly enriched in the amount of \$120,000. Beale, however, has provided the Commission with evidence that he has disgorged the unjust enrichment through settlement amounts paid in private litigation involving aforesaid activities.

III.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions specified in the Offer.

THEREFORE:

A. IT IS ORDERED that pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Respondent Beale shall cease and desist from committing or causing any violation and any future violation of Section 17(a) of the Securities Act, and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder.

B. IT IS FURTHER ORDERED THAT Beale is barred from association with any broker or dealer with a right to reapply for association after 18 months to the appropriate self-regulatory organization, or if there is none, to the Commission, effective on the second Monday following the entry of this Order.

C. IT IS FURTHER ORDERED THAT Beale shall, within 120 days of the entry of this Order, pay a civil money penalty in the amount of \$20,000 to the United States Treasury. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies Beale as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Spencer C. Barasch, Assistant District Administrator, Division of Enforcement, Securities and Exchange Commission, Fort Worth District Office, 801 Cherry St., Suite 1900, Fort Worth, Texas 76102.

D. IT IS FURTHER ORDERED THAT pursuant to Section 21C of the Exchange Act, BNB shall cease and desist from committing or causing any violation and any future violation of Section 15(a) of the Exchange Act.

E. IT IS FURTHER ORDERED THAT the broker-dealer registration of BNB is suspended for a period of three months, effective on the second Monday following entry of this Order.

F. IT IS FURTHER ORDERED THAT BNB shall, within 120 days of the entry of this Order, pay a civil penalty in the \$5,000 to the United States Treasury. Such payment shall be: (A) made by United States postal money order, certified check, bank cashier's check or bank money order; (B) made payable to the Securities and Exchange Commission; (C) hand-delivered or mailed to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312; and (D) submitted under cover letter that identifies BNB as a Respondent in these proceedings, the file number of these proceedings, a copy of which cover letter and money order or check shall be sent to Spencer C. Barasch, Assistant District Administrator, Division of Enforcement, Securities and Exchange Commission, Fort Worth District Office, 801 Cherry St., Suite 1900, Fort Worth, Texas 76102.

By the Commission.

Jonathan G. Katz
Secretary

Jill M. Peterson
By: Jill M. Peterson
Assistant Secretary