

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

IN THE MATTER OF: )  
LPL FINANCIAL LLC – RETAIL ) **ORDER NO. 25-69-S**  
MINIMUM COMMISSIONS ) **CONSENT ORDER**  
Respondent. )

**I. PRELIMINARY STATEMENT**

LPL Financial LLC (“LPL”) submits this Consent Order (the “Order”) with respect to the above captioned investigation by the State of Alaska, Department of Commerce, Community, and Economic Development, Division of Banking and Securities (the “Administrator”), into whether LPL engaged in acts or practices that violated the Alaska Securities Act, Alaska Statute (“AS”) 45.56 et seq. (the “Act”). As the result of a coordinated investigation, the Administrator concluded that LPL charged unreasonable commissions to retail customers in excess of five percent (5%) of the principal amount on certain small principal equity transactions. Nationwide, LPL charged unreasonable commissions on approximately 127,045 equity transactions over a five-year period from April 30, 2020, to April 30, 2025 (the “Relevant Time Period”) totaling \$2,486,739.20, which included 87 accounts of residents of Alaska who were charged commissions in excess of 5% totaling \$3,298.02.

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 Administrator as hereafter set forth. If this order is not accepted by the Administrator, the Order is withdrawn and shall not be used in or become part of any proceeding.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

1 Administrator’s investigation and any civil or administrative actions that could be commenced  
2 pursuant to the Act for the specific violations resolved herein, solely as it relates to Respondent.

3 LPL neither admits nor denies the facts set forth in Section V and the violations of law  
4 set forth in Section VI below, agrees to the representations and undertakings set forth below, and  
5 consents to the entry of this Order by the Administrator thereby settling the above-captioned  
6 matter with prejudice. This order is necessary or appropriate in the public interest or for the  
7 protection of investors and consistent with the purposes fairly intended by the policy and  
8 provision of the Act.

9 **II. JURISDICTION**

- 10 1. The Administrator has jurisdiction over matters relating to securities pursuant to the  
11 Act.  
12 2. This Order is made in accordance with the Act.  
13 3. The acts and practices that are the subject of the Administrator’s investigations  
14 occurred while LPL was registered as broker-dealer in Alaska.

15 **III. RELEVANT TIME PERIOD**

- 16 4. Except as otherwise expressly stated, the conduct described herein occurred during  
17 the approximate time period of April 30, 2020 to April 30, 2025 (the “Relevant Time Period”).

18 **IV. RESPONDENT**

- 19 5. LPL Financial LLC (“LPL”) is a broker-dealer registered in Alaska with a main  
20 address of 1055 LPL Way, Fort Mill, South Carolina. LPL is identified by the Financial  
21 Industry Regulatory Authority (“FINRA”) CRD No. 6413. LPL maintains 29 branch offices in  
22 Alaska.

23 **V. STATEMENT OF FACTS**

1           **A. LPL’s Minimum Commission Practices for Equity Transactions Failed to**  
2           **Ensure Transactions Were Executed at a Fair and Reasonable Price**

3           6. During the Relevant Time Period, LPL charged unreasonable commissions to  
4 thousands of retail brokerage customers transactions that exceeded 5% of the principal amount  
5 of the customers’ transactions.

6           7. For equity transactions executed during the Relevant Time Period, LPL generally  
7 charged retail brokerage customers according to a tiered commission schedule—calculated based  
8 on the principal amount of the trade.

9           8. The commission schedule ranged from .60% to 1.5% of principal plus a \$5.00  
10 confirmation fee for each trade.

11           9. LPL charged a minimum commission of \$30 on equity transactions (the “Minimum  
12 Equity Commission”).

13           10. LPL’s fee schedule notes that the maximum commission shall not exceed 5% of the  
14 principal. LPL’s policies and procedures did not contain a similar restriction on transactions  
15 involving the Minimum Equity Commission.

16           11. The Act and associated regulations prohibit LPL from charging unreasonable  
17 commissions for services performed.

18           12. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) provides a guideline  
19 of five percent for determining whether a commission is unfair or unreasonable. However, the  
20 “5% Policy” is a guide, not a rule. A commission pattern of five percent or even less may be  
21 considered unfair or unreasonable under the 5% Policy.

22           13. In Alaska, LPL executed approximately 169 equity transactions for which the  
23 principal trade amount was \$2,500 or less that included an unreasonable commission for services  
24 performed (i.e. in excess of 5% of the principal trade amount) totaling \$3,298.02.

1 14. Certain equity transactions executed by LPL included a commission well in excess of  
2 5% of the principal value of the transaction.

3 **B. LPL Did Not Reasonably Supervise Transactions Which Applied the**  
4 **Minimum Equity Commission**

5 15. LPL did not reasonably supervise transactions that included a Minimum Equity  
6 Commission charge to ensure that LPL charged its customers a reasonable commission.

