

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

BANKING AND SECURITIES COMMISSION MEETING 2022-2

THURSDAY, May 12, 2022

PUBLIC SESSION

The meeting of the Banking and Securities Commission was conducted with the following in attendance, either live or remotely:

VICE-CHAIR RICHARD VAGUE  
COMMISSIONER WILLIAM LUTERMAN  
COMMISSIONER JAMES BIERY  
COMMISSIONER MARY ZENNER  
GERARD MACKAREVICH, Commission Counsel  
STEFANIE HAMILTON, Chief Counsel  
PAUL WENTZEL, Sr. Legislative Director  
MARY BETH STRINGENT, Deputy Secretary

STACY WALTER, Human Resources Liaison  
VIRGINIA LUCY, Communications Director  
CARLTON SMITH, Assistant Chief Counsel  
SEAMUS DUBBS, Assistant Counsel  
IRA CARR, Desktop Support II  
EILEEN SMITH, Legal Office Administrator

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## **CALL TO ORDER AND APPROVAL OF MINUTES FOR PREVIOUS MEETING**

1. At 1:02 p.m. Vice-Chair Richard Vague, appearing by telephone at a live meeting in the 13<sup>th</sup> floor conference room at 17 N. Second Street, Harrisburg, called to order the meeting of the Pennsylvania Banking and Securities Commission.

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2. Participants were advised that the meeting was being recorded, and by their participation they were consenting to being recorded.

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3. The Vice-Chair took roll call. Commissioner Biery appeared live, while Commissioners Luterman and Zenner appeared remotely. All other individuals in attendance identified themselves.

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4. Vice-Chair Vague stated that, as required by Section 709 of the Sunshine Act, the Commission previously published notice of this meeting in the Harrisburg Patriot News. In addition, the Commission posted an updated meeting notice on the Department's website. He explained that pursuant to the Sunshine Act the Commission posted a physical notice at the meeting site at the Department's Harrisburg offices at 17 North Second Street in Harrisburg.

The Vice-Chair stated that all four of the Commissioners were participating, which fulfills the quorum requirement of section 1121-A.(f) of the Department of Banking and Securities Code for purposes of taking official action.

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5. Eileen Smith will be taking the minutes of this meeting, a draft of which will be circulated to the Commissioners prior to their next quarterly meeting. The Commission will finalize the minutes and approve them at that meeting.

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6. All Commission members received copies of the draft minutes for the regular meeting held on February 10, 2022. Pursuant to a motion made by Commissioner Zenner and seconded by Commissioner Biery, the Commission approved the minutes as final.

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### **ADJUDICATION MATTERS**

7. Vice-Chair Vague requested that everyone except the Commissioners and Commission counsel exit the public meeting so that an executive session could be held pursuant to section 708 of the Sunshine Act, to consult with Commission counsel regarding a hearing officer's proposed report in the matter of *Department of Banking and Securities, Bureau of Securities Compliance and Examinations v. Buchert Ridge Community, Inc., and Joseph Wilmer Hallman*, Docket No. 190099 (SEC-OSC) and *Bureau v. BRC Neighborhood Planning, LP, and Joseph Wilmer Hallman*, Docket No. 190100 (SEC-OSC).

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8. Upon completion of the executive session and the return to public session, Vice-Chair Vague summarized the sole item on the agenda, in which the Bureau of Securities Compliance and Examinations filed two orders to show cause, the first against Buchert Ridge Community Inc. and Joseph Hallman, and the second against BRC Neighborhood Planning LP, and Mr. Hallman, alleging multiple violations of the Pennsylvania Securities

Act of 1972 in the course of their development of a retirement community in Montgomery County. Mr. Hallman was president of Buchert Ridge, which began construction of a multi-unit retirement community in 2003. After experiencing financial problems, the company in 2011 began selling promissory notes in order to provide funding for the community. Many of the notes were sold to the residents of the community. BRC Neighborhood Planning LP, was created in 2011 to operate the community, and continued to offer and sell notes until 2015. The companies' financial picture continued to deteriorate. The companies sold at least 114 notes.

In the enforcement actions, the Bureau alleged that the promissory notes should have been registered pursuant to section 201 of the Securities Act, but were not. The Bureau also alleged that the respondents, in selling notes to unsophisticated residents while the development fell into increasing financial difficulties, failed to disclose the risks involved and did not provide information that would have been material for a reasonable investor to make an informed decision, which constituted violations of section 401(b) of the Securities Act. Finally, it was alleged that these actions perpetrated a fraud on the investors in violation of section 401(c).

A hearing officer was appointed, who consolidated the two actions and conducted a hearing. The hearing officer issued a proposed report, concluding that 114 willful violations of section 401(c) of the Securities Act had occurred and proposing assessments of \$240,000 on respondents Buchert Ridge and Mr. Hallman, and \$2,040,000 on BRC Neighborhood Planning, LP, and Mr. Hallman, for a combined total of \$2,280,000.

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- 9.** Vice-Chair Vague explained that because the Department of Banking and Securities Code requires that the Commission be the final adjudicator of every proceeding that is instituted by the Department and that requires the appointment of a hearing officer, the Commission must issue a final adjudication on this matter. Therefore, he asked for a motion regarding the proposed report.

A motion was made by Commissioner Biery and seconded by Commissioner Luterman to adopt the proposed report of Debra Sue Rand, with the following amendments: Deletion of original Findings of Fact #39 and #55, and insertion of replacements; and deletions of Conclusions of Law #3 through #5, and insertion of new Conclusions of Law #3 through #11.

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- 10.** The Vice-Chair offered the opportunity for public comment on the motion to adopt the proposed report, with amendments, but no members of the public were present.

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- 11.** A motion having been made and seconded, a roll call was conducted to adopt the proposed report with amendments in the matter of *Department of Banking and Securities, Bureau of Securities Compliance and Examinations v. Buchert Ridge Community, Inc., and Joseph Wilmer Hallman*, Docket No. 190099 (SEC-OSC) and *Bureau v. BRC Neighborhood Planning, LP, and Joseph Wilmer Hallman*, Docket No. 190100 (SEC-OSC). The Commission unanimously agreed to the motion.

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## **GENERAL PUBLIC COMMENT**

- 12.** Turning to the portion of the meeting during which members of the public may make general public comment, Vice-Chair Vague noted that, because no members of the public were present, there would be no general public comment.

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## **13. ADJOURNMENT**

Having no further business, Vice-Chair Vague asked for a motion to adjourn the meeting. Commission Zenner motioned and was seconded by Commissioner Biery. The Commission agreed to adjourn. The meeting was adjourned at 1:32 p.m.

Reviewed and respectfully submitted by:

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RICHARD VAGUE, Vice-Chair