

**STATE OF NEBRASKA**  
**Department of Banking & Finance**

|                                  |   |                    |
|----------------------------------|---|--------------------|
| IN THE MATTER OF:                | ) |                    |
|                                  | ) |                    |
| Stifel, Nicolaus & Company, Inc. | ) | FINDINGS OF FACT   |
| 501 North Broadway               | ) | CONCLUSIONS OF LAW |
| St. Louis, Missouri              | ) | AND                |
|                                  | ) | CONSENT ORDER      |
| CRD # 793                        | ) |                    |

THIS MATTER comes before the Nebraska Department of Banking and Finance (“Department”), by and through its Director, pursuant to its authority under the Securities Act of Nebraska, Neb. Rev. Stat. §§ 8-1101 to 8-1123 (Reissue 2022; Cum. Supp. 2024; LB 251, 2025) (“Act”). A coordinated investigation led by six jurisdictions, including Massachusetts, Washington, Montana, Missouri, Alabama, Texas, and Iowa (the “Multi-state Group”), concluded that Stifel, Nicolaus & Company, Inc., 501 North Broadway, St. Louis, Missouri, CRD #793 (“Stifel”), charged unreasonable commissions on certain low principal equity transactions. Nationwide, Stifel charged unreasonable commissions on approximately 45,352 equity transactions totaling \$885,480.13 over a five-year period from May 1, 2020 to April 30, 2025 (“Relevant Time Period”). Stifel, in full settlement of these matters, neither admits nor denies the Findings of Fact and Conclusions of Law below.

**FINDINGS OF FACT**

1. Stifel, Nicolaus & Company, Inc. is a broker-dealer registered in Nebraska with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 793.

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

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

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

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

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

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

7. The Act prohibits Stifel 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, Stifel executed 218 equity transactions in Nebraska which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$4,074.06.

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

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

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

12. Stifel's supervisory systems included an alert where the commission amount on an equity transaction exceeded 5%.

13. Stifel's policies and procedures contemplated manual adjustment of commissions based on certain factors which would determine whether the commission was reasonable.

14. However, Stifel's policies and procedures provided that "a transaction which involves a small amount of money may warrant a higher percentage sales credit to cover the value of services rendered."

15. Stifel's surveillance policies failed to reasonably detect and correct unreasonable commission charges.

16. As a result, Stifel failed to adequately supervise low principal equity transactions where the Minimum Equity Commission was in excess of 5%.

### **CONCLUSIONS OF LAW**

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

2. Neb. Rev. Stat. § 8-1103(9)(a)(xi) (Reissue 2022) requires that each broker-dealer establish and maintain a system to supervise the activities of its broker-dealer agents that is reasonably designed to achieve compliance with the Act.

3. Stifel's acts and practices, as described above, constitute a violation of Section 8-1103(9)(a)(xi) of the Act.

4. The foregoing violations of the Act constitute the basis for the assessment of a fine, costs, and settlement against Stifel pursuant to Neb. Rev. Stat. § 8-1108.01 (Reissue 2022).

5. Under the Act's statutory framework, the Director has legal and equitable authority to fashion significant protective remedies.

6. It is in the best interest of Stifel, and in the public's best interest, for Stifel and the Director to resolve the issues included herein.

### **STIPULATIONS**

In connection with this Order, Stifel and the Director stipulate to the following:

1. The Department has jurisdiction as to all matters herein.
2. An Order should be entered in this matter, which shall be in lieu of other proceedings by the Department against Stifel, except as specifically referenced in this Order.

Stifel further represents as follows:

1. Stifel hereby acknowledges that it has been served with a copy of this Order, has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.
2. Stifel admits the jurisdiction of the Department, neither admits nor denies the Findings of Facts and Conclusions of Law contained in this Order, and consents to entry of this Order by the Department as settlement of the issues contained in this Order.
3. Stifel agrees that it shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any administrative monetary penalty that Stifel

shall pay pursuant to this Order. Stifel understands and acknowledges that these provisions are not intended to imply that the Department would agree that any other amounts Stifel shall pay pursuant to this Order may be reimbursed or indemnified (whether pursuant to an insurance policy or otherwise) under applicable law or may be the basis for any tax deduction or tax credit with regard to any state, federal, or local tax.

