

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

ORDER NO. 25-61-S

IN THE MATTER OF:)
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EDWARD D. JONES & CO., L.P.)
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Respondent.)
_____)

CONSENT ORDER

Pursuant to the authority granted to the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (the “Administrator”), under the Alaska Securities Act, Alaska Statute (“AS”) 45.56 *et seq* (the “Act”), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the Administrator hereby finds that there is good cause, and it is in the public interest to enter into a Consent Order (the “Order”) with Edward D. Jones & Co., L.P. (“Edward Jones”), which hereby agrees to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Order. As the result of a coordinated investigation, Alaska concluded that Edward Jones charged unreasonable commissions on certain small principal equity transactions. Nationwide, Edward Jones charged unreasonable commissions on approximately 781,240 equity transactions from May 1, 2020 to April 30, 2025 (the “Relevant Time Period”) totaling \$11,287,504. Edward Jones, in full settlement of these matters, neither admits nor denies the Statement of Facts as set forth in Section III, and neither admits nor denies the Violations of Law set out in Section IV.

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I. JURISDICTION

1. The Administrator has jurisdiction over matters relating to securities pursuant to the Act.

2. This Order is entered in accordance with the Act.

3. The acts and practices that are the subject of this Order occurred while Edward Jones was registered as a broker-dealer in Alaska.

II. RESPONDENT

4. Edward D. Jones & Co., L.P. (“Edward Jones”) is a broker-dealer registered in Alaska with a main address of 12555 Manchester Road, St. Louis, Missouri 63131. Edward Jones is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 250.

III. FINDINGS OF FACT

A. Edward Jones’s Minimum Commission Practices for Certain Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

5. During the Relevant Time Period, Edward Jones charged unreasonable commissions to thousands of retail brokerage customers on certain equity transactions.

6. During a portion of the Relevant Time Period, Edward Jones charged a minimum fixed commission of \$50 on certain equity transactions (the “Minimum Equity Commission”).

7. The Act and associated regulations prohibit Edward Jones from charging unreasonable commissions for services performed.

8. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets 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.

9. During the Relevant Time Period, Edward Jones executed 2,163 equity

1 transactions in Alaska which included an unreasonable commission for services performed (i.e.,
2 in excess of 5% of the principal trade amount), totaling \$28,642.40.

3 10. Numerous equity transactions executed by Edward Jones included a commission
4 well in excess of 5% of the principal value of the transaction.

5 **B. Edward Jones Did Not Reasonably Supervise Transactions Which Applied**
6 **the Minimum Equity Commission**

7 11. Edward Jones did not reasonably supervise transactions that included the
8 Minimum Equity Commission charge to ensure that Edward Jones charged its customers a
9 reasonable commission.

10 12. Edward Jones's policies and procedures contemplated review of commissions as
11 part of normal supervisory review processes.

12 13. Edward Jones's policies and procedures also contemplated a quarterly review of
13 data related to small principal transactions that could result in excessive commissions.

14 14. Supervisors were permitted to make adjustments to ensure that commissions were
15 reasonable.

16 15. Despite these systems, Edward Jones's surveillance policies failed to reasonably
17 detect and correct unreasonable commission charges, specifically as it relates to the Minimum
18 Equity Commission.

19 16. As a result, Edward Jones failed to adequately supervise small principal equity
20 transactions where the Minimum Equity Commission was in excess of 5%.

21 **IV. VIOLATIONS OF LAW**

22 17. The preceding paragraphs are incorporated by reference as though set forth
23 verbatim herein.

24 18. Pursuant to AS 45.56.440(d)(9), it is a violation of the Act for a registered broker-

1 dealer firm to fail to establish and maintain a system to reasonably supervise its agents.

2 19. Edward Jones's acts and practices, as described above, constitute a violation of
3 AS 45.56.440(d)(9) of the Act.

4 **V. ORDER**

5 20. On the basis of the Findings of Fact, Conclusions of Law, and Edward Jones's
6 consent to the entry of this Order, **IT IS HEREBY ORDERED:**

7 A. Edward Jones shall permanently cease and desist from conduct in violation of AS
8 45.56.440(d)(9), as described herein;

9 B. Edward Jones is censured by the Administrator;

10 C. Edward Jones shall provide restitution in an amount of no less than \$28,642.40
11 representing the portion of the commission on certain small principal equity transactions that
12 exceeded 5% of the principal trade amount during the Relevant Time Period to the affected Alaska
13 customers, plus interest in the amount of 6% from the date of the transaction to May 19, 2025.
14 Edward Jones shall provide restitution within one hundred eighty (180) days of execution of this
15 Order;

16 D. Restitution shall be in the form of a dollar credit to current customer accounts, or
17 a check for all former customers;

18 E. Edward Jones shall provide a notice of restitution to customers on terms not
19 unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the
20 "Multi-state Group") ("Notice Letter") for use by all participating jurisdictions. The Notice
21 Letters shall be sent at least seven (7) days prior to the distribution of any restitution. Within
22 forty-five (45) days of the mailing of the Notice Letter, Edward Jones shall provide the
23 Administrator with a list of all Alaska residents for whom Edward Jones receives a Notice Letter
24 as returned to sender or otherwise undeliverable. To the extent the Administrator

