

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

ORDER NO. 25-62-S

IN THE MATTER OF:)
)
STIFEL, NICOLAUS & COMPANY,)
INC.)
)
)
)
)
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 Stifel, Nicolaus & Company, Inc. (“Stifel”), 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 Stifel charged unreasonable commissions on certain low principal equity transactions. Nationwide, Stifel charged unreasonable commissions on approximately 45,352 equity transactions from approximately May 1, 2020 to April 30, 2025 (the “Relevant Time Period”) totaling \$885,480.13. Stifel 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.

1 **I. JURISDICTION**

2 1. The Administrator has jurisdiction pursuant to the Act.

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

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

6 **II. RESPONDENT**

7 4. Stifel, Nicolaus & Company, Inc. ("Stifel") is a broker-dealer registered in Alaska
8 with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial
9 Industry Regulatory Authority ("FINRA") CRD No. 793.

10 **III. FINDINGS OF FACT**

11 **A. Stifel's Minimum Commission Practices for Certain Equity Transactions**
12 **Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price**

13 5. During the Relevant Time Period, Stifel charged commissions to thousands of
14 retail brokerage customers on equity transactions in low principal amount transactions.

15 6. During the Relevant Time Period, Stifel charged a minimum commission of
16 \$40.00 for certain equity buy and sell transactions (the "Minimum Equity Commission") plus a
17 \$5.00 transaction fee applied to secondary transactions.

18 7. Stifel's fee schedule notes that the maximum commission shall not exceed 5% of
19 the principal unless the commission amount is less than \$40.00.

20 8. Stifel's policies and procedures noted that it should generally charge commissions
21 less than 5% of the principal value of the transaction, "taking into consideration the relevant
22 circumstances, including market conditions, the expense involved in executing the order and the
23 value of any service rendered."

24 9. Stifel's policies and procedures permitted managers to adjust the commission
amount to ensure commissions were fair and reasonable.

1 10. The Act prohibits Stifel from charging unreasonable commissions for services
2 performed.

3 11. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline of
4 five percent for determining whether a commission is unfair or unreasonable. However, the “5%
5 Policy” is a guide, not a rule. A commission pattern of five percent or even less may be considered
6 unfair or unreasonable.

7 12. During the Relevant Time Period, Stifel executed 40 equity transactions in
8 Alaska, which included an unreasonable commission for services performed (i.e. in excess of 5%
9 of the principal trade amount) totaling \$764.61.

10 13. Numerous equity transactions executed by Stifel included a commission well in
11 excess of 5% of the principal value of the transaction.

12 **B. Stifel Did Not Reasonably Supervise Transactions Which Applied the**
13 **Minimum Equity Commission**

14 14. Stifel did not reasonably supervise transactions which applied the Minimum
15 Equity Commission charge to ensure that Stifel charged its customers a reasonable commission.

16 15. Stifel’s supervisory systems included an alert where the commission amount on
17 an equity transaction exceeded 5%.

18 16. Stifel’s policies and procedures contemplated manual adjustment of commissions
19 based on certain factors which would determine whether the commission was reasonable.

20 17. However, Stifel’s policies and procedures provided that “a transaction which
21 involves a small amount of money may warrant a higher percentage sales credit to cover the
22 value of services rendered.”

23 18. Stifel’s surveillance policies failed to reasonably detect and correct unreasonable
24 commission charges.

 19. As a result, Stifel failed to adequately supervise low principal equity transactions

where the Minimum Equity Commission was in excess of 5%.

IV. VIOLATIONS OF LAW

20. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

21. Pursuant to AS 45.56.440(d)(9), it is a violation of the Act for a registered broker-dealer firm to fail to establish and maintain a system to reasonably supervise its agents.

22. Stifel's acts and practices, as described above, constitute a violation of AS 45.56.440(d)(9) of the Act.

V. ORDER

23. On the basis of the Findings of Fact, Conclusions of Law, and Stifel's consent to the entry of this Order, **IT IS HEREBY ORDERED:**

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

B. Stifel is censured by the Administrator;

C. Stifel shall provide restitution in an amount of no less than \$746.61 providing the portion of the commission on certain low principal equity transactions that exceeded 5% of the principal trade amount during the Relevant Time Period to the affected Alaska customers set forth in Exhibit A, plus interest in the amount of 6% from the date of the transaction to May 21, 2025. Stifel agrees to provide restitution within sixty (60) days of execution of this Order;

D. 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;

E. Stifel shall provide a notice of restitution to customers on terms not unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the "Multi-state

Group”) (“Notice Letter”) for use by all participating jurisdictions. The Notice Letter shall be sent at least seven (7) days prior to the distribution of any restitution. Within forty-five (45) days of the mailing of the Notice Letter, Stifel shall provide the Administrator with a list of all Alaska residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable (“Undeliverable Alaska Resident”). To the extent the Administrator has access to different address information, Stifel shall mail a second Notice Letter to each undeliverable Alaska Resident within thirty (30) days of the Administrator providing such different address;

F. Within forty-five (45) days of mailing of the Notice Letter, Stifel shall prepare, and submit to the Administrator, a report detailing the restitution paid pursuant to this Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments.

