



CRISTI RAMÓN OCHOA
DEPUTY SECURITIES COMMISSIONER

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IN THE MATTER OF THE INVESTMENT §
ADVISER REPRESENTATIVE AND §
AGENT REGISTRATION OF LOGAN COX §

Order No. REG-26-CAF-01

TO: Logan Cox (CRD No. 6927720)
6240 W. 135th Street, Suite 214
Overland Park, KS 66223

DISCIPLINARY ORDER

Be it remembered that Logan Cox ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this order ("Order"), the Findings of Fact and Conclusions of Law and the Undertaking incorporated by reference herein.

FINDINGS OF FACT

1. Respondent has waived (a) Respondent's rights to notice and hearing in this matter; (b) Respondent's rights to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, Tex. Gov't Code §§ 4001.001-4008.105 ("Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. §§ 2001.001-2001.903.
2. On or about June 30, 2020, Respondent registered with the Securities Commissioner as an agent of Arete Wealth Management, LLC.
3. On or about June 30, 2020, Respondent registered with the Securities Commissioner as an investment adviser representative of Arete Wealth Advisors, LLC.
4. On May 1, 2025, Respondent's former employers, Arete Wealth Management, LLC and Arete Wealth Advisors, LLC (collectively, "Arete") filed a Form U5¹ disclosing Respondent's voluntary resignation from Arete.

¹ A Form U5 is the [Uniform Termination Notice for Securities Industry Registration](#), filed by a securities firm to report the termination of a registered representative and/or agent's employment. This form provides

5. On or about April 25, 2025, Respondent registered with the Securities Commissioner as an agent of Cabin Advisors, LLC. Because this registration was submitted prior to the U5 being filed, the registration was approved and is currently effective.
6. On or about May 29, 2025, Respondent also applied for registration with the Securities Commissioner as an investment adviser representative of Cabin Advisors, LLC. This registration is currently pending.
7. During Respondent's time at Arete, he was an investment adviser representative for about four hundred thirty-three (433) client accounts and an agent for about one hundred seventy-nine (179) client accounts.
8. In connection with his role as an agent, Respondent recommended two (2) clients purchase a certain alternative investment without giving appropriate weight to certain costs associated with the recommendation, as required by Regulation Best Interest ("Reg BI").

Securities-Based Lines of Credit

9. A securities-based lines of credit ("SBLOC") is a line of credit that is secured by the value of a client's publicly traded securities. To obtain the line of credit, the client pledges their securities as collateral to a bank.
10. One benefit of an SBLOC is that it provides liquidity for the client without the immediate sale of securities in his or her investment portfolio. Among other benefits, this could help a client avoid triggering a capital gains tax.
11. Securities-based lines of credits may be used in a variety of ways, including the purchase of real estate, business investments, home renovations, tax bills, and debt consolidation.
12. Securities-based lines of credit also carry risks. For example, if the collateral, which in these cases are the client's securities, declines in value, then the bank can issue a margin call² and require the client to either post more collateral or repay part of the loan. If the decline is severe enough, the bank can liquidate the pledged securities.
13. In addition to the above risks, the client must pay interest to the issuing bank on the loan. The interest rate is dependent on a number of factors, including but not limited to, the size of the loan, the value of securities offered as collateral, and the Secured Overnight Financing Rate ("SOFR")³. The rate of interest has greatly varied over the past five (5) years, going as low as 1.90% to as high as 7.97%.

regulatory bodies with details about the departure, including the termination date and the reason for the termination.

² A margin call on an SBLOC occurs when the value of the investment portfolio falls below the bank's required minimum and the bank demands the client to add funds or collateral to the account to maintain the required loan-to-value ratio.

³ The SOFR is a broad measure of the cost of borrowing cash overnight collateralized by Treasury Securities.

14. Another cost that may be associated with an SBLOC is the fee charged on the assets used to secure the SBLOC. An investment adviser representative typically charges a continual management fee for the ongoing management of a client's entire portfolio or AUM⁴. When a client pledges their securities for an SBLOC and those securities remain in their managed portfolio, the client continues to be charged a management fee on those assets.
15. The principal and interest can be freely paid down without penalty during the duration of the loan.