1 has access to different address information, Edward Jones shall mail a second Notice Letter to
2 each Alaska resident within thirty (30) days of the Administrator providing such different address;
3 Within forty-five (45) days of completion of distribution of restitution, Edward Jones shall
4 prepare, and submit to Administrator, a report detailing the restitution paid pursuant to the Order,
5 which shall include dates, amounts, and methods of the transfer of funds for all restitution
6 payments;

7 F. Edward Jones shall pay an administrative fine in the amount of \$100,000 to the
8 State of Alaska within thirty (30) days following the date of entry of the Order. Payment shall
9 be: (1) made by United States postal money order, certified check, bank cashier's check, bank
10 money order, or wire; (2) made payable to the State of Alaska; (3) either hand-delivered, mailed,
11 or wired per Administrator instructions; and (4) submitted under cover letter or other
12 documentation that identifies payment by Respondents and the docket number of the proceeding;

13 G. Edward Jones agrees that an employee not unacceptable to the Multi-State Group
14 shall certify in writing to the Administrator within sixty (60) days of the date of entry of the Order
15 that Edward Jones's policies and procedures have been changed and enhanced to ensure that all
16 commissions are fair and reasonable. At a minimum, Edward Jones shall certify that its policies
17 and procedures include the following:

- 18 i. Compliance systems to prevent the imposition of unreasonable or unfair
19 commissions;
- 20 ii. Operational changes designed to ensure that, regardless of the principal amount
21 of a transaction, commissions will not exceed 5%, in the absence of a
22 documented exception;
- 23 iii. Incorporation of all transactions, regardless of the principal amount of the
24 transaction, into any systems used to identify and review potentially excessive

1 commissions; and

2 iv. Revisions to its policies and procedures sufficient to ensure the adequate
3 implementation of the above.

4 H. Edward Jones shall not claim, assert, or apply for a tax deduction or tax credit
5 with regard to any state, federal or local tax for any amounts that Edward Jones shall pay pursuant
6 to the Order;

7 I. Edward Jones shall not seek or accept, directly or indirectly, reimbursement or
8 indemnification, including, but not limited to, any payments made pursuant to any insurance
9 policy, with regard to any amount that Edward Jones shall pay pursuant to the Order;

10 J. If Edward Jones is the subject of a voluntary or involuntary bankruptcy petition
11 under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry
12 of the Order, Edward Jones shall provide written notice to the Administrator within five (5) days
13 of the date of the petition.

14 K. Any fine, penalty, and/or money that Edward Jones shall pay in accordance with
15 the Order is intended by Edward Jones and the Administrator to be a contemporaneous exchange
16 for new value given to Edward Jones pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a
17 substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

18 L. If Edward Jones fails to materially comply with any of the terms set forth in the
19 Order, the Administrator may institute an action to have the Order declared null and void.

20 Additionally, after a fair hearing and the issuance of an order finding that Edward Jones has not
21 complied with the Order, the Administrator may move to have the Order declared null and void,
22 in whole or in part, and re-institute the associated proceeding that had been brought against
23 Edward Jones; and

24 M. For good cause shown, the Administrator may extend any of the procedural dates

1 set forth above. Edward Jones shall make any requests for extensions of the procedural dates set
2 forth above in writing to the Administrator.

3 **VI. WAIVER**

4 21. Edward Jones hereby waives all rights to contest this Order entered by the
5 Administrator, including, but not limited to, (A) the right to contest whether the Order is fair,
6 reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and
7 (C) the right to contest the Order's conclusions of law. Edward Jones further waives the
8 procedural due process right to a hearing and any other procedural rights provided by the Act.

9 **VII. NO DISQUALIFICATION**

10 22. This Order waives any disqualification in the Act, or rules or regulations
11 thereunder, including any disqualification from relying upon the registration exemptions or safe
12 harbor provisions to which Edward Jones may be subject. The Order is not intended to be a final
13 order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive
14 conduct. The Order is not intended to form the basis of any disqualifications under Section
15 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of Regulation
16 D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities Act of
17 1933. The Order is not intended to form the basis of disqualification under the FINRA rules
18 prohibiting continuance in membership absent the filing of a MC-400A application or
19 disqualification under SRO rules prohibiting continuance in membership. The Order is not
20 intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities Act of
21 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the
22 Administrator to enforce the obligations of the Order, any acts performed or documents executed
23 in furtherance of the Order: (a) may not be deemed or used as an admission of, or evidence of,
24 the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b)

1 may not be deemed or used as an admission of; or evidence of, any such alleged fault or omission
2 of Edward Jones in any civil, criminal, arbitration, or administrative proceeding in any court,
3 administrative agency, or tribunal.

4 23. This Order shall be binding upon Edward Jones and its successors and assigns, as
5 well as to successors and assigns of relevant affiliates, with respect to all conduct subject to the
6 provisions above.

7 24. This Order and any dispute related thereto shall be construed and enforced in
8 accordance with, and governed by, the laws of Alaska without regard to any choice of law
9 principles.

10 **IT IS SO ORDERED.**

11 Julie Sande, Commissioner
12 Department of Commerce, Community and
13 Economic Development

14 DATED: October 27th, 2025

15 /s/ Tracy Reno
16 Tracy Reno, Acting Director
17 Division of Banking and Securities

18 EDWARD D. JONES & CO., L.P. by:

19 Signature: /s/ Kier Gumbs

20 Print Name: Keir Gumbs

21 Title: Chief Legal Officer

22 Dated: October 2nd, 2025
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