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COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES 2019 DEC -5 AM 8:20

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COMMONWEALTH OF PENNSYLVANIA	:	PA DEPARTMENT OF BANKING AND SECURITIES
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
COMPLIANCE AND EXAMINATIONS	:	Docket No. : 19 <u>0100</u> (SEC-OSC)
	:	
v.	:	
	:	
BRC NEIGHBORHOOD PLANNING, LP	:	
JOSEPH WILMER HALLMAN	:	
	:	

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**NOTICE TO ANSWER AND REQUEST A HEARING**

You have the right to challenge the attached Order to Show Cause (“Order”) by filing an Answer, in writing, with the Docket Clerk **within 30 days** of the date of this Order as required by 1 Pa. Code § 35.37. **If you do not file an Answer within 30 days, then you will waive your right to a hearing and the Banking and Securities Commission (“Commission”) may enter a final order against you.**

Your Answer must be in writing. Your Answer must specifically admit or deny the allegations in the Order, set forth the facts you rely upon, and state concisely the law upon which you rely. General denials of the allegations set forth in the Order are not sufficient; you must support your denials with specific facts. Failure to support your denials with specific facts may cause the Commission to deem the facts in the Order as admitted and to enter a final order against you, without a hearing

The Answer and any other documents must be filed with the Docket Clerk:

Linnea Freeberg, Docket Clerk  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Further, you must serve a copy of the Answer and any other documents on the person who signed the Order by providing a copy to his or her counsel indicated below:

Carlton M. Smith  
Assistant Counsel  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Christopher G. Giovanis  
Assistant Counsel  
Department of Banking and Securities  
17 North Second Street, Suite 1300  
Harrisburg, PA 17101

Once you file your Answer, you will be notified of pertinent information such as the name of the presiding officer designated by the Commission to hear this matter and, if a hearing is scheduled, the date, time, and location of the hearing. You have the right to be represented by an attorney.

The hearing and all other procedural matters will be governed by the Pennsylvania Administrative Agency Law, 2 Pa.C.S. §§ 501-508, 701-704, and the General Rules of Administrative Practice and Procedure, 1 Pa. Code §§ 31.1-35.251.



matter directly, or may designate a hearing officer to issue a recommended decision prior to the Commission issuing a final order.

**STATEMENT OF THE PARTICULARS AND MATTERS  
CONCERNING WHICH THE BUREAU IS INQUIRING**

**PARTIES**

1. The Department is the Commonwealth of Pennsylvania's administrative agency authorized and empowered to administer and enforce the 1972 Act.

2. The Bureau is primarily responsible for administering and enforcing the 1972 Act for the Department.

3. The Bureau operates from the Department's main office located at 17 North Second Street, Suite 1300, Harrisburg, Pennsylvania 17101.

4. Respondent BRC was, at all times material herein, a Pennsylvania limited partnership with addresses at Redacted, and 2011 Buchert Road, Pottstown, Pennsylvania 19464. Respondent BRC was engaged in the business of developing, funding, and constructing, retirement communities.

5. Respondent Hallman was, at all times material herein, an individual with addresses at Redacted, and Redacted.

6. Respondent Hallman, was at all material times herein, the president of Buchert Ridge Community, Inc.

7. At all times material herein, Buchert Ridge Community, Inc. was the general partner of Respondent BRC.

## FACTUAL ALLEGATIONS

8. Beginning in or about April 2011, Respondent BRC offered for sale promissory notes (“Notes”) to investors throughout the United States. Purportedly, the proceeds from the sale of the Notes were to be used to build, fund, or expand, retirement communities.

9. From in or about April 2011 until January of 2015, Respondent BRC offered and sold at least 102 Notes to at least 59 investors (“Investors”) within the United States for an aggregate amount of at least \$9,617,400.

10. From in or about April 2011 until January 2015, Respondent BRC offered and sold at least 89 Notes to at least 53 Pennsylvania residents (“PA Residents”) for an aggregate amount of at least \$9,205,400.

11. At least one investor was aged 60 or more at the time the investors purchases the Notes.

12. Investors could purchase a Note with a three-year term and the Notes offered an interest rate between 6% and 10%.

13. Respondent BRC failed to provide some or all of the Investors with financial statements regarding Respondent BRC, which disclosure would have been material for a reasonable investor to make an informed investment decision. To the extent that Respondent BRC did not have disclosure documents, Respondent BRC failed to disclose their nonexistence, which would have been material for a reasonable investor to make an informed investment decision.

14. Respondent BRC failed to disclose the following information concerning Respondent BRC to some or all of the Investors:

- a. The financial condition of Respondent BRC;
- b. The financial risk of Respondent BRC’s Notes;

- c. The identity and relevant background of the corporate officers of Respondent BRC;
- d. Respondent BRC's operating history;
- e. BRC's Notes were secured by real estate valued below the amount of money BRC raised from the sale of the Notes.

15. To date, Respondent BRC has been unable to fulfill its financial obligations to some or all of the Investors, and Respondent BRC has consequently defaulted on payments to some or all of the Investors.

