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Alaska Division of Banking and Securities Participates in \$26 Million Multi-State Settlement

Settlement resolves sales of unregistered, non-exempt securities by LPL Financial LLC

May 9, 2018 ANCHORAGE –The Alaska Division of Banking and Securities announced that the agency will participate in a settlement with LPL Financial LLC to repurchase certain securities and to pay civil penalties of \$499,000 to Alaska upon entering a final order.

“This settlement sends a strong message that states serve a vital role in protecting investors by holding firms accountable,” said Kristy Naylor, acting director of the Division of Banking and Securities.

In addition to the civil penalty, the settlement calls for LPL to offer to repurchase from investors securities held in LPL accounts determined to have been unregistered, non-exempt equity, or fixed-income securities that were sold since October 1, 2006. Each offer will also include three percent simple interest per year. Per the agreement, LPL will be in contact with the customers who are eligible for repurchase, including those who have since moved their accounts away from LPL.

As part of the settlement, LPL agreed to a review by regulators of new securities products to assess the firm’s ability to comply with all state securities registration requirements and an assessment of all operations and procedures related to state registration requirements that apply to the offer and sale of those products. The firm also agreed to a similar review of its vendor service protocols to ensure processes are in place for identification and management of critical services used to ensure compliance with state securities laws.

The settlement stems from an investigation led by state securities regulators from Alabama and Massachusetts. In July 2017, the North American Securities Administrators Association, of which the Alaska Division of Banking and Securities is a member, established a task force to investigate the situation. The final [enforcement order](#) will be available on the Alaska Division of Banking and Securities’ website upon execution.

The Division of Banking and Securities is a division of the Department of Commerce, Community, and Economic Development tasked with protecting consumers in Alaska. For additional information about the division, visit commerce.alaska.gov/web/dbs. For additional information about the Department of Commerce, Community, and Economic Development and its other agencies, please visit commerce.alaska.gov.

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