



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
ALAIN GEORGES COGAN**

NOTICE OF HEARING

A first appearance will be held before a Hearing Panel of the Canadian Investment Regulatory Organization (“CIRO”)¹ pursuant to Mutual Fund Dealer Rule 7.3 to schedule a hearing in the matter of Alain Georges Cogan (the “Respondent”). The first appearance and the hearing will be subject to Mutual Fund Dealer Rule 7, and the Mutual Fund Dealer Rules of Procedure (“Rules of Procedure”), as further referenced below, that govern the conduct of enforcement proceedings.

The first appearance will be held by way of videoconference on Tuesday, April 14, 2026 at 10:00 a.m. ET

The purpose of the hearing will be to determine whether the Respondent has contravened CIRO requirements. A summary of the facts alleged and intended to be relied upon by CIRO, the conclusions drawn by CIRO based on the alleged facts, and alleged contraventions are contained in the Statement of Allegations attached to this Notice of Hearing.

If the Hearing Panel finds that the Respondent has contravened CIRO requirements as alleged in the Statement of Allegations, the Hearing Panel may impose one or more of the following sanctions pursuant to Mutual Fund Dealer Rule 7.4.1.1:

- (a) a reprimand;
- (b) a fine not exceeding the greater of:
 - (i) \$5,000,000 for each offence, and
 - (ii) an amount equal to three times the profit obtained or loss avoided by such person as a result of committing the violation;
- (c) suspension of the authority of the person to conduct securities related business for such specified period and upon such terms as the Hearing Panel may determine;
- (d) revocation of the authority of such person to conduct securities related business;

- (e) prohibition of the authority of the person to conduct securities related business in any capacity for any period of time; and
- (f) such conditions of authority to conduct securities related business as may be considered appropriate by the Hearing Panel.

In addition, pursuant to Mutual Fund Dealer Rule 7.4.2, a Hearing Panel may require the Respondent to pay any costs incurred by or on behalf of CIRO in connection with the proceeding and any investigation related to the proceeding.

The Respondent must serve on Enforcement Staff a Reply to this Notice of Hearing in accordance with Rule of Procedure 8 and Mutual Fund Dealer Rule 7.3.2 within 20 days from the effective date of service of this Notice of Hearing. The Respondent must also file the Reply at the Hearing Office in accordance with Rule of Procedure 4.6.

The Reply may either:

- (a) specifically deny (with a summary of the facts alleged and intended to be relied upon by the Respondent, and the conclusions drawn by the Respondent based on the alleged facts) any or all of the facts alleged or the conclusions drawn by CIRO in the Statement of Allegations; or
- (b) admit the facts alleged and conclusions drawn by CIRO in the Statement of Allegations and plead circumstances in mitigation of any penalty to be assessed.

Pursuant to Mutual Fund Dealer Rule 7.3.3 and Rule of Procedure 8.3, the Hearing Panel may accept as having been proven any facts alleged or conclusions drawn by CIRO in the Statement of Allegations that the Respondent does not specifically deny in the Reply.

Pursuant to Mutual Fund Dealer Rule 7.3.4 and Rules of Procedure 7.3 and 8.4, if the Respondent fails to:

- (a) serve and file a Reply; or
- (b) attend at the hearing specified in the Notice of Hearing, notwithstanding that a Reply may have been served,

the Hearing Panel may, among other things, proceed with the hearing on the date and at the time and place set out in the Notice of Hearing (or on any subsequent date, at any time and place), without further notice to and in the absence of the Respondent, and the Hearing Panel may accept as proven the facts, conclusions, and contraventions alleged in the Statement of Allegations, and may impose sanctions and costs.

The Respondent is entitled to attend the hearing and to be heard, to be represented by counsel or by an agent, to call, examine and cross-examine witnesses, to present evidence, and to make submissions to the Hearing Panel at the hearing.

DATED March 5, 2026.

“National Hearing Officer”

NATIONAL HEARING OFFICER
Canadian Investment Regulatory Organization
40 Temperance Street, Suite 2600
Toronto, Ontario, M5H 0B4

¹ Where the rules, by-laws, and policies of the Mutual Fund Dealers Association of Canada (the “MFDA”) that were in force immediately prior to amalgamation of the Investment Industry Regulatory Organization of Canada and the MFDA have been incorporated into the Mutual Fund Dealer Rules, Enforcement Staff have referenced the relevant section of the Mutual Fund Dealer Rules.