7 16. LPL only systematically surveilled commissions in ancillary instances of potential  
8 sales practice violations—including an alert used to review accounts with potential excessive  
9 trading, an alert used to surveil account concentrations, and an alert to identify either customer  
10 specific or overall commissions generated by an agent.

11 17. LPL did not have in place surveillance sufficient to supervise small principal  
12 transactions where the Minimum Equity Commission was in excess of 5%.

13 18. As a result, LPL failed to adequately supervise small principal equity transactions  
14 where the Minimum Equity Commission was in excess of 5%.

15 **VI. VIOLATIONS OF LAW**

16 **Count I – AS 45.56.440(d)(9)**

17 19. Pursuant to AS 45.56.440(d)(9), the Administrator may by order revoke, suspend,  
18 condition, or limit the registration of a registrant if the administrator finds that the order is in the  
19 public interest and that the registrant has failed to reasonably supervise an agent, if the agent was  
20 subject to the person’s supervision and committed a violation of this chapter or former AS 45.55.

21 20. LPL’s acts and practices, as described above, constitute a violation of AS  
22 45.56.440(d)(9) of the Act.

23 **VII. REPRESENTATIONS AND UNDERTAKINGS**

1 LPL in full settlement of these matters neither admits nor denies the Statement of Facts  
2 as set forth in Section V, and neither admits nor denies the Violations of Law set out in Section  
3 VI, makes the following representations, and agrees to the undertakings herein as part of the  
4 Order:

5 21. LPL agrees to permanently cease and desist from conduct in violation of AS  
6 45.56.440(d)(9) of the Act and associated regulations in Alaska;

7 A. LPL agrees to be censured by the Division;

8 B. LPL agrees to provide restitution in an amount of no less than \$3,298.02 providing the  
9 amount of the commission on certain small principal equity transactions for which the principal  
10 trade amount was \$2,500 or less that exceeded five percent 5% of the principal trade amount  
11 during the Relevant Time Period to the affected Alaska customers set forth in Exhibit A, plus  
12 interest in the amount of 6% from the date of the transaction to May 19, 2025. LPL agrees to  
13 provide restitution within sixty (60) days of execution of any Order issued pursuant to this Order;

14 i. LPL agrees that restitution shall be in the form of a dollar credit to current  
15 customer accounts, or a check for all former customers or current customers  
16 who are entitled to restitution as a result of transactions involving an  
17 individual retirement account;

18 ii. LPL agrees to provide a notice of restitution to customers. The Notice shall  
19 be sent with the distribution of any restitution. Within forty-five (45) days of  
20 the transmission of the Notice, LPL shall provide the Administrator with a list  
21 of all Alaska residents for whom LPL receives a Notice as returned to sender  
22 ("Undeliverable Alaska Residents"). To the extent the Administrator has  
23 access to different address information, LPL shall send a second Notice to  
24 each Alaska resident within thirty (30) days of the Administrator providing

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such different address; and

iii. LPL agrees to, within one-hundred twenty days (120) days of the transmission of the final Notice pursuant to paragraph VII(C)(iii), above, prepare, and submit to the Administrator, a report detailing the restitution paid pursuant to the 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;

C. LPL agrees to pay an administrative fine in the amount of \$20,000 to the State of Alaska 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 the State of Alaska; (3) either hand-delivered, mailed to State of Alaska, Division of Banking & Securities, P.O. Box 110807 Juneau, AK 99811-0807, or wired per the Administrator's instructions; and (4) submitted under cover letter or other documentation that identifies payment by LPL and the docket number of the proceeding;

D. LPL agrees that a person not unacceptable to the Multi-State Group shall certify in writing to the Administrator within sixty (60) days of the date of entry of this Order that the LPL's policies and procedures have been changed and enhanced to ensure that all commissions are fair and reasonable. At a minimum, LPL shall certify that its policies and procedures include the following:

- i. Compliance and Operational systems to prevent the imposition of unreasonable or unfair commissions;
- ii. Incorporation of all securities transactions, regardless of the principal amount of the transaction, into any systems used to identify and review

1                   potentially excessive commissions; and  
2                   iii. Revisions to its policies and procedures sufficient to ensure the adequate  
3                   implementation of the above.

4                   E. LPL agrees to retain copies of any and all report(s) as set forth in paragraphs (C)  
5 through (E) above in an easily accessible place for a period of five (5) years from the date of the  
6 reports.

7                   F. LPL agrees not to claim, assert, or apply for a tax deduction or tax credit with regard  
8 to any state, federal or local tax for any amounts that LPL shall pay pursuant to this Order;

9                   G. If either LPL is the subject of a voluntary or involuntary bankruptcy petition under  
10 Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this  
11 Order, LPL agrees to provide written notice to the Administrator within five (5) days of the date  
12 of the petition.

