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COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING AND SECURITIES

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PA DEPARTMENT OF
BANKING AND SECURITIES

COMMONWEALTH OF PENNSYLVANIA :
DEPARTMENT OF BANKING AND :
SECURITIES, BUREAU OF SECURITIES :
COMPLIANCE AND EXAMINATIONS : Docket No. : 18 0080 (SEC-OSC)

v.

SCHILLING GROUP ADVISORS, LLC :
MARTHA SCHILLING :
:

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 Smith
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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SCHILLING GROUP ADVISORS, LLC :
MARTHA SCHILLING :
:

AMENDED ORDER TO SHOW CAUSE

You, Schilling Group Advisors, LLC (“Respondent SGA”) and Martha Schilling (“Respondent Schilling”), 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. On the Uniform Application for Investment Adviser Registration ("Form ADV"), Respondent SGA (CRD # 144666) lists its principal place of business at Redacted Redacted ("ADV Address").

5. On the Form ADV, Respondent Schilling (CRD # 4455211) lists her business address as the ADV Address.

6. Respondent Schilling was, at all times material herein, the managing member and chief compliance officer of Respondent SGA.

FACTUAL ALLEGATIONS

7. From in or about September 2007 until the present, Respondent SGA has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser.

8. From in or about October 2007, Respondent Schilling has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser representative of Respondent SGA.

9. As the managing member and chief compliance officer of Respondent SGA, Respondent Schilling acted as an “affiliate” of Respondent SGA within the meaning of Section 102(b) of the 1972 Act, 70 P.S. § 1-102(b), and, as such, caused Respondent SGA to commit the herein stated acts which violated the 1972 Act.

10. At all times material herein, Respondent SGA has had discretionary authority over client funds or securities.

11. Pursuant to Regulation 304.022(b), an investment adviser with discretionary authority over client funds or securities shall file with the Department a balance sheet, prepared in accordance with generally accepted accounting principles. 10 Pa. Code § 304.022(b). The balance sheet shall be filed with the Department within 120 days of the investment adviser’s fiscal year end. 10 Pa. Code § 304.022(d).

12. Respondent SGA’s fiscal year ended on December 31, 2017.

13. On or about September 4, 2018, the Department contacted Respondent SGA, using the email address provided on the Uniform Application for Investment Adviser Registration, to inform Respondent SGA that the Department had not received a balance sheet for the fiscal year ending on December 31, 2017. A true and correct copy of the correspondence sent to Respondent SGA is attached as Exhibit A.

14. To date, Respondent SGA has not filed a balance sheet with the Department for the fiscal year ending on December 31, 2017, as required by Regulation 304.022. 10 Pa. Code § 304.022(b), (d).

15. On October 26, the Department mailed a copy of the above-captioned Order to Respondent SGA's ADV address and Respondent Schilling's ADV address, via certified mail (return receipt requested) and first-class mail.

16. The certified mail was returned to the Department with a label affixed to the envelopes stating: "Return to Sender, Schilling". Redacted

" See Exhibit B.

17. Regulation 303.012(d) provides that "[a]n investment adviser registered under the act shall take steps necessary to ensure that material information contained in its Form ADV and exhibits remains current and accurate. If a material statement made in Form ADV and exhibits becomes incorrect or inaccurate the investment adviser shall file with the Commission an amendment on Form ADV within 30 days of the occurrence of the event which requires the filing of the amendment." 10 Pa. Code § 303.012(d).

18. Respondent SGA never filed an amendment on Form ADV indicating a change of address for Respondent SGA.

COUNTS

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent SGA and Respondent Schilling Pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 304.022(b), (d), 10 Pa. Code § 304.022(b),

(d)

1 Count

19. Paragraphs 1 through 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 1 through 14 above, Respondent SGA and Respondent Schilling have failed to file with the Department a balance sheet,

prepared in accordance with generally accepted accounting principles, within 120 days of Respondent SGA's fiscal year end, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent SGA and Respondent Schilling or censure Respondent SGA and Respondent Schilling pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 304.022(b), (d), 10 Pa. Code § 304.022(b), (d).

