

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF MARYLAND**

IN THE MATTER OF:

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Case No. 2012-0376

Preston Scheffenacker Properties, Inc.

*

Hollins Ferry Investor Group, LLC

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Hollins Preferred Investor Group, LLC

*

Gateway North, LLC

*

Telegraph Road Investors, LLC

*

and

*

David P. Scheffenacker, Jr.

*

* * *

CONSENT ORDER

WHEREAS, the Securities Division of the Office of the Attorney General (the "Securities Division") initiated an investigation into the offering and selling of securities by David P. Scheffenacker, Jr. ("Scheffenacker") and his companies, Preston Scheffenacker Properties, Inc. ("Preston Scheffenacker"), Hollins Ferry Lender Group ("Hollins Ferry Lender"), Hollins Preferred Investor Group ("Hollins Preferred"), Gateway North, LLC ("Gateway North"), and Telegraph Road Investors, LLC ("Telegraph Road") (collectively, "Respondents"); and

WHEREAS, the Maryland Securities Commissioner (the "Securities Commissioner") has found that grounds exist to find that Respondents violated the Maryland Securities Act, contained at Md. Code Ann., Corps. and Ass'ns, §§11-101 *et seq.* (2007 Repl. Vol. & Supp. 2012) (the "Securities Act"), by engaging in acts or practices constituting violations of the Securities Act; and

WHEREAS, based on the information presented by the Division, the Maryland Securities Commissioner (the “Commissioner”) concluded that Respondents engaged in acts or practices constituting violations of the Act; and

WHEREAS, the Commissioner has agreed to issue this Consent Order whereby the Respondents consent to the Findings of Fact and Conclusions of Law, and consent to the imposition of the sanctions imposed and the terms of this Consent Order; and

WHEREAS, the Commissioner has determined that it is in the public interest to issue this Consent Order; and

WHEREAS, without the holding of a hearing in this matter, and upon consent of the parties hereto.

IT IS HEREBY AGREED AND ORDERED:

I.

JURISDICTION

1. The Securities Commissioner has jurisdiction in this proceeding pursuant to §11-701 of the Securities Act.

II.

RESPONDENTS

2. Preston Scheffenacker is a Maryland corporation. The company’s mailing address is 2330 West Joppa Road, Suite 160, Lutherville, Maryland.

3. David P. Scheffenacker, Jr., who lives in Baltimore, Maryland, is the principal of Preston Scheffenacker and managing member of Hollins Ferry Lender, Hollins Preferred, Gateway North and Telegraph Road.

4. Hollins Ferry Lender is a limited liability company formed in Maryland and

located in Baltimore County, Maryland.

5. Gateway North is a limited liability company formed in Maryland and located in Baltimore County, Maryland.

6. Hollins Preferred is a limited liability company formed in Maryland and located in Baltimore County, Maryland.

7. Telegraph Road is a limited liability company formed in Maryland and located in Baltimore County, Maryland.

III.

FINDINGS OF FACT

8. In January, 2011, Respondents Scheffenacker and Hollins Ferry Lender submitted to the Division a notice filing under Regulation D, Rule 504 with regard to sales of limited liability member interests made by the company. After months of corresponding with the Respondents, the Respondents finally cured all deficiencies and the Division accepted the notice filing on October 13, 2011, which the Division determined was a late notice filing.

9. In the latter portion of 2011, during two separate telephone calls with two different attorneys, Respondents inquired as to the filing requirements for other of their pending securities transactions. The Division advised that, based on counsels' descriptions of the pending transactions, the Division would require a Maryland registered issuer agent or broker-dealer to handle the offers and sales of the issuers' securities.

10. In 2005, Respondent Scheffenacker and one of the same attorneys were involved in a Division investigation that involved the same Maryland registered selling agent issue. At that time, the issuer, being properly advised of the serial issuer deficiency, represented that the issue was moot because they would conduct future business through existing entities.

11. Despite the prior investigation and despite the Division providing information to Respondents' counsel, on December 1, 2011, the Division received three separate notice filings for Hollins Preferred, Gateway North and Telegraph Avenue filed under Regulation D, Rule 504 for each of three named issuers, for sales of each issuer's limited liability interests.

