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BEFORE THE ARKANSAS SECURITIES COMMISSIONER 15 MAR 10 AM 10:38
CASE NO. S-13-0110
ORDER NO. S-13-0110-14-OR01

ARKANSAS SECURITIES DE

IN THE MATTER OF:

ALEXANDER BRETT KOGAN

RESPONDENT

CONSENT ORDER

This Consent Order ("Order") is entered pursuant to the Arkansas Securities Act ("Act"), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509, the Rules of the Arkansas Securities Commissioner promulgated pursuant to the Act ("Rules"), and the Arkansas Administrative Procedures Act, codified at Ark. Code Ann. §§ 25-15-201 through 25-15-219, in accordance with an agreement between the Staff of the Arkansas Securities Department ("Staff") and the Respondent, Alexander Brett Kogan ("Kogan").

Kogan admits the jurisdiction of the Act and the Arkansas Securities Commissioner ("Commissioner"), waives his right to a formal hearing and appeal, consents to the entry of this Order without admitting or denying the Findings of Fact and Conclusions of Law made herein, and agrees to abide by its terms in settlement of any possible violations committed by Kogan concerning the matters detailed herein.

FINDINGS OF FACT

1. Kogan, CRD No. 5970762, is a New York resident who was most recently registered with the Arkansas Securities Department ("Department") as a broker-dealer agent with Laidlaw & Company (UK) Ltd., CRD No. 119037, from August 5, 2013, to July 31, 2014.
2. On or about August 5, 2013, Kogan contacted an Arkansas Resident ("AR1") on a cold call recommending the purchase of stock in Sony Corporation ("Sony"). Kogan was not

aware at the time of the call that AR1 was employed as a Senior Securities Examiner with the Department and that he had contacted AR1 on an office phone during business hours.

3. At the time of the call, Sony was trading at around \$21.70 per share. Kogan claimed to have information that Sony stock would soon experience a rise in price due to a series of historical events concerning the stock. Specifically, Kogan explained that Sony's stock price rose from fifty to three hundred dollars per share in 2000 after the PlayStation 2 gaming system was released. Kogan also told AR1 that Sony's stock price doubled from thirty to sixty dollars per share in 2006 after the PlayStation 3 gaming console was released. For these reasons, Kogan told AR1 at the conclusion of his pitch that "you give me thirty to sixty days at the very most, and I believe we're going to be looking at a stock north of \$26.00 (per share)." AR1 spoke again with Kogan shortly thereafter and said that he would be interested in hearing more of Kogan's recommendations.

4. On or about August 26, 2013, Kogan again contacted AR1 by phone with a stock recommendation. During this call, Kogan recommended that AR1 purchase stock in Organovo Holdings, Inc. ("Organovo"). At the time of the call, Organovo was trading at around six dollars per share. Kogan described the business of Organovo and stated that he believed Organovo was "one deal away from being an \$8.00 to \$10.00 (per share) stock." Kogan further stated that "short-term in the next thirty to sixty days, I believe that this has potential to go north of eight (dollars per share)." In concluding his pitch, Kogan told AR1 that "I believe in the next thirty to sixty days I will show you no less than 35% to 40% (rate of return on investment)." The price of the Organovo stock did increase from \$5.91 per share on August 26, 2013 to \$13.65 per share on November 18, 2013.

5. Although Kogan asked AR1 several suitability-related questions at the end of the above-referenced calls, Kogan failed to conduct a complete suitability analysis with AR1 to determine if the stocks were suitable prior to making the recommendations.

LEGAL AUTHORITY

6. Ark. Code Ann. § 23-42-308(a)(2)(G) provides in part that the Commissioner may by order deny, suspend, make conditional or probationary, or revoke any registration if he finds that an applicant has engaged in unethical practices in the securities business.

7. Rule 308.01(b) of the Rules prohibits a broker-dealer or agent from making unjustified or untruthful representations that securities sold will subsequently become listed or traded, or making representations that a market will be established or that the securities will be subject to an increase in value.

8. Rule 308.01(d) of the Rules requires that a registered agent, before recommending the purchase, sale, or exchange of any security, have reasonable grounds for believing that the recommendation is suitable for such customer upon the basis of the facts, if any, disclosed by such customer as to his other security holdings, financial situation, and needs.

9. Ark. Code Ann. § 23-42-308(g) states that the Commissioner may for each violation of the Act fine a broker-dealer or agent in an amount not to exceed ten thousand dollars or an amount equal to the total amount of money received in connection with each separate violation.

CONCLUSIONS OF LAW

10. Kogan violated Rule 308.01(b) of the Rules when he represented to AR1 without reasonable justification that the Sony stock and Organovo stock would increase in value, as set forth in paragraphs 2 through 4 above.

11. Kogan violated Rule 308.01(d) of the Rules when he recommended the Sony stock and Organovo stock to AR1 without having reasonable grounds to believe that the recommendation was suitable for purchase by the prospective client, as set forth in paragraphs 2 through 5 above.

12. The violations committed by Kogan as detailed above constitute a violation of Ark. Code Ann. § 23-42-308(a)(2)(G). These violations justify the imposition of a fine pursuant to Ark. Code Ann. § 23-42-308(g).

UNDERTAKINGS

In settlement of this matter, Kogan agrees to pay a \$1,000.00 fine to the Department within ten days of the entry of this Order. Kogan further agrees not to apply for registration with the Department in any capacity for a period of eight months from the entry date of this Order.

OPINION

This Order is in the public interest. The facts as set forth in paragraphs one through six support the violations of the Act and Rules as set forth in paragraphs ten through twelve.

ORDER

IT IS THEREFORE ORDERED that in accordance with Kogan's undertaking that Kogan shall pay a fine to the Department in the amount of \$1,000.00 within ten days of the entry of this Order, and no application by Kogan for registration with the Department in any capacity will be accepted or granted within eight months of the entry date of this Order. The fine payment shall be made payable to the Arkansas Securities Department and delivered by hand or mail to 201 East Markham Street, Suite 300, Little Rock, Arkansas 72201.

Any failure by Kogan to adhere to the payment provisions of this Order shall result in additional disciplinary action, including a one-year bar against any registration application from

Kogan with the Department. Kogan may not, by way of defense to any such action, contest the findings in this Order or assert any defense to liability or remedy, including, but not being limited to, any statute of limitations defense.

WITNESS MY HAND AND SEAL this the 10th day of March, 2014.



B. Edmond Waters
Arkansas Securities Commissioner

Approved as to Content and Form:



Alexander Brett Kogan, Respondent

1/26/15

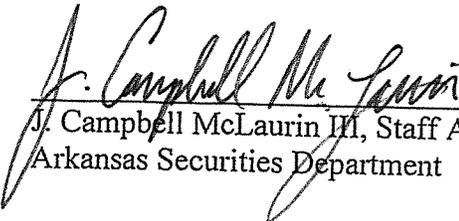
Date



Bradley D. Schnur, Attorney for Respondent

2/26/15

Date



J. Campbell McLaurin III, Staff Attorney
Arkansas Securities Department

3/10/15

Date