16. As Buchert Ridge Community, Inc. was the general partner of Respondent BRC, and Respondent Hallman was the president of Buchert Ridge Community, Inc., Respondent Hallman acted as an "affiliate" of Respondent BRC within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused Respondent BRC to commit the herein stated acts which violated the 1972 Act.

17. The Notes described above are "securities" within the meaning of Section 102(t) of the 1972 Act, 70 P.S. § 1-102(t).

18. Respondent BRC is the "issuer" of the Notes described above within the meaning of Section 102(l) of the 1972 Act, 70 P.S. § 1-102(l).

19. The records of the Department disclose that the Notes are: (a) not registered under Section 201 of the 1972 Act, 70 P.S. § 1-201; (b) not exempt from registration under Section 202 of the 1972 Act, 70 P.S. § 1-202; (c) not federally covered securities under Section 211 of the 1972 Act, 70 P.S. § 1-211; and (d) that the offer relating to the Notes was not exempt under Section 203 of the 1972 Act, 70 P.S. § 1-203.

## **COUNTS**

### **Violation of Section 201 of the 1972 Act, 70 P.S. § 1-201**

#### **89 Counts**

20. Paragraphs 1 through 19 are incorporated herein by reference as if set forth in their entirety.

21. By engaging in the acts and conduct set forth in paragraphs 8, 10 through 12, 16, 17, and 19 above, Respondent BRC and Respondent Hallman, offered and sold the Notes to Pennsylvania residents in willful violation of Section 201 of the 1972 Act, 70 P.S. § 1-201.

### **Violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401**

#### **102 Counts**

22. Paragraphs 1 through 21 are incorporated herein by reference as if set forth in their entirety.

23. By engaging in the acts and conduct set forth in paragraphs 8 through 14 and 16 through 19 above, Respondent BRC and Respondent Hallman, in connection with the offer and sale of the Notes, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in willful violation of Section 401(b) of the 1972 Act, 70 P.S. § 1-401(b).

### **Violation of Section 401(c) of the 1972 Act, 70 P.S. § 1-401(c)**

#### **102 Counts**

24. Paragraphs 1 through 23 are incorporated herein by reference as if set forth in their entirety.

25. By engaging in the acts and conduct set forth in paragraphs 8 through 19 above, Respondent BRC and Respondent Hallman, in connection with the offer and sale of the Notes, engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon any person, in willful violation of Section 401(c) of the 1972 Act, 70 P.S. § 1-401(c).

## SANCTIONS AND REMEDIES

**WHEREAS**, the Bureau respectfully requests the penalties and relief pursuant to its authority under the 1972 Act:

1. That an order be issued pursuant to Section 305 of the 1972 Act, 70 P.S. § 1-305, that the registration of Respondent BRC and Respondent Hallman, be suspended, revoked, or conditioned, or that Respondent BRC and Respondent Hallman be censured.

2. That an order be issued pursuant to Section 512 of the 1972 Act, 70 P.S. § 1-512, which bars, conditionally or unconditionally, and either permanently or for such period of time as may be determined, Respondent BRC and Respondent Hallman, from:

- a. Representing an issuer offering or selling securities in this State;
- b. Acting as a promoter, officer, director or partner of an issuer (or an individual occupying a similar status or performing similar functions) offering or selling securities in this State or of a person who controls or is controlled by such issuer;
- c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
- d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or
- e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

3. That Respondent BRC and Respondent Hallman, be ordered to effect a rescission offer pursuant to Section 513 of the 1972 Act, 70 P.S. § 1-513.

4. That Respondent BRC and Respondent Hallman, be ordered to return to purchasers of securities in this Commonwealth, in cash, the amount of compensation received for effecting those securities transactions pursuant to Section 514 of the 1972 Act, 70 P.S. § 1-514.

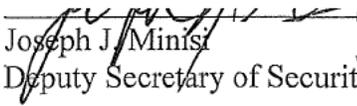
5. That Respondent BRC and Respondent Hallman, be ordered to pay the costs of the investigation pursuant to Section 602.1(b) of the 1972 Act, 70 P.S. § 1-602.1(b).

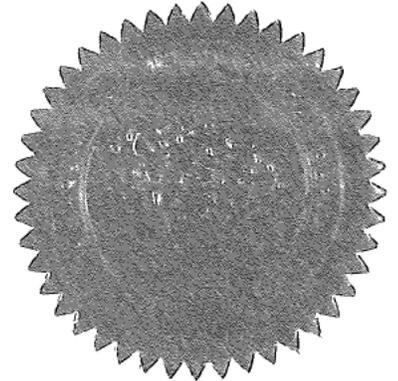
6. That Respondent BRC and Respondent Hallman, be ordered to pay an administrative assessment of up to \$100,000.00 for each act or omission constituting a willful violation of the 1972 Act, pursuant to Section 602.1(c) of the 1972 Act, 70 P.S. §1-602.1(c).

**IT IS SO ORDERED.**

FOR THE COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES  
BUREAU OF SECURITIES COMPLIANCE AND  
EXAMINATIONS

Redacted

  
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Joseph J. Minisi  
Deputy Secretary of Securities



Dated: 12/5/19

