

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, SEPTEMBER 21, 2016

SEC-CLERKING OFFICE
DOCUMENT CONTROL CENTER

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2015-00032

PRESTON WEALTH ADVISORS, LLC,
Defendant

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Preston Wealth Advisors, LLC ("Preston Wealth") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Preston Wealth is a registered investment advisor that was incorporated in Delaware in 2012 and is located in Reston, Virginia. Preston Wealth terminated its registration with Virginia on April 13, 2015, and filed to register as a federally covered advisor with the United States Securities and Exchange Commission. Theodore Doremus ("Doremus") is an investment advisory representative for Preston Wealth, and he has been registered in Virginia with the firm since December 2012.

Based upon the Division's investigation, Doremus, as part of a disclosed outside business activity, became involved with an entity named Diversified Real Estate Holdings, LLC ("Diversified"). Diversified is a company that purchases foreclosed properties, renovates them, and resells the renovated properties. Diversified also offered certain securities to investors during the relevant period, and Doremus participated in communications with some prospective investors related to those offerings. Based upon records reviewed by the Division, five clients of



Preston Wealth invested in securities offered by Diversified prior to September 2014. The securities offered by Diversified and sold to Preston Wealth's clients were neither registered with the Division nor exempt from registration under the Act. Additionally, Doremus was not registered as an agent of Diversified to offer or sell its securities.

The Division conducted an audit in September 2014 that raised concerns about the sale of Diversified's securities to clients of Preston Wealth. Based on further investigation, the Division was concerned that Preston Wealth: (i) did not have written procedures to supervise the activities of its employees and investment advisor representatives, including Doremus, that were reasonably designed to achieve compliance with applicable securities laws and regulations; and (ii) as a result, failed to adequately supervise the involvement of Doremus with respect to Diversified as well as the purchases of Diversified's unregistered securities by clients of Preston Wealth.

Based on the investigation, the Division alleges that Preston Wealth violated 21 VAC 5-80-160 A (19) of the Commission's Rules regarding Investment Advisors, 21 VAC 5-80-10 *et seq.*, which requires Preston Wealth to maintain "written procedures to supervise the activities of employees and investment advisor representatives that are reasonably designed to achieve compliance with applicable securities laws and regulations."

If the provisions of the Act are violated, the Commission is authorized by § 13.1-506 of the Act to revoke a defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, by § 13.1-521 C of the Act to order a defendant to make rescission and restitution, and by § 12.1-15 of the Code to settle matters within its jurisdiction.

Preston Wealth, without admitting or denying the allegations made herein by the Division, admits to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, Preston Wealth has made an offer of settlement to the Commission wherein it will abide by and comply with the following terms and undertakings:

(1) Preston Wealth will pay to the Treasurer of Virginia ("Treasurer"), the amount of Eight Thousand Dollars (\$8,000) in monetary penalties.

(2) Preston Wealth will pay to the Treasurer the amount of Two Thousand Dollars (\$2,000) for costs of investigation.

(3) Preston Wealth will pay the total amount due for penalties and costs of investigation pursuant to the following schedule: (a) Five Thousand Dollars (\$5,000) payable upon entry of this Order; (b) Two Thousand Five Hundred Dollars (\$2,500) payable sixty (60) days following entry of this Order; and (c) Two Thousand Five Hundred Dollars (\$2,500) payable one hundred twenty (120) days following entry of this Order.

(4) Preston Wealth will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of Preston Wealth.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of Preston Wealth, and the recommendation of the Division, is of the opinion and finds that Preston Wealth's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of Preston Wealth in settlement of the matter set forth herein is hereby accepted.

(2) Preston Wealth shall fully comply with the aforesaid terms and undertakings of this settlement.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Preston Wealth Advisors, LLC, c/o Theodore J. Doremus (registered agent), 1655 N. Fort Myer Drive, 7th Floor, Arlington, Virginia 22209; Stephen G. Topetzes, Esquire, K&L Gates LLP, 1601 K Street, N.W., Washington, DC 20006; and a copy shall be delivered to the Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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STATE CORPORATION COMMISSION

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PRESTON WEALTH ADVISORS, LLC,
Defendant

ADMISSION AND CONSENT

Preston Wealth Advisors, LLC ("Preston Wealth") admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order ("Order").

Preston Wealth further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

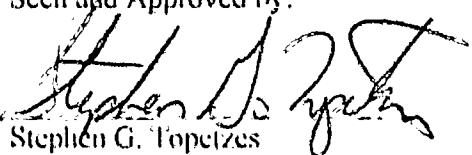
PRESTON WEALTH ADVISORS, LLC

DATE: 09/12/2016

By:

Print Name and Title Below

Seen and Approved by:


Stephen G. Popelzes
K&L Gates LLP