



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
 )  
LPL FINANCIAL LLC, ) Case No.: AP-25-04  
CRD # 6413 )  
 )  
Respondent. )

**CONSENT ORDER**

1. This consent order (the “**Order**”), which is entered into by the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”) and LPL Financial LLC (“**LPL**” or “**Respondent**”), arises out of a coordinated investigation conducted by a multi-state group (“**Multi-State Group**”), for which Missouri served as one of the lead states, into whether Respondent charged unreasonable commissions in violation of applicable state securities laws and regulations.
2. As the result of the coordinated investigation, the Multi-State Group and the Enforcement Section concluded and alleged that Respondent, from April 30, 2020 to April 30, 2025 (the “**Relevant Period**”), charged unreasonable commissions in excess of 5% of the principal amount on certain small principal equity transactions. Nationwide, Respondent charged unreasonable commissions on approximately 127,045 equity transactions, during the Relevant Period, totaling \$2,486,739.20, which included 2,040 accounts of residents of Missouri who were charged commissions in excess of 5% totaling \$73,920.98. The Enforcement Section alleges that the foregoing acts and practices by Respondent are in contravention of 15 CSR 30-51.171(2)(A) and constitute sufficient grounds to sanction Respondent in accordance with Section 409.6-604 of the Missouri Securities Act of 2003, Chapter 409, et seq. (the “**Act**”)<sup>1</sup>, and the regulations promulgated thereunder, §§ 15 CSR 30-51.010 to 15 CSR 30-51.180 (the “**Regulations**”).
3. Respondent and the Enforcement Section desire to settle the allegations raised in this matter by the Enforcement Section relating to the alleged violations of 15 CSR 30-51.171(2)(A).

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<sup>1</sup> Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2024 Cumulative Supplement.

#### CONSENT TO JURISDICTION

4. Respondent and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“**Commissioner**”) has jurisdiction over Respondent and this matter pursuant to the Act.
5. Respondent and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h), which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

#### WAIVERS

6. Respondent waives any rights to a hearing with respect to this matter.
7. Respondent waives any rights that it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. Respondent specifically forever releases and holds harmless the Missouri Office of the Secretary of State, Secretary of State, Commissioner, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.

#### CONSENT TO COMMISSIONER’S ORDER

8. This Order is submitted solely for the purpose of settlement and with the understanding that it will not be used in any proceeding unless it is accepted by the Commissioner as hereafter set forth. If this Order is not accepted by the Commissioner, the Order is withdrawn and shall not be used in or become part of any proceeding. If the Order is accepted, it will conclude the Enforcement Section’s investigation and any civil or administrative action that could be commenced pursuant to the Act for the specific violations resolved herein, solely as it relates to Respondent.
9. Respondent agrees not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects Respondent’s (a) testimonial obligations; (b) right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.
10. Respondent agrees that it is not the prevailing party in this action since the parties have reached a good faith settlement.
11. Respondent neither admits nor denies the facts set forth in Section I and the violations of law set forth in Section II below, but agrees to the representations and undertakings set for the below and consents to the entry of the Order by the Commissioner, solely for the purpose of resolving the above-captioned matter with prejudice, and any proceeding that may be brought to enforce this Order, and no other purpose.

## THE COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

### I. FINDINGS OF FACT

#### A. Respondent

12. **LPL** is a broker-dealer (“**BD**”) registered in Missouri, since July 1983, with a main address of 1055 LPL Way, Fort Mill, South Carolina. Respondent is identified by Financial Industry Regulatory Authority (“**FINRA**”) CRD No. 6413. Respondent maintains 652 branch offices in Missouri.
- B. Respondent’s Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price
13. During the Relevant Period, Respondent charged unreasonable commissions to thousands of retail brokerage customers transactions that exceeded 5% of the principal amount of the customers’ transactions.
14. For equity transactions executed during the Relevant Period, Respondent generally charged retail brokerage customers according to a tiered commission schedule—calculated based on the principal amount of the trade.
15. The commission schedule ranged from .60% to 1.5% of principal plus a \$5.00 confirmation fee for each trade.
16. Respondent charged a minimum commission of \$30 on equity transactions (the “**Minimum Equity Commission**”).
17. Respondent’s fee schedule notes that the maximum commission shall not exceed 5% of the principal. Respondent’s policies and procedures did not contain a similar restriction on transactions involving the Minimum Equity Commission.
18. The Regulations prohibit Respondent from charging unreasonable commissions for services performed.
19. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) provides a guideline of five percent for determining whether a commission is unfair or unreasonable. However, the “5% Policy” is a guide, not a rule. A commission pattern of five percent or even less may be considered unfair or unreasonable under the 5% Policy.
20. During the Relevant Period, Respondent executed approximately 3,754 equity transactions in Missouri-resident customer accounts for which the principal trade amount was \$2,500 or less that included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$73,920.98.

