

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

FILED

2019 OCT -2 AM 8:36

COMMONWEALTH OF PENNSYLVANIA	:	
DEPARTMENT OF BANKING AND	:	
SECURITIES, BUREAU OF SECURITIES	:	
COMPLIANCE AND EXAMINATIONS	:	Docket No. : 19 <u>0085</u> (SEC-OSC)
	:	
v.	:	
	:	
BROGAN GROUP INVESTMENT	:	
ADVISORS, LLC	:	
BRIAN D. BROGAN	:	
	:	

PA DEPARTMENT OF  
BANKING AND SECURITIES

**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:

John Chiappetta  
Assistant Counsel  
Department of Banking and Securities  
301 5<sup>th</sup> Avenue, Suite 290  
Pittsburgh, PA 15222

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.

FILED

COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

2019 OCT -2 AM 8:36

COMMONWEALTH OF PENNSYLVANIA	:	PA DEPARTMENT OF
DEPARTMENT OF BANKING AND	:	BANKING AND SECURITIES
SECURITIES, BUREAU OF SECURITIES	:	
COMPLIANCE AND EXAMINATIONS	:	Docket No. : 19 <u>0085</u> (SEC-OSC)
	:	
v.	:	
	:	
BROGAN GROUP INVESTMENT	:	
ADVISORS, LLC	:	
BRIAN D. BROGAN	:	

ORDER TO SHOW CAUSE

You, Brogan Group Investment Advisors LLC (“Respondent BGIA”) and Brian D. Brogan (“Respondent Brogan”), 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 BGIA (CRD # 151924) was, at all times material herein, a Pennsylvania limited liability company with addresses at Redacted  
Redacted and Redacted

5. Respondent Brogan (CRD # 4032167) was, at all times material herein, the managing member and chief compliance officer of Respondent Candor. At all times material herein, Respondent Brogan had addresses at Redacted  
and Redacted

**FACTUAL ALLEGATIONS**

6. From in or about November 2009 until the present, Respondent BGIA has been registered pursuant to Section 301(c) of the 1972 Act, 70 P.S. § 1-301(c), as an investment adviser.

7. From in or about November 2009 until the present, Respondent Brogan 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 BGIA.

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

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

10. 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).

11. Respondent BGIA’s fiscal year ended on December 31, 2018.

12. On or about June 4, 2019, the Department contacted Respondent BGIA, using the email address provided on the Uniform Application for Investment Adviser Registration (“Form ADV”), to inform Respondent BGIA that the Department had not received a balance sheet for the fiscal year ending on December 31, 2018.

13. On or about July 9, 2019, the Department contacted Respondent BGIA via United States mail, using the address provided on Respondent BIA’s Form ADV, informing Respondent BGIA that the Department had not received a balance sheet for the fiscal year ending on December 31, 2018.

14. In July and August 2019, the Department contacted Respondent BGIA by telephone using the contact information provided on Respondent BGIA's Form ADV, to inform Respondent BGIA that the Department had not received a balance sheet for the fiscal year ending on December 31, 2018.

15. To date, Respondent BGIA has not filed a balance sheet with the Department for the fiscal year ending on December 31, 2018, as required by Regulation 304.022. 10 Pa. Code § 304.022(b), (d).

### **COUNTS**

#### **Conduct Forming Basis to Deny, Suspend, Revoke, or Condition the Registration of or Censure Respondent BGIA and Respondent Brogan 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**

16. Paragraphs 1 through 15 are incorporated herein by reference as if set forth in their entirety.

17. By engaging in the acts and conduct set forth in paragraphs 6 through 15 above, Respondent BGIA and Respondent Brogan have failed to file with the Department a balance sheet, prepared in accordance with generally accepted accounting principles, within 120 days of Respondent BGIA's fiscal year end, which acts and conduct form a basis to deny, suspend, revoke, or condition the registration of Respondent BGIA and Respondent Brogan or censure Respondent BGIA and Respondent Brogan 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 BGIA and Respondent Brogan Pursuant to Section 305(a)(xiii) of the  
1972 Act, 70 P.S. § 1-305(a)(xiii)**

**1 Count**

18. Paragraphs 1 through 17 are incorporated herein by reference as if set forth in their entirety.

19. By engaging in the acts and conduct set forth in paragraphs 6 through 15 above, Respondent BGIA and Respondent Brogan 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 BGIA and Respondent Brogan or censure Respondent BGIA and Respondent Brogan pursuant to Section 305(a)(xiii) of the 1972 Act, 70 P.S. § 1-305(a)(xiii).

**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 BGIA and Respondent Brogan be suspended, revoked, or conditioned, or that Respondent BGIA and Respondent Brogan 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 BGIA and Respondent Brogan 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;

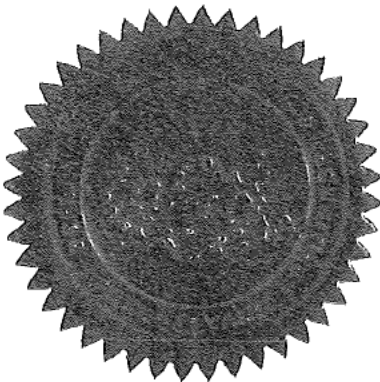
- c. Being registered as a broker-dealer, agent, investment adviser or investment adviser representative under Section 301 of the 1972 Act;
- d. Being an affiliate of any person registered under Section 301 of the 1972 Act; or
- e. Relying upon an exemption from registration contained in Section 202, 203 or 302 of the 1972 Act.

3. That Respondent BGIA and Respondent Brogan 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 BGIA and Respondent Brogan 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

---

Jóseph J. Minisi  
Deputy Secretary of Securities

Dated: \_\_\_\_\_

10/2/19



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF BANKING AND SECURITIES

FILED

2019 OCT -2 AM 8:36

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

PA DEPARTMENT OF  
BANKING AND SECURITIES

Docket No. : 19 0085 (SEC-OSC)

v.

BROGAN GROUP INVESTMENT  
ADVISORS, LLC  
BRIAN D. BROGAN

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

Brogan Group Investment Advisors, LLC  
Brian D. Brogan  
Redacted  
Redacted

Brogan Group Investment Advisors, LLC  
Brian D. Brogan  
Redacted  
Redacted

Dated this 2nd day of October, 2019

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