Respondent's Violation of the Care Obligation of Regulation Best Interest

16. Beginning in June 2020, broker-dealers and their associated persons were required to comply with Reg BI, the Securities and Exchange Commission's rule establishing a new standard of conduct.
17. Reg BI established a standard of conduct that requires broker dealers and associated persons, when recommending a security to a retail customer, to act in the best interest of that retail customer at the time the recommendation is made, without placing their financial or other interests ahead of the interest of the customer.
18. Reg BI establishes four obligations: (1) Disclosure Obligation, (2) Care Obligation, (3) Conflict of Interest Obligation, and (4) Compliance Obligation.
19. The Care Obligation requires a broker dealer and its associated persons to have a reasonable basis to believe that the recommendation is in the best interest of a particular retail customer based on that retail customer's investment profile and the potential risks, rewards, and costs associated with the recommendation.
20. Respondent recommended at least two (2) clients purchase a certain alternative investment knowing that both clients would finance the purchase using an SBLOC at interest rates above seven (7) percent.
21. One client, Client A, was forty-three (43), had investment objectives of capital appreciation and growth; and a risk tolerance of moderately aggressive. Client A's income was \$295,000, and his/her net worth and liquid net worth were \$2,909,000 and \$1,600,000, respectively.
22. Client A had average investment knowledge of stocks and mutual funds and limited investment knowledge of alternative investments.
23. Client A took out a \$300,000 SBLOC. In February 2023, Respondent recommended Client A use \$150,000 of the SBLOC to invest in a private

⁴ Assets Under Management ("AUM") is the total market value of the investments and cash an investment adviser representative manages on a client's behalf. An investment adviser representative is paid by assessing a fee on their client's AUM, typically between 1% and 2% of the AUM.

placement, e2c LLC Class B Units⁵ (the "Investment"). The Investment pays no interest, is illiquid, and has a hold time of seven (7) years. The investment also carries numerous other risks as well as potential benefits.

24. At the time of this recommendation, the interest rate of the SBLOC was 7.17%.
25. From February 2023 to July 2025, Client A paid \$27,742.11 in interest on the \$150,000 used to purchase the Investment.
26. Client A was also charged a 1.15% fee on the assets pledged to secure the SBLOC.
27. Additionally, Client A paid a six (6) percent commission, totaling \$9,000, to Respondent.
28. Another client, Client B, was a limited liability company (the "Company"). The Company had an investment objective of capital appreciation with a risk tolerance of moderately aggressive. Client B's income was \$25,000, and Client B's reported net worth and liquid net worth were \$1,254,800 and \$903,500, respectively.
29. The sole member of Client B had average investment knowledge of stocks and mutual funds and limited investment knowledge of alternative investments.
30. Client B took out a \$500,000 SBLOC. In March 2023, Client B used \$125,000 of the SBLOC to invest in the Investment.
31. At the time of this recommendation, the interest rate of the SBLOC was 7.22%.
32. From March 2023 to July 2025, Client B paid \$18,632.98 in interest on the \$125,000 used to purchase the Investment.
33. Client B was also charged a one (1) percent fee on the assets pledged to secure the SBLOC.
34. Additionally, Client B paid a six (6) percent commission, totaling \$7,500, to Respondent.
35. Additionally, Respondent completed a Reg BI checklist for each client's purchase of the Investment. Respondent did not include how the Investments were being funded or any analysis or rationale for using an SBLOC at an interest rate over seven (7) percent to purchase an alternative investment. Respondent also did not mention the commissions or AUM fee.

CONCLUSIONS OF LAW

1. Respondent's recommendation that two (2) clients purchase an alternative investment without considering the costs associated with financing the purchase

⁵ e2c LLC Class B Unit is an investment in e2Companies, which is a company that provides energy solutions and services, specifically the ongoing development of equipment and engineering costs for identified installations backed by energy service agreements.

through an SBLOC with an interest rate over seven (7) percent violates Regulation Best Interest's Care Obligation and is therefore an inequitable practice in the sale of securities.

2. Pursuant to Section 4007.105(a)(3)(A) of the Texas Securities Act, the aforementioned inequitable practice constitutes a basis for the issuance of an order reprimanding Respondent.
3. Pursuant to Section 4007.108 of the Texas Securities Act, the Securities Commissioner may order a dealer, agent, investment adviser, or investment adviser representative to pay a refund to a client or a purchaser of securities or services from the person or company as provided in an agreed order or an enforcement order instead of or in addition to imposing an administrative penalty or other sanctions.

ORDER

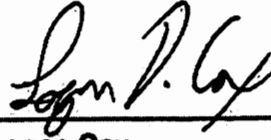
1. It is therefore ORDERED that Logan Cox's registration as an investment adviser representative with the Securities Commissioner is hereby GRANTED.
2. It is further ORDERED that Logan Cox is hereby REPRIMANDED.
3. It is further ORDERED that Logan Cox shall REFUND certain clients pursuant to the terms of an undertaking incorporated by reference herein.

SIGNED AND ENTERED BY THE DEPUTY SECURITIES COMMISSIONER this 8th day of January, 2026.

Cristi R. Ochoa

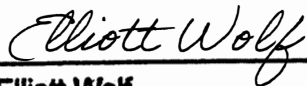
Cristi R. Ochoa
Deputy Securities Commissioner

Respondent:



Logan Cox
Individually

Approved as to Form:



Elliott Wolf,
Attorney
Legal and Investigations Division



Nadda Rungruangphol,
Attorney
Legal and Investigations Division



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