CIRO · OCRI

Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

**IN THE MATTER OF
THE MUTUAL FUND DEALER RULES
AND
ALAIN GEORGES COGAN**

STATEMENT OF ALLEGATIONS

Further to a Notice of Hearing dated March 5, 2026, Enforcement Staff make the following allegations:

PART I – REQUIREMENTS CONTRAVENED

Contravention 1: Between May 2020 and September 2024, the Respondent engaged in undisclosed personal financial dealings with a client through a real estate development business in which both he and a client invested money, contrary to MFDA Rule 2.1.4.

Contravention 2: Between September 2019 and September 2024, the Respondent engaged in a real estate development business, including raising money from the public for the business, which the Respondent did not disclose to the Dealer Member and for which he did not receive approval, contrary to Mutual Fund Dealer Rules 1.1.1 or 1.3.

PART II – RELEVANT FACTS AND CONCLUSIONS

Overview

1. Beginning in September 2019, the Respondent joined a real estate development business in which his client was also involved. The Respondent became a director, president, and the single largest shareholder of the business. Both the Respondent and client each invested approximately \$1 million in the business. The Respondent's joint investment with a client in the business gave rise to a conflict or potential conflict of interest.

2. Further, beginning in or around late 2020, the Respondent organized and facilitated an arrangement with a third party real estate investment firm to sell preferred shares to the public in order to raise money for the real estate development business. In total, approximately \$4.8 million in preferred shares were sold. While the Respondent used a portion of the money raised to recover approximately \$670,000 of the money he had invested in the business, none of the client's investment in the business was recouped.

3. The Respondent did not disclose his involvement with the real estate development business, his joint investment with a client, or his capital raising activities to his Dealer Member.

Registration History

4. Between March 2, 2011 and September 11, 2024, the Respondent was registered as a dealing representative with Quadrus Investment Services Ltd. (the "**Dealer Member**"), a Dealer Member with CIRO.

5. On September 11, 2024, the Dealer Member terminated the Respondent's registration in connection with the matters that are the subject of this proceeding.

6. At all material times, the Respondent conducted business under the name Cogan Financial Capital Group in the Toronto, Ontario area.

Personal Financial Dealings with a Client

7. At all material times, Client JA was a client of the Dealer Member whose accounts were serviced by the Respondent. In 2014, Client JA received approximately \$1.25 million from a medical malpractice lawsuit. Client JA invested \$1,169,000 with the Respondent, which represented Client JA's primary source for generating income as he was no longer able to work consistently.

8. In September 2019, the Respondent agreed to join ABC Inc., a company started by Client JA's relation, RK, which was involved in the purchase, development, and resale of residential real estate. Client JA had from time to time worked for RK, identifying and selecting real estate to purchase. The Respondent's role with ABC Inc. was to raise capital for the purchase of real estate.

9. Upon the Respondent joining ABC Inc., he was made a director and the president of the company. The common shares of ABC Inc. were assigned 50% to the Respondent, 40% to RK, and 10% to Client JA.

10. The Respondent's responsibilities with ABC Inc. expanded from time-to-time and he came to be responsible for managing ABC Inc.'s bank accounts, including the payment of the company's expenses.

11. At the time the Respondent joined ABC Inc., he did not have any experience with real estate development nor with raising capital for a business venture.

12. Between May 2020 and August 2021, ABC Inc. purchased five properties for development and resale. During that period, the Respondent and Client JA invested in ABC Inc. approximately \$1 million and \$950,000, respectively.

13. Client JA sourced the money to invest in ABC Inc. by redeeming \$800,000 from his accounts with the Dealer Member, borrowing \$100,000 against a life insurance policy (which the Respondent had sold to Client JA), and using a further \$50,000 from personal savings. The Respondent was aware that Client JA was redeeming mutual funds to invest the proceeds in ABC Inc.

14. The Respondent represented to Client JA that Client JA's investments would be repaid once ABC Inc. secured outside financing for the purchased properties.

