

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81426 / August 18, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18116**

**In the Matter of**

**JOSHUA F. McALEES,**

**Respondent.**

**ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS  
PURSUANT TO SECTION 15(b) OF THE  
SECURITIES EXCHANGE ACT OF 1934,  
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”) against Joshua F. McAlees (“McAlees” or “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 Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, 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. McAlees is the vice president of Hidalgo Mining Corp. ("Hidalgo"), a Florida corporation established in February 2009. At all relevant times, McAlees also acted as a broker but was not registered with the Commission in any capacity. McAlees, 42 years old, is a resident of Jupiter, Florida.

2. On August 15, 2017, a final judgment was entered by consent against McAlees, permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a)(2) of the Securities Act of 1933 ("Securities Act"), and Section 15(a)(1) of the Exchange Act, in the civil action entitled Securities and Exchange Commission v. Hidalgo Mining Corp., et al., Civil Action Number 9:17-cv-80916-DDM, in the United States District Court for the Southern District of Florida.

3. The Commission's complaint alleged that, among other things, from at least August 2009 until March 2013, Hidalgo and McAlees raised approximately \$10.35 million from approximately 85 investors nationwide through the unregistered offering of securities and carried out an offering that omitted certain material facts. The securities were in the form of "Purchase Agreements" to fund a silver mining operation in Mexico. In return, the investors were supposed to receive their profits in the form of silver or the monetary equivalent as outlined in their agreement. The purported purpose of the Hidalgo offering was to purchase mining equipment and cover operational costs relating to the mine. The complaint alleges that Hidalgo and McAlees offered misleading personal guarantees to many investors from McAlees as an enticement for their investment. The complaint also alleges that Hidalgo and McAlees omitted to disclose to investors that 10% of their money would be used to pay sales commissions to McAlees or certain sales agents.

### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 15(b)(6) of the Exchange Act that Respondent McAlees be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the 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 the 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