

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

**INVESTMENT ADVISERS ACT OF 1940**  
**Release No. 4795 / October 13, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-18251**

**In the Matter of**

**JEFFERY S. PRESTON,**

**Respondent.**

**ORDER INSTITUTING**  
**ADMINISTRATIVE PROCEEDINGS**  
**PURSUANT TO 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 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Jeffery S. Preston (“Preston” 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 Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to 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. Preston, age 49, resides in Northridge, California. Preston was the owner, control person, president, and chief compliance officer of Life Wealth Management, Inc. ("Life Wealth"). Life Wealth registered with the Commission as an investment adviser on June 18, 2007. On September 29, 2009, Life Wealth filed a Form ADV-W to withdraw its registration with the Commission. Life Wealth had been registered as an investment adviser with the state of California since September 21, 2009.

2. On August 13, 2013, a judgment was entered by consent against Preston, permanently enjoining him from future violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder, and Sections 206(1) and 206(2) of the Advisers Act, in the civil action entitled Securities and Exchange Commission v. Life Wealth Management, Inc., et al., Civil Action Number CV-10-4769-RSWL (MANx), in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that, from October 2005 to October 2007, Preston recommended that Life Wealth's clients invest \$6.9 million in unsecured promissory notes issued by a real estate company. The complaint further alleged that Preston recommended the unsecured promissory notes to his clients despite the fact that, in July 2005, Life Wealth's attorney had cautioned him about the "enormous risk" of such an investment. The complaint further alleged that Preston falsely reassured clients that their principal would be safe while minimizing, and in many instances failing to disclose, the significant risks inherent in investing in the notes. The complaint also alleged that Preston recommended the notes to Life Wealth clients even though the notes were not suitable to the clients' risk tolerances. The complaint alleged that the real estate company defaulted on the notes in September 2007, which resulted in substantial losses to Life Wealth's clients.

### IV.

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

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Preston 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.

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

Brent J. Fields  
Secretary