

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 68749 / January 28, 2013**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-15189**

**In the Matter of**

**Stefan H. Bengner,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO SECTION 15(b) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Stefan H. Bengner (“Respondent” or “Bengner”), now known as Steve Bengner.

**II.**

After an investigation, the Division of Enforcement alleges that:

**A.     RESPONDENT**

1.       Beginning in about 2007 through at least February 2009, Respondent was the president and the sole shareholder of SHB Capital, Inc. (“SHB”), a Delaware company with its principal place of business in Chicago, Illinois. SHB has never been registered with the Commission as a broker-dealer. Respondent is 46 years old, and currently is a resident of Chicago, Illinois. On September 25, 2008, Respondent became a United States citizen. He is now a dual

citizen of Germany and the United States. From at least 2007 through at least February 2009, Respondent acted as an unregistered broker-dealer in violation of the federal securities laws.

## B. ENTRY OF PERMANENT INJUNCTION

2. On January 7, 2013, in the civil action entitled *SEC v. Stefan H. Bengler, et al.*, 09 C 676 (“*SEC v. Bengler*”) pending in the United States District Court for the Northern District of Illinois, a final judgment was entered by consent against Respondent and his company, SHB Capital, which, among other things: (a) permanently enjoined Respondent from future violations of (i) Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, (ii) Section 17(a) of the Securities Act of 1933 (“Securities Act”), and (iii) Section 15(a) of the Exchange Act; and (b) permanently barred Respondent from participating in future penny stock offerings.

3. On January 15, 2013, a corrected final judgment was entered by the court in *SEC v. Bengler*. The corrected final judgment, which was entered to correct a typographical error in the original final judgment, also: (a) permanently enjoined Respondent from future violations of (i) Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, (ii) Section 17(a) of the Securities Act of 1933 (“Securities Act”), and (iii) Section 15(a) of the Exchange Act; and (b) permanently barred Respondent from participating in future penny stock offerings.

4. The Second Amended Complaint alleged that Respondent, SHB and others, as part of a scheme to defraud and in connection with the purchase and sale of securities, operated an international boiler room and made material misrepresentations and omissions to investors concerning the sales commission being charged to investors. More specifically, the Second Amended Complaint alleged:

- Respondent solicited penny stock issuers willing to sell restricted stock shares in overseas transactions. Respondent, through his company SHB Capital, then entered into distribution agreements with the issuers pursuant to which Respondent agreed to sell the issuers’ stock to foreign investors in securities offerings purportedly conducted, according to Respondent, in compliance with Regulation S. The distribution agreements, which Respondent approved and helped draft, provided for Respondent, through SHB Capital, to be paid commissions out of investor proceeds.
- Respondent, through SHB Capital, hired foreign sales agents to solicit investments from individuals who resided in the United Kingdom, Germany, and other European countries. The sales agents generally placed “cold calls” to potential investors in which the agents used high-pressure sales pitches and made numerous misrepresentations about the issuers and the commissions paid by investors.
- The only offering document generally provided to investors was a share purchase agreement (“SPA”). The SPAs, which Respondent approved and helped draft, falsely indicated that investors paid no sales commissions and only nominal

administrative fees. The SPAs misled investors to believe that all of their investment proceeds would be paid to the issuers.

- Investors returned their signed SPAs to a designated “escrow agent” and sent their investment funds to U.S. bank accounts maintained by the escrow agent. Unbeknownst to investors and contrary to the SPAs, more than 60% of their investment proceeds were diverted to pay commissions to third parties involved in the sales process, including Respondent. The penny stock issuers received less than 40% of the investors’ money.

5. The Second Amended Complaint alleged that Respondent participated in a fraud on investors in violation of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder. It also alleged Respondent acted as a securities broker by selling securities on behalf of issuers without registering with the Commission as a broker-dealer in violation of Section 15(a) of the Exchange Act.

### **III.**

In view of the allegations made by the Division of Enforcement, the Commission deems it necessary and appropriate in the public interest that public administrative proceedings be instituted to determine:

A. Whether the allegations set forth in Section II are true and, in connection therewith, to afford Respondent an opportunity to establish any defenses to such allegations; and

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) of the Exchange Act.

### **IV.**

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 110 of the Commission's Rules of Practice, 17 C.F.R. § 201.110.

IT IS FURTHER ORDERED that Respondent shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against her upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f) and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f) and 201.310.

This Order shall be served forthwith upon Respondent personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

For the Commission, by its Secretary, pursuant to delegated authority.

Elizabeth M. Murphy  
Secretary