BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS

In the Matter of:

STEEL CAPITAL INC.
ZACHARIAH JONES

Docket No. 12 E 028
KSC No. 2012-5917

Respondents.

_____/

Pursuant to K.S.A. 17-12a604

NOTICE OF INTENT TO IMPOSE ADMINISTRATIVE SANCTIONS

Staff for the Office of the Securities Commissioner alleges that sufficient evidence exists to provide cause under K.S.A. 17-12a604 to invoke administrative sanctions against Respondents under the Kansas Uniform Securities Act. If the allegations set forth below are found to be true, through either administrative adjudication, failure of the Respondents to make a timely request for hearing, or default of the Respondents, it is the intention of staff to seek an order from the Commissioner to impose sanctions upon the Respondents. Such sanctions may include, *inter alia*, restitution, fines, and/or a permanent cease and desist order.

If the Respondents wish to contest the facts alleged below, or offer evidence and argument to mitigate those facts, then they must file a request for hearing within thirty-three (33) days after the date of mailing on the Certificate of Service attached to this Notice. The request for hearing must be in the manner and form prescribed by K.A.R. 81-11-3 and K.A.R. 81-11-5, and it must be filed with the Office of the Securities Commissioner, 109 SW 9th St., Suite 600 Topeka, Kansas, 66612. The request for hearing must be verified under oath by the

Respondents, and if the Respondents dispute any of the allegations set forth below, they shall specifically deny those allegations or the allegations will be deemed admitted by the Respondents. If a request for hearing is not timely filed, the Commissioner may issue a final order without further proceedings.

In support of such action, staff for the Securities Commissioner alleges and states:

Allegations of Fact

1. Respondent Steel Capital Inc., ("Steel Capital"), is a Florida Corporation with an address of 300 SE 11th Avenue, Apartment 305, Pompano Beach, Florida 33060-7442. The registered agent for Respondent Steel Capital is Respondent Zachariah Jones.

2. Respondent Zachariah Jones ("Jones") is the president of Respondent Steel Capital with a last known address of [redacted].

3. On or about May 17, 2011, an individual who identified himself as Larry Fuller working for Respondent Steel Capital, cold called [redacted] ("[redacted]"), of Wichita, Kansas and successfully solicited him to invest $1,000 with Respondent Steel Capital for the purchase of pink-traded stock in a company called A Power Energy Generation Systems ("APWR"). The investigation could not verify that the person that talked with [redacted] was truly Larry Fuller or was an alias name.

4. After the aforementioned phone call and on or about May 17, 2011, [redacted] received an email from Respondent Steel Capital that provided a Stock Purchase Agreement and instructions for [redacted] to wire his investment to Bank of America, Respondent Steel Capital account # [redacted] located in Lauderdale Lakes, Florida.

5. On or about May 18, 2011, [redacted] signed and faxed the Stock Purchase Agreement to Respondent Steel Capital at fax # [redacted]. The Stock Purchase Agreement

reflected that the [redacted] purchased 294 shares of APWR at $3.25 per share from Respondent Steel Capital.

6. On or about May 18, 2011, [redacted] wired $1,000 from [redacted] account located at Emprise Bank to the Respondent Steel Capital account #[redacted] located at Bank of America.

7. Subpoenaed records showed that on or about February 2, 2011, Respondent Jones opened Respondent Steel Capital business checking account #[redacted] at the Lauderdale Lakes, Florida, branch of the Bank of America and Respondent Jones was the only signatory for the account and the president of Respondent Steel Capital. The subpoenaed records showed that Respondent Jones provided identification to the bank that showed his date of birth as [redacted].

8. Subpoenaed records showed that on or about May 18, 2011, Respondent Steel Capital business checking account #[redacted] received a $1,000 deposit via a wire transfer from "[redacted]".

9. Subpoenaed records showed the aforementioned deposit was withdrawn via ATM transactions on May 18, 2011 and May 19, 2011.

10. After [redacted] wired his money to Respondent Steel Capital, [redacted] never received any confirmation that the [redacted] had purchased 294 APWR shares; in addition, all communication that [redacted] had been having with Fuller and Respondent Steel Capital ceased.

11. Neither the [redacted] nor [redacted] received 294 shares of APWR and neither was reimbursed a $1,000 from Respondent Steel Capital or Respondent Jones.

12. Respondent Steel Capital was an unregistered broker-dealer in the State of Kansas at the time relevant to the allegations listed.

13. Respondent Jones is an unregistered broker-dealer in the State of Kansas at the time relevant to the allegations listed.

Allegations of Law

14. The APWR stock that Respondent Steel Capital sold to [redacted] is a security pursuant to K.S.A. 17-12a102(28).

15. Respondent Steel Capital unlawfully sold securities to [redacted] while not registered as a broker-dealer with the Office of the Kansas Securities Commissioner, in violation of K.S.A. 17-12a401.

16. Respondent Jones unlawfully sold securities to [redacted] while not registered as a broker-dealer with the Office of the Kansas Securities Commissioner, in violation of K.S.A. 17-12a401.

17. Respondent Jones unlawfully engaged in an act, practice, or course of business that operated as a fraud to deceive [redacted] in violation of K.S.A. 17-12a501.

18. Adequate grounds exist to invoke administrative sanctions against the Respondents, and such an order is in the public interest.

Entered at Topeka, Kansas, this 25th day of June, 2012.

[redacted]

Joshua A. Ney
Staff Attorney
Office of the Securities Commissioner
109 S.W. 9th Street, Suite 600
Topeka, KS 66612
(785) 296-5215

Certificate of Service

I hereby certify that on this 25th day of June, 2012, a copy of the above Notice of Intent was mailed by certified mail, return receipt requested, addressed to the following:

Steel Capital, Inc.
300 SE 11th Avenue, Apt.305
Pompano Beach, Florida 33060-7442

Zachariah Jones
[redacted]

[redacted]

Michelle Lancaster
Legal Assistant