

STATE OF NEBRASKA
Department of Banking & Finance

IN THE MATTER OF	)	
	)	FINDINGS OF FACT
LPL Financial LLC	)	CONCLUSIONS OF LAW
1055 LPL Way	)	AND
Fort Mill, South Carolina	)	CONSENT ORDER
	)	
CRD # 6413	)	

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 seven jurisdictions, including Massachusetts, Washington, Montana, Missouri, Alabama, Texas, and Iowa (the “Multi-state Group”), concluded that LPL Financial, LLC, 1055 LPL Way, Fort Mill, South Carolina, CRD #6413 (LPL), charged unreasonable commissions to retail customers in excess of 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 669 accounts of residents of Nebraska who were charged commissions in excess of 5% totaling \$21,431.97.

FINDINGS OF FACT

1. LPL is a broker-dealer registered in Nebraska with a main address of 1055 LPL Way, Fort Mill, South Carolina. LPL is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 6413. LPL maintains 163 branch offices in Nebraska.
2. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of April 30, 2020, to April 30, 2025 (the “Relevant Time Period”).

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

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

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

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

4. LPL charged a minimum commission of \$30.00 on equity transactions (the "Minimum Equity Commission").

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

6. The Act, and the Securities Rules thereunder, prohibit LPL from charging unreasonable commissions for services performed.

7. FINRA Rule 2121 Supplementary Material.01 (Rule 2121.01) provides 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 under the 5% Policy.

8. In Nebraska, LPL executed approximately 1,116 equity transactions for which the principal trade amount was \$2,500.00 or less that included an unreasonable commission for services performed totaling \$21,431.97 in excess of 5% of the principal trade amount.

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

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

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

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

3. LPL did not have in place surveillance sufficient to supervise small principal transactions for which the Minimum Equity Commission was in excess of 5%.

4. As a result, LPL failed to adequately supervise small 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. LPL'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 LPL 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 LPL, and in the public's best interest, for LPL and the Director to resolve the issues included herein.

STIPULATIONS

In connection with this Order, LPL 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 LPL, except as specifically referenced in this Order.
3. LPL 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.

LPL further represents as follows:

1. LPL 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. LPL 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 LPL shall pay pursuant to this Order. LPL understands and acknowledges that these provisions are not intended to imply that the Department would agree that any other amounts LPL shall pay pursuant to this Order may be the basis for any tax deduction or tax credit with regard to any state, federal or local tax.
3. LPL 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 LPL's consent to entry of this Order,

IT IS THEREFOR ORDERED:

1. LPL shall permanently cease and desist from conduct in violation of Neb. Rev. Stat. § 8-1103(9)(a)(xi) (Reissue 2022).

2. LPL is censured by the Department.

3. LPL shall provide restitution in an amount of no less than \$21,431.97 providing the amount of the commission on certain small principal equity transactions that exceeded five percent 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% compounded annually from the date of the transaction to May 19, 2025. LPL shall provide restitution within one hundred twenty days of the effective date of this Order:

a. 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;

b. LPL shall provide a notice of restitution to customers. The Notice shall be sent with the distribution of any restitution. Within forty-five days of the transmission of the Notice, LPL shall provide the Department with a list of all Nebraska residents for whom LPL receives a Notice as returned to sender ("Undeliverable Nebraska Residents"). To the extