

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

**ORDER NO. 25-79-S**

IN THE MATTER OF:

TD AMERITRADE, 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”) 45.55 *et seq*<sup>1</sup>. and 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 TD Ameritrade, Inc. (“TD Ameritrade”), 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, the Administrator concluded that between June 30, 2018, and June 30, 2023, the Relevant Time Period, (“Relevant Time Period”) TD Ameritrade charged commissions in excess of 5% on certain small principal equity transactions. TD Ameritrade executed 106 equity transactions in Alaska which included an unreasonable commission for

<sup>1</sup> On January 1, 2019, AS 45.56 became effective as the Alaska Securities Act. Before January 1, 2019, the Alaska Securities Act was codified at AS 45.55. Citations to AS 45.55 in this Order refer to AS 45.55 as codified before enactment of AS 45.56.

1 services performed (i.e., in excess of 5% of the principal trade amount), totaling \$1,534.67.  
2 TD Ameritrade neither admits nor denies the Findings of Facts as set forth in Section III, and  
3 neither admits nor denies the Conclusions of Law set out in Section IV, waives its right to a  
4 hearing in the above-captioned matter, and consents to entry of this Order by the  
5 Administrator, settling the above-captioned matter with prejudice.

## 6 I. JURISDICTION

7 1. The Administrator has jurisdiction pursuant to the Act.  
8 2. This Order is made in accordance with the Act.  
9 3. The acts and practices that are the subject of this Order occurred while TD  
10 Ameritrade was registered as a broker-dealer in Alaska.

## 11 II. RESPONDENT

12 4. TD Ameritrade was a broker-dealer formerly registered in Alaska with a main  
13 address of 200 South 108th Avenue, Omaha, Nebraska 68154. TD Ameritrade is identified  
14 by Financial Industry Regulatory Authority ("FINRA") CRD No. 7870. TD Ameritrade has  
15 filed a Form BDW, and the Securities and Exchange Commission has withdrawn its  
16 registration.

## 17 III. FINDINGS OF FACT

### 18 A. TD Ameritrade's Minimum Commission Practices for Equity 19 Transactions Failed to Ensure Transactions Were Executed at a Fair and 20 Reasonable Price

21 5. During the Relevant Time Period, TD Ameritrade executed 106 equity  
22 transactions in Alaska which included an unreasonable commission for services performed  
(i.e., in excess of 5% of the principal trade amount), totaling \$1,534.67.

23 6. During the Relevant Time Period, TD Ameritrade charged a fixed minimum  
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1 commission for broker-assisted trades— i.e. those not placed directly online by customers (the  
2 “Minimum Equity Commission”).<sup>2</sup>

3 7. The Act and associated regulations prohibits TD Ameritrade from charging  
4 unreasonable commissions for services performed.

5 8. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline  
6 of five percent for determining whether a commission is unfair or unreasonable. However,  
7 the “5% Policy” is a guide, not a rule. A commission of five percent or even less may be  
8 considered unfair or unreasonable, and a commission of five percent or more may be  
9 considered fair or reasonable, depending on the various circumstances.

10 **B. TD Ameritrade Did Not Reasonably Supervise Transactions Which**  
11 **Applied the Minimum Equity Commission**

12 9. TD Ameritrade did not reasonably supervise transactions that included the  
13 Minimum Equity Commission charge to ensure that TD Ameritrade charged its customers a  
14 reasonable commission.

15 10. TD Ameritrade’s policies and procedures contemplated review of  
16 commissions as part of normal supervisory review processes.

17 11. Despite these systems, TD Ameritrade’s surveillance policies failed to  
18 reasonably detect and correct unreasonable commission charges, specifically as it relates to  
19 the Minimum Equity Commission.

20 12. As a result, TD Ameritrade failed to adequately supervise small principal  
21 equity transactions where the Minimum Equity Commission was in excess of 5%.

22 **IV. CONCLUSIONS OF LAW**

23 13. The preceding paragraphs are incorporated by reference as though set forth  
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<sup>2</sup> During the Relevant Time Period, over 99% of TD Ameritrade’s orders were unsolicited, self-directed trades placed online by its customers. Broker-assisted trades constituted less than 1% of the Firm’s orders. From June 2018 to October, 2019, this fee was \$44.99; and thereafter, the fee was \$25.

1 verbatim herein.

2 **For the period of June 2018 through December 2018**

3 14. Pursuant to AS 45.55.060(b)(1), it was a violation of the Act for a registered  
4 broker-dealer firm to fail to establish and maintain a system to reasonably supervise its  
5 agents.

6 15. TD Ameritrade's acts and practices, as described above, constitute a violation  
7 of AS 45.55.060(b)(1).

8 **For the period of January 2019 through June 2023**

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

12 17. TD Ameritrade's acts and practices as described above, constitute a violation  
13 of AS 45.56.440(d)(9).

14 **V. ORDER**

15 18. On the basis of the Findings of Fact, Conclusions of Law, and TD  
16 Ameritrade's consent to the entry of this Order, **IT IS HEREBY ORDERED:**

17 A. TD Ameritrade is censured by the Administrator;

18 B. TD Ameritrade shall provide restitution in an amount of no more than  
19 \$1,534.67 representing the portion of the commission on certain small principal equity  
20 transactions that exceeded 5% of the principal trade amount during the Relevant Time Period  
21 to the affected Alaska customers, plus interest in the amount of 6% from the date of the  
22 transaction to June 3, 2025. TD Ameritrade shall provide restitution within one hundred  
23 twenty (120) days of execution of this Order;

24 C. Restitution shall be in the form of a check for all former customers;

1 D. TD Ameritrade shall provide a notice of restitution to customers on terms not  
2 unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa  
3 (the "Multi-state Group") ("Notice Letter"). The Notice Letter shall be sent prior to or with  
4 the distribution of any restitution. Within forty-five (45) days of the mailing of the Notice  
5 Letter, TD Ameritrade shall provide the Administrator with a list of all Alaska residents for  
6 whom TD Ameritrade receives a Notice Letter as returned to sender. To the extent the  
7 Administrator has access to different address information, TD Ameritrade shall mail a second  
8 Notice Letter to each Alaska resident within thirty (30) days of the Administrator providing  
9 such different address;

10 E. TD Ameritrade shall prepare, and submit to the Administrator, a report  
11 detailing the restitution paid pursuant to the Order, which shall include dates, amounts, and  
12 methods of the transfer of funds for all restitution payments within forty-five (45) days of  
13 completion of distribution of restitution;

14 F. TD Ameritrade shall pay an administrative fine in the amount of \$15,000  
15 within fifteen (15) days following the date of entry of the Order payable to the State of  
16 Alaska. Payment shall be paid by check and TD Ameritrade shall provide notice of the  
17 payment citing the Order number, check number, and dollar amount as follows:

18 State of Alaska Division of Banking & Securities

19 Attention: George Humm

20 Physical Address

21 (No US mail delivery)

22 333 Willoughby AVE, 9th FL

23 State Office Building

24 Juneau, AK 99801

1 G. TD Ameritrade shall not claim, assert, or apply for a tax deduction or tax  
2 credit with regard to any state, federal or local tax for any amounts that TD Ameritrade shall  
3 pay pursuant to the Order;

4 H. TD Ameritrade shall not seek or accept, directly or indirectly, reimbursement  
5 or indemnification, including, but not limited to, any payments made pursuant to any  
6 insurance policy, with regard to any amount that TD Ameritrade shall pay pursuant to the  
7 Order;

8 I. If either TD Ameritrade is the subject of a voluntary or involuntary bankruptcy  
9 petition under Title 11 of the United States Code within three hundred sixty-five (365) days  
10 of the entry of the Order, TD Ameritrade shall provide written notice to the Administrator  
11 within five (5) days of the date of the petition;

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

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

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

**VI. NO DISQUALIFICATION**

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

**IT IS SO ORDERED.**

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

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DATED: 11/03/2025 /s/ Tracy Reno  
Tracy Reno, Acting Director  
Division of Banking and Securities

TD AMERITRADE, INC. by:

Signature: /s/ James Kostulias

Print Name: James Kostulias

Title: Managing Director – Head of Trading Services

Dated: 10/16/2025