G. Stifel shall pay an administrative fine in the amount of \$20,000 to the Administrator within fifteen (15) days following the date of entry of this Order. Payment shall be: (1) made by United States postal money order, certified check, bank cashier’s check, bank money order, or wire; (2) made payable to Alaska; (3) either hand-delivered, mailed, or wired per Administrator instructions; and (4) submitted under cover letter or other documentation that identifies payment by Stifel and the docket number of the proceeding;

H. Stifel 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 Stifel shall pay pursuant to this Order;

I. Stifel shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to any amount that Stifel shall pay pursuant to this Order;

J. If Stifel 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,

1 Stifel shall provide written notice to the Administrator within five (5) days of the date of the
2 petition.

3 K. Any fine, penalty, and/or money that Stifel shall pay in accordance with this Order
4 is intended by Stifel and the Administrator to be a contemporaneous exchange for new value
5 given to Stifel pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a substantially
6 contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

7 L. Upon the issuance of this Order by the Administrator, if Stifel fails to materially
8 comply with any of the terms set forth in this Order, the Administrator may institute an action to
9 have this Order declared null and void. Additionally, after a fair hearing and the issuance of an
10 order finding that Stifel has not complied with this Order, the Administrator may move to have
11 this Order declared null and void, in whole or in part, and re-institute the associated proceeding
12 that had been brought against Stifel; and

13 M. For good cause shown, the Administrator may extend any of the procedural dates
14 set forth above. Stifel shall make any requests for extensions of the procedural dates set forth
15 above in writing to the Administrator.

16 VI. WAIVER

17 24. Stifel hereby waives all rights to contest an Order entered by the Administrator
18 pursuant to this Order, including, but not limited to, (A) the right to contest whether this Order is
19 fair, reasonable, and/or in the public interest, (B) the right to contest this Order's findings of fact,
20 and (C) the right to contest this Order's conclusions of law. Stifel further waives the procedural
21 due process right to a hearing and any other procedural rights provided by the Act.

22 VII. NO DISQUALIFICATION

23 25. This Order waives any disqualification in the laws of Alaska, or rules or
24 regulations thereunder, including any disqualification from relying upon the registration

1 exemptions or safe harbor provisions to which Stifel may be subject. This Order is not intended
2 to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or
3 deceptive conduct. This Order is not intended to form the basis of any disqualifications under
4 Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of
5 Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the
6 Securities Act of 1933. This Order is not intended to form the basis of disqualification under the
7 FINRA rules prohibiting continuance in membership absent the filing of a MC-400A application
8 or disqualification under SRO rules prohibiting continuance in membership. This Order is not
9 intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities Act of
10 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the
11 Administrator to enforce the obligations of this Order, any acts performed or documents executed
12 in furtherance of this Order: (a) may not be deemed or used as an admission of, or evidence of,
13 the validity of any alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b)
14 may not be deemed or used as an admission of; or evidence of, any such alleged fault or omission
15 of Stifel in any civil, criminal, arbitration, or administrative
16 proceeding in any court, administrative agency, or tribunal.

17 26. This Order shall be binding upon Stifel and its successors and assigns, as well as
18 to successors and assigns of relevant affiliates, with respect to all conduct subject to the
19 provisions above and all future obligations, responsibilities, undertakings, commitments,
20 limitations, restrictions, events, and conditions.

21 27. This Order and any dispute related thereto shall be construed and enforced in
22 accordance with, and governed by, the laws of Alaska without regard to any choice of law
23 principles.

1 **IT IS SO ORDERED.**

Julie Sande, Commissioner
Department of Commerce, Community and
Economic Development

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4 DATED: 8/20/2025

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

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8 STIFEL, NICOLAUS & COMPANY, INC. by:

9 Signature: /s/ Joseph Rosa

10
11 Print Name: Joseph Rosa

12 Title: Deputy General Counsel

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14 Dated: 8/20/25

EXHIBIT A

Customer ID	Restitution Amount (Excluding Interest)
Customer 1	10.46
Customer 2	10.93
Customer 3	10.99
Customer 4	12.35
Customer 5	12.51
Customer 6	12.72
Customer 7	12.76
Customer 8	13.46
Customer 9	14.25
Customer 10	14.39
Customer 11	14.92
Customer 12	15.43
Customer 13	15.54
Customer 14	16.77
Customer 15	16.82
Customer 16	16.86
Customer 17	17.87
Customer 18	18.67
Customer 19	21.82
Customer 20	22.79
Customer 21	23.99
Customer 22	24.62
Customer 23	24.88
Customer 24	29.32
Customer 25	29.75
Customer 26	37.09
Customer 27	39.29
Customer 28	46.46
Customer 29	61.56
Customer 30	127.34