

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 83009 / April 6, 2018

INVESTMENT ADVISERS ACT OF 1940
Release No. 4881 / April 6, 2018

ADMINISTRATIVE PROCEEDING
File No. 3-18429

In the Matter of

Caleb J. Preston,

Respondent.

**ORDER INSTITUTING PUBLIC
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

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”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Caleb J. Preston (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these proceedings and the findings contained in paragraph III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Public Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that:

1. Respondent Caleb Preston, age 28, is a resident of Girdwood, Alaska. Respondent has managed the marketing and business development operations of McKinley Mortgage Co. LLC ("MMC-FL"), an unregistered investment adviser, since at least 2012 and was associated with MMC-FL at all relevant times.

2. On March 27, 2018, a final judgment was entered by consent against Respondent permanently enjoining him from future violations of Sections 5 and 17(a) of the Securities Act of 1933, Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in a civil action entitled Securities and Exchange Commission v. McKinley Mortgage Co. LLC, et al. (Civil Action No. 2:18-cv-00616-MCE-CMK), in the United States District Court for the Eastern District of California.

3. The complaint in the District Court action alleged, *inter alia*, that Respondent, together with his father Tobias Preston, uncle Charles Preston, and their affiliated investment advisory entity, MMC-FL, defrauded investors in a pooled investment fund known as Alaska Financial Company III LLC ("AFC III"). The complaint further alleged that Respondent participated in certain aspects of managing AFC III, through MMC-FL, and oversaw the preparation and distribution of investor materials that falsely stated that AFC III's assets were earning between 12% and 14%, when many of the assets were earning little or no returns. The complaint further alleged that Respondent was not registered with the Commission as a broker or associated with a registered broker-dealer when he received approximately \$345,000 in commissions for soliciting investments in AFC III.

4. The conduct that is the basis of Respondent's permanent injunction occurred while Respondent was associated with an investment adviser and acted as an unregistered broker.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act and Section 203(f) of the Advisers Act, that Respondent be, and hereby is:

- (1) barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and
- (2) barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against this Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Brent J. Fields
Secretary