4. Stifel states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

### **ORDER**

On the basis of the Findings of Fact, Conclusions of Law, and Stifel's consent to the entry of this Order,

IT IS THEREFORE ORDERED:

1. Stifel shall permanently cease and desist from conduct in violation of Section 8-1103(9)(a)(xi) of the Act, as described herein.

2. Stifel is censured by the Department.

3. Stifel shall provide restitution in an amount of no less than \$4,074.06 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 Nebraska 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 days of effective date of this Order.

4. 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.

5. Stifel shall provide a notice of restitution to customers on terms not unacceptable to the Multi-state Group ("Notice Letter") for use by all participating jurisdictions. The Notice Letter shall be sent at least seven days prior to the distribution of any restitution. Within forty-five days of the mailing of the Notice Letter, Stifel shall provide the Department with a list of all Nebraska residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable ("Undeliverable Nebraska Residents"). To the extent the Department has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable Nebraska Resident within thirty days of the Department providing such different address.

6. Within forty-five days of mailing the Notice Letter, Stifel shall prepare and submit to the Department 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.

7. Stifel is hereby ORDERED to pay an administrative fine to the Department in the amount of Two Thousand Dollars (\$2,000.00); the Department's costs of investigation in the amount of Three Thousand Dollars (\$3,000.00); and the sum of Fifteen Thousand Dollars (\$15,000.00) as a settlement to the Department of Banking and Finance Settlement Cash Fund pursuant to Neb. Rev. Stat. § 81-302 (LB 264, 2025).

8. The total amount of the fines, investigation costs, and settlement in the amount of Twenty Thousand Dollars (\$20,000.00) shall be paid by one check payable to the Department within fifteen days after the effective date of this Order. At its option, Respondents may transmit payment electronically to the Department, which will provide ACH transfer instructions upon request.

9. 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.

10. 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.

11. 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 days of the entry of this Order, Stifel shall provide written notice to the Department within five days of the date of the petition.

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

13. If Stifel fails to materially comply with any of the terms set forth in this Order, the Department may institute an action to have this Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Stifel has not complied with this Order, the Department may move to have this Order declared null and void, in whole or in part, and institute a proceeding against Stifel.

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

15. This Order waives any disqualification in Nebraska's laws, or rules or regulations thereunder, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which Stifel may be subject. This Order is not intended to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive conduct. This 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. This 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. This 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 Department to enforce the obligations of this Order, any acts performed or documents executed in furtherance of this 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 Stifel in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

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

17. This Order and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Nebraska without regard to any choice of law principles.

18. The effective date of this Order is the date of the Director's signature.

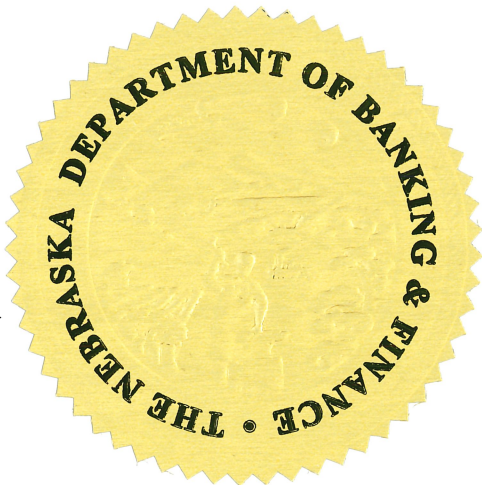
DATED this 15<sup>th</sup> day of DECEMBER, 2025.

STIFEL, NICOLAUS & CO., INC.



By: Joseph Rosa  
Title: DEPUTY GENERAL COUNSEL

DATED this 15<sup>th</sup> day of December, 2025.



STATE OF NEBRASKA  
DEPARTMENT OF BANKING AND FINANCE

By:   
Kelly Lammers, Director

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