

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

FILED

2019 DEC -5 AM 8:19

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND
SECURITIES, BUREAU OF SECURITIES
COMPLIANCE AND EXAMINATIONS

PA DEPARTMENT OF
BANKING AND SECURITIES

Docket No. : 19 0099 (SEC-OSC)

v.

BUCHERT RIDGE COMMUNITY, INC.
JOSEPH WILMER HALLMAN

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.

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BUCHERT RIDGE COMMUNITY, INC.
JOSEPH WILMER HALLMAN

ORDER TO SHOW CAUSE

You, Buchert Ridge Community, Inc. (“Respondent Buchert”) and Joseph Wilmer Hallman (“Respondent Hallman”) are notified that the Department of Banking and Securities (“Department”), through the Bureau of Securities Compliance and Examinations (“Bureau”), hereby **ORDERS YOU TO SHOW CAUSE** why the Banking and Securities Commission (“Commission”) should not impose the sanctions and remedies described below. Specifically, this proceeding is instituted pursuant to 1 Pa. Code § 35.14 to determine:

- (1) whether the allegations set forth below are true; and
- (2) if these allegations are true, whether there has been a violation of the Pennsylvania Securities Act of 1972 (“1972 Act”) or of the regulations promulgated thereunder; and
- (3) if so, whether the sanctions and remedies proposed by the Bureau should be imposed by the Commission.

The Bureau alleges the following facts and violations of law for the purpose of tentatively framing the issues for consideration by the Commission. The Commission may consider this

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 Buchert was, at all times material herein, a Pennsylvania corporation with addresses at Redacted and 2011 Buchert Road, Pottstown, Pennsylvania 19464 and is engaged in the business of operating a retirement community.

5. Respondent Hallman was, at all times material herein, an individual with addresses at Redacted and Redacted, Redacted and is the president of Respondent Buchert.

FACTUAL ALLEGATIONS

6. From in or about March 2004 until April 2011, Respondent Buchert offered and sold promissory notes (“Notes”) to investors (“Investors”) within the United States. Purportedly, the proceeds from the same of the Notes were to be used to build, fund or expand, retirement communities.

7. From in or about January 2010 until April 2011, Respondent Buchert offered and sold at least 12 Notes to at least 10 Investors within the United States for an aggregate amount of at least \$1,375,000.

8. From in or about January 2010 until April 2011, Respondent Buchert offered and sold at least 11 Notes to at least 9 Pennsylvania residents (“PA Residents”) for an aggregate amount of at least \$1,355,000.

9. At least one Investor was aged 60 or more at the time the Investors purchased the Notes.

10. The term of the Notes was 3 years.

11. The Notes offered between 6% and 8% interest rates.

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

13. Respondent Buchert failed to disclose the following information concerning Respondent Buchert to some or all of the Investors:

- a. The financial condition of Respondent Buchert;
- b. The financial risk of Respondent Buchert's Notes;
- c. The identity and relevant background of the corporate officers of Respondent Buchert;
- d. Respondent Buchert's operating history;

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

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

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

17. Respondent Buchert 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).

18. 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

11 Counts

19. Paragraphs 1 through 1-18 are incorporated herein by reference as if set forth in their entirety.

20. By engaging in the acts and conduct set forth in paragraphs 6 through 11 and 15 through 18 above, Respondent Buchert 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

12 Counts

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

22. By engaging in the acts and conduct set forth in paragraphs 6 through 13 and 15 through 18 above, Respondent Buchert 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)

12 Counts

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

24. By engaging in the acts and conduct set forth in paragraphs 6 through 18 above, Respondent Buchert 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 Buchert and Respondent Hallman be suspended, revoked, or conditioned, or that Respondent Buchert 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 Buchert 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 Buchert and Respondent Hallman be ordered to affect a rescission offer pursuant to Section 513 of the 1972 Act, 70 P.S. § 1-513.

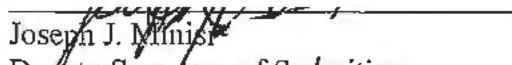
4. That Respondent Buchert and Respondent Hallman be ordered to pay the costs of the investigation pursuant to Section 602.1(b) of the 1972 Act, 70 P.S. § 1-602.1(b).

5. That Respondent Buchert 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).

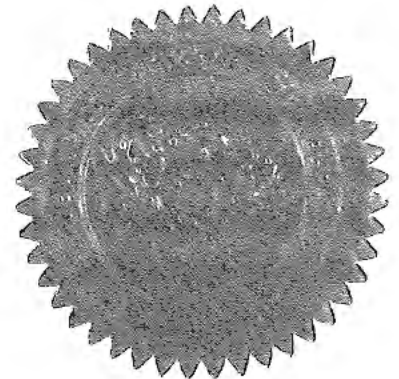
IT IS SO ORDERED.

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

Redacted


Joseph J. Minisi
Deputy Secretary of Securities

Dated: 12/5/19



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v.

BUCHERT RIDGE COMMUNITY, INC.
JOSEPH WILMER HALLMAN

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Order to Show Cause upon the parties below, who constitute the only parties of record in this proceeding, in accordance with the requirements of 1 Pa. Code §§ 33.35, 33.36 and 33.37:

BY CERTIFIED AND FIRST-CLASS MAIL

Buchert Ridge Community, Inc.

Joseph Wilmer Hallman

Redacted

Redacted

Buchert Ridge Community, Inc.
2011 Buchert Road
Pottstown, PA 19464

Joseph Wilmer Hallman

Redacted

Dated this 5 day of December, 2019

Redacted

Christopher G. Giovanis, Assistant Counsel
Attorney ID #200316
Carlton M. Smith, Assistant Counsel
Attorney ID #90615
Office of Chief Counsel
FOR: Commonwealth of Pennsylvania
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