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent SGA and Respondent Schilling Pursuant to Section 305(a)(xiii) of the 1972 Act, 70 P.S. § 1-305(a)(xiii)

1 Count

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 1 through 14 above, Respondent SGA and Respondent Schilling have refused to furnish information reasonably requested by the Department, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent SGA and Respondent Schilling or censure Respondent SGA and Respondent Schilling pursuant to Section 305(a)(xiii) of the 1972 Act, 70 P.S. § 1-305(a)(xiii).

Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent CFS and Respondent Glover pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 303.012(i), 10 Pa. Code § 303.012(i)

1 Count

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 1 through 18 above, Respondent SGA and Respondent Schilling have not taken steps necessary to ensure that material

information contained in its Form ADV remains current and accurate and have not filed with the Commission an amendment on Form ADV within 30 days of the occurrence of the event which requires the filing of the amendment, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent SGA and Respondent Schilling or censure Respondent SGA and Respondent Schilling pursuant to Section 305(a)(v) of the 1972 Act, 70 P.S. § 1-305(a)(v), and Regulation 303.012(i), 10 Pa. Code § 303.012(i).

SANCTIONS AND REMEDIES

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

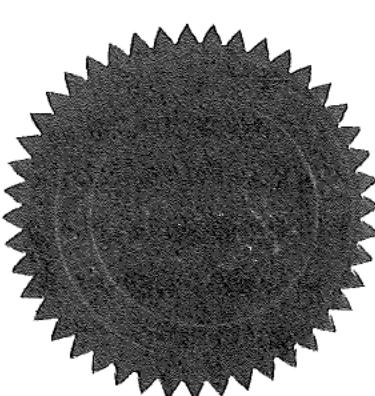
1. That an order be issued pursuant to Section 305 of the 1972 Act, 70 P.S. § 1-305, that the registration of Respondent SGA and Respondent Schilling be suspended, revoked, or conditioned, or that Respondent SGA and Respondent Schilling be censured.
2. That an order be issued pursuant to Section 512 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 SGA and Respondent Schilling 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 SGA and Respondent Schilling 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).

4. That Respondent SGA and Respondent Schilling 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. Minick
Deputy Secretary of Securities

Dated: 11/13/18

Exhibit A



September 4, 2018

Martha Schilling
Schilling Group Advisors LLC
Redacted

Pursuant to Section 304 of the Pennsylvania Securities Act of 1972, 70 P.S. §1-304 and Regulation 304.022(b), 10 Pa. Code §304.022(b), promulgated thereunder, an investment adviser who has discretionary authority over client funds or securities shall file with the Department of Banking and Securities ("Department") a balance sheet, prepared in accordance with generally accepted accounting principles, as of the end of its fiscal year. The balance sheet shall be filed within 120 days of the investment adviser's fiscal year end. If you are an investment adviser with discretionary authority and have not submitted the required financial statement, the Department may take immediate administrative action

Should you need additional guidance or have questions, do not hesitate to contact Susan Courtney at (717) 783-4221 or Robyn Galloway at (717) 783-4211.

On Behalf of the Commonwealth
Department of Banking and Securities

Redacted
Eric Pistilli, Chief
Securities Licensing Office

Exhibit B

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3314 7699 0430 0052 1651 29

RETURN RECEIPT REQUESTED

100-20016 ZIP 7720
100-20016 ZIP 7720

SCHI200 19002-RFS-1918 *93 10/29/18
RETURN TO SENDER
SCHILLING'

Redacted

RETURN TO SENDER

* RFS *



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MARTHA SCHILLING	:	
	:	

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Amended 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

Schilling Group Advisors, LLC
Redacted

Martha Schilling
Redacted

Dated this 13th day of November, 2018

Redacted

Timothy Kissinger
Administrative Officer
Office of Chief Counsel
FOR: Commonwealth of Pennsylvania
Department of Banking and Securities
Market Square Plaza
17 North Second Street, Suite 1300
Harrisburg, PA 17101
(717) 787-1471