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

17                   I. LPL agrees that if it fails to comply with any of the terms set forth in the Order, the  
18 Administrator may institute an action to have this Order declared null and void. Additionally,  
19 after a fair hearing and the issuance of an order finding that LPL has not complied with the Order,  
20 the Administrator may move to have the Order declared null and void, in whole or in part, and  
21 re-institute the associated proceeding that had been brought against LPL; and

22                   J. For good cause shown, the Administrator may extend any of the procedural dates set  
23 forth above. LPL shall make any requests for extensions of the procedural dates set forth above  
24 in writing to the Administrator.

1 **VIII. WAIVER**

2 LPL hereby waives all rights to contest an Order entered by the Administrator pursuant  
3 to this Order, including, but not limited to, (A) the right to contest whether the Order is fair,  
4 reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and  
5 (C) the right to contest the Order's conclusions of law. LPL further waives the procedural due  
6 process right to a hearing, all procedural rights provided by AS 45.56.670 of the Act, and the  
7 right to seek judicial review of the Order under Section 45.56.740 of the Act and under Section  
8 AS 44.62 of Alaska's Administrative Procedure Act.

9 **IX. NO DISQUALIFICATION**

10 A signed order issued pursuant to this Order waives any disqualification in the laws of  
11 Alaska, or rules or regulations thereunder, including any disqualification from relying upon the  
12 registration exemptions or safe harbor provisions to which LPL may be subject. This Order is  
13 not intended to be a final order based upon violations of the Act that prohibit fraudulent,  
14 manipulative, or deceptive conduct. This Order is not intended to form the basis of any  
15 disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules  
16 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of  
17 Regulation CF under the Securities Act of 1933. This Order is not intended to form the basis of  
18 disqualification under the FINRA rules prohibiting continuance in membership absent the filing  
19 of a MC-400A application or disqualification under SRO rules prohibiting continuance in  
20 membership. This Order is not intended to form a basis of a disqualification under 204(a)(2) of  
21 the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of 2002.

22 Except in an action by the Administrator to enforce the obligations of this Order, any acts  
23 performed or documents executed in furtherance of this Order: (a) may not be deemed or used as  
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1 an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack of any  
2 wrongdoing or liability; or (b) may not be deemed or used as an admission of; or evidence of,  
3 any such alleged fault or omission of LPL in any civil, criminal, arbitration, or administrative  
4 proceeding in any court, administrative agency, or tribunal.

6 Julie Sande, Commissioner  
7 Department of Commerce, Community and  
8 Economic Development

9 DATED: 10/27/2025

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

13 LPL FINANCIAL LLC by:

14 Signature: /s/ Michael K. Freedman

15 Print Name: Michael K. Freedman

16 Title: EVP, Interim Co-Chief Legal Officer

17 Dated: 9.30.25

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## Exhibit A

Customer ID	Restitution Amount
Customer 1	336.94
Customer 2	177.62
Customer 3	127.29
Customer 4	117.83
Customer 5	91.31
Customer 6	90.96
Customer 7	82.17
Customer 8	80.07
Customer 9	78.69
Customer 10	70.89
Customer 11	65.06
Customer 12	60.11
Customer 13	55.34
Customer 14	52.16
Customer 15	51.34
Customer 16	49.74
Customer 17	48.30
Customer 18	46.86
Customer 19	45.97
Customer 20	45.96
Customer 21	44.50
Customer 22	42.68
Customer 23	39.40
Customer 24	37.51
Customer 25	37.33
Customer 26	37.24
Customer 27	34.25
Customer 28	33.03
Customer 29	32.99
Customer 30	31.08
Customer 31	29.50
Customer 32	28.88
Customer 33	28.50
Customer 34	27.99
Customer 35	27.11
Customer 36	26.40
Customer 37	26.37

Customer 38	26.12
Customer 39	26.06
Customer 40	25.84
Customer 41	25.51
Customer 42	25.38
Customer 43	25.04
Customer 44	25.04
Customer 45	24.89
Customer 46	24.48
Customer 47	24.43
Customer 48	23.83
Customer 49	23.79
Customer 50	23.69
Customer 51	23.35
Customer 52	22.84
Customer 53	22.39
Customer 54	22.02
Customer 55	22.01
Customer 56	21.73
Customer 57	21.61
Customer 58	21.49
Customer 59	21.49
Customer 60	20.63
Customer 61	20.37
Customer 62	20.19
Customer 63	19.34
Customer 64	18.96
Customer 65	18.88
Customer 66	18.86
Customer 67	18.68
Customer 68	18.59
Customer 69	18.32
Customer 70	17.80
Customer 71	17.52
Customer 72	17.08
Customer 73	16.80
Customer 74	16.16
Customer 75	15.00
Customer 76	14.43
Customer 77	13.24
Customer 78	13.16
Customer 79	12.95
Customer 80	12.31
Customer 81	11.56
Customer 82	11.28
Customer 83	11.28

Customer 84	10.79
Customer 85	10.78
Customer 86	10.42
Customer 87	10.24