12. All three filings indicated that the dates of first sale of the issuers' securities occurred on November 7, 2011. The sales agent for the three offerings was Respondent Scheffenacker, who is not registered as a broker-dealer or issuer agent.

13. Pending resolution of issues related to the selling person registration issue, the Respondents agreed to cease and desist from offering and selling any and all securities and agreed to register a selling agent for future sales on behalf of any affiliated entity.

14. In August, 2012, Respondents notified the Division that an employee of Respondent Preston Scheffenacker became a registered broker dealer agent in Maryland and will sell for M & A Securities Group, Inc., CRD No. 4374393, licensed in Maryland as a broker-dealer.

IV.

CONCLUSIONS OF LAW

The Securities Commissioner concludes that:

15. The limited liability interests offered and sold by Respondents as referenced above constituted "securities" within the definition at §11-101(r) of the Securities Act.

16. In connection with the facts described in the Findings Of Fact contained herein, Respondents violated §§11-401 and 11-501 (offer and sale of unregistered securities) of the Securities Act with respect to the offers and sales of Respondents Gateway North, Hollins Preferred, and Telegraph Road.

V.

CONSENT TO SANCTIONS

17. Respondents expressly agree and consent, and it is ordered that:

a. Respondent Scheffenacker shall pay to the Division a civil monetary penalty pursuant to Section 11-702 of the Act, in the amount of \$15,000, payable by certified check to the order of the Maryland Division of Securities, which penalty has been submitted to and received by the Commissioner.

b. Each Respondent admits the jurisdiction of the Division as to the party and subject matter and hereby consents to the substance and entry of this Consent Order.

VI.

CONSEQUENCES OF VIOLATION OF CONSENT ORDER

18. If any Respondent fails to comply with any term of this Consent Order, the Commissioner may declare this Consent Order to be null and void. The Commissioner may then proceed with full administrative and/or judicial proceedings to enforce this Consent Order against such Respondent, or to sanction Respondent for violating an order of the Commissioner, and may take any other action authorized under the Act or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Commissioner or the court finds that any Respondent has violated this Consent Order, the facts and the violations of the Act set forth and incorporated in this Consent Order shall be deemed admitted and may be introduced into evidence against that Respondent.

VII.

MODIFICATION OF TERMS OF THIS CONSENT ORDER

19. The terms of this Consent Order may only be modified by a subsequent order

issued by the Commissioner.

VIII.

JURISDICTION RETAINED

20. Jurisdiction shall be retained by the Commissioner for the purpose of enabling any party to this Consent Order to apply for such further orders and directions as may be necessary or appropriate for the construction or enforcement of this Consent Order.

The provisions of this Consent Order shall become binding when this Consent Order has been executed by each Respondent and is issued by the Commissioner.

DATE OF THIS ORDER

January 22, 2013

SO ORDERED:

**Commissioner's Signature is
on File with Original Document**

Melanie Senter Lubin
Securities Commissioner

DAVID P. SCHEFFENACKER, JR.

By: _____

On this ____ day of _____, 2013, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free
act and deed.

Notary Public
My Commission Expires _____

PRESTON SCHEFFENACKER PROPERTIES

By: _____

On this ____ day of _____, 2013, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free
act and deed.

Notary Public
My Commission Expires _____

HOLLINS FERRY LENDER GROUP, LLC

By: _____

On this ____ day of _____, 2013, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free
act and deed.

Notary Public
My Commission Expires _____

GATEWAY NORTH, LLC

By: _____

On this ____ day of _____, 2013, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free
act and deed.

Notary Public
My Commission Expires _____

HOLLINS PREFERRED INVESTOR GROUP, LLC

By: _____

On this ____ day of _____, 2013, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free
act and deed.

Notary Public
My Commission Expires _____

TELEGRAPH ROAD INVESTORS GROUP, LLC

By: _____

On this ____ day of _____, 2013, personally appeared _____
signer of this foregoing Consent Order, who did duly acknowledge to me that he was authorized
to execute the same on behalf of _____, and acknowledged the same to be his free
act and deed.

Notary Public

My Commission Expires_____