15. The Respondent used Client JA's investment to both purchase real estate and pay other expenses of ABC Inc.

16. As described in greater detail below, between May 2021 and April 2022, approximately \$4.8 million was raised from the public in connection with investment in four of the five properties purchased by ABC Inc.

17. From these monies, the Respondent repaid himself at least \$670,000 of the money he invested into ABC Inc. The Respondent also paid to himself a “mortgage fee” in connection with three of the properties, which totaled \$88,648. Client JA, however, did not receive any repayment of the \$950,000 he had invested in ABC Inc.

18. In addition, the Respondent used the money raised from the public to pay himself, RK, and Client JA a management fee. Between May 2021 and March 2023, the Respondent and Client JA received at least \$315,000 and \$60,000 in management fees, respectively.

19. At all material times, the Dealer Member’s policies and procedures prohibited its Approved Persons from having personal financial dealings with a client. At no time did the Respondent disclose to his Dealer Member his personal financial dealings with Client JA, described above.

20. By virtue of the foregoing, the Respondent engaged in conduct which gave rise to a conflict or potential conflict of interest, which the Respondent failed to disclose to the Dealer Member or address by the exercise of responsible business judgment influenced only by the best interests of the client, contrary to MFDA Rule 2.1.4.

Unapproved Outside Activities and Securities Related Business Outside the Dealer Member

21. As described above, on September 1, 2019, the Respondent became a director, the largest shareholder, and the president of ABC Inc. The Respondent’s original role was to raise capital for the purchase of real estate.

22. In or about 2020, the Respondent identified DEF Group, a real estate investment firm, that could assist with the raising of capital. ABC Inc. and DEF Group entered into an arrangement to raise capital from outside investors.

23. Pursuant to that arrangement, the Respondent, RK, and Client JA incorporated four separate corporations (the “**Property Corporations**”), one for each of four properties purchased by ABC Inc. The Respondent was made a director and the president of each of the four Property Corporations.

24. Following the incorporation of the Property Corporations, ABC Inc., DEF Group, and the Property Corporations entered into unanimous shareholder agreements, which, among other things, provided that: (a) ABC Inc. and DEF Group would hold 82% and 18% of the common shares of the Property Corporations respectively; (b) the Respondent would be one of two directors of the Property Corporations, the other to be appointed by DEF Group; and (c) the Property Corporations would raise capital from the public through the offering of preferred shares.

25. Between May 2021 and April 2022, approximately \$4.8 million was collectively raised by the four Property Corporations through the sale of preferred shares to 58 investors. DEF Group had primary responsibility for having the preferred shares sold to the public, which was done through an exempt market dealer.

26. As a director and the president of the four Property Corporations, the Respondent signed the corporate resolutions, share subscription agreements, and share certificates needed to sell the preferred shares to the public. The Respondent also had control over the bank accounts for the four Property Corporations into which the preferred shareholder investors’ monies were deposited.

27. As described above, the Respondent recovered approximately \$670,000 of the money he invested into ABC Inc. using the money invested by the preferred shareholders. The Respondent also received \$88,648 as a “mortgage fee” in connection with the purchase of three of the properties.

28. In addition, the money received from the preferred shareholders was used to pay the Respondent, RK, and Client JA management fees. The Respondent received at least \$315,000 in management fees.

29. At all material times, the Dealer Member's policies and procedures prohibited its Approved Persons from engaging in outside activities, unless such activities were disclosed and approved in writing prior to the Approved Person engaging in the activity.

30. At no time during the conduct described above did the Respondent disclose his activities with ABC Inc. or the four Property Corporations to the Dealer Member. The Respondent submitted an outside activity approval form in connection with ABC Inc. to the Dealer Member on December 14, 2022. The Respondent, however, did not disclose the involvement of Client JA nor his money raising activities described above. On May 1, 2024, the Dealer Member approved the outside activity based on the information provided by the Respondent.

31. By virtue of the foregoing, the Respondent engaged in undisclosed and unapproved outside activities, contrary to Mutual Fund Dealer Rule 1.3. In addition, the Respondent also engaged in securities related business outside the Dealer Member, contrary to Mutual Fund Dealer Rule 1.1.1.

DATED at Toronto , Ontario this March 5, 2026.