21. Certain equity transactions executed by Respondent included a commission well in excess of 5% of the principal value of the transaction.
- C. Respondent Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission
22. 15 CSR 30-51.171(2)(A) provides that Missouri-registered BDs must establish current procedures and systems for supervising the activities of agents, employees, and Missouri office operations that are reasonably designed to achieve compliance with applicable state and federal securities laws and regulations and, if applicable, the rules of the FINRA.
23. Respondent did not reasonably supervise transactions that included a Minimum Equity Commission charge to ensure that Respondent charged its customers a reasonable commission.
24. Respondent only systematically surveilled commissions in ancillary instances of potential sales practice violations—including an alert used to review accounts with potential excessive trading, an alert used to surveil account concentrations, and an alert to identify either customer specific or overall commissions generated by an agent.
25. Respondent did not have in place surveillance sufficient to supervise small principal transactions where the Minimum Equity Commission was in excess of 5%.
26. As a result, Respondent failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

## II. CONCLUSIONS OF LAW

27. **THE COMMISSIONER CONCLUDES** that, during the Relevant Period, Respondent failed to reasonably supervise for unreasonable commissions in excess of 5% of the principal amount on certain small principal equity transactions executed in accounts of Missouri-resident customers, in violation of 15 CSR 30-51.171(2)(A).
28. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
29. The Commissioner, after consideration of the stipulations set forth above and on consent of the Respondent and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over Respondent in this matter and that the following order is in the public interest, necessary for the protection of public investors, and consistent with the purposes intended by Chapter 409.



### III. ORDER

NOW, THEREFORE, it is hereby Ordered that:

- A. Respondent, its agents and employees, and all other persons participating in the above-described alleged violations with knowledge of this Order, are shall cease and desist from engaging in violations of 15 CSR 30-51.171(2)(A);
- B. Respondent shall pay \$25,000 to the Missouri Secretary of State's Investor Education and Protection Fund. **This amount is due upon execution of this Order by Respondent and shall be made payable to the Missouri Secretary of State's Investor Education and Protection Fund**, and sent to the Missouri Securities Division at 600 W. Main Street, Jefferson City, Missouri 65101;
- C. Respondent shall pay restitution in an amount of no less than \$73,920.98 providing the amount of the commission on certain small principal equity transactions for which the principal trade amount was \$2,500 or less that exceeded five percent 5% of the principal trade amount during the Relevant Period to the affected Missouri-resident customers set forth in Exhibit A, plus interest in the amount of 6% from the date of the transaction to May 19, 2025. Respondent shall provide restitution within sixty (60) days of execution of this Order;
  - I. Restitution shall be in the form of a dollar credit to current customer accounts, or a check for all former customers or current customers who are entitled to restitution as a result of transactions involving an individual retirement account;
  - II. Respondent shall provide a notice ("Notice") of restitution to customers. The Notice shall be sent with the distribution of any restitution. Within forty-five (45) days of the transmission of the Notice, Respondent shall provide the Enforcement Section with a list of all Missouri-resident customers for whom Respondent receives a Notice as returned to sender ("**Undeliverable Missouri Residents**"). To the extent the Enforcement Section has access to different address information, Respondent shall send a second Notice to each Missouri-resident customer within thirty (30) days of the Enforcement Section providing such different address; and
  - III. Respondent shall, within one-hundred twenty days (120) days of the transmission of the final Notice pursuant to paragraph III.C.2 above, prepare, and submit to the Enforcement Section, a report detailing the restitution paid pursuant to this Order, which shall include:
    - a. identification of all payments made; and
    - b. dates, amounts, and methods of the transfer of funds for all restitution payments;

- D. Respondent shall identify a person not unacceptable to the Enforcement Section who shall certify in writing to the Enforcement Section within sixty (60) days of the date of entry of this Order that the Respondent's policies and procedures have been changed and enhanced to ensure that all commissions are fair and reasonable. At a minimum, Respondent shall certify that its policies and procedures include the following:
1. Compliance and operational systems to prevent the imposition of unreasonable or unfair commissions;
  2. Incorporation of all securities transactions, regardless of the principal amount of the transaction, into any systems used to identify and review potentially excessive commissions; and
  3. Revisions to its policies and procedures sufficient to ensure the adequate implementation of the above;
- E. Respondent shall retain copies of any and all report(s) as set forth in paragraphs C and D above in an easily accessible place for a period of five (5) years from the date of the reports;
- F. Respondent shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any amounts that Respondent shall pay pursuant to this Order;
- G. If Respondent is the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this Order, Respondent shall provide written notice to the Enforcement Section within five (5) days of the date of the petition;
- H. Any fine, penalty, and/or money that Respondent shall pay in accordance with this Order is intended by Respondent and the Enforcement Section to be a contemporaneous exchange for new value given to Respondent pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B);
- I. For good cause shown, the Commissioner may extend any of the procedural dates set forth above. Respondent shall make any requests for extensions of the procedural dates set forth above in writing to the Commissioner, and send a copy of such request to the Enforcement Section; and
- J. Respondent shall pay its own costs and attorneys' fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 12TH DAY OF JANUARY, 2026



DENNY HOSKINS, CPA  
SECRETARY OF STATE

A handwritten signature in black ink, appearing to read "Michael O'Donnell", written over a horizontal line.

MICHAEL O'DONNELL  
COMMISSIONER OF SECURITIES

Consented to by:

THE MISSOURI SECURITIES DIVISION

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Douglas M. Jacoby  
Director of Enforcement

RESPONDENT

A handwritten signature in black ink, appearing to read "Michael K. Freedman", written over a horizontal line.

Michael K. Freedman (Dec 31, 2025 15:36:06 EST)

Michael K. Freedman  
EVP, Deputy General Counsel  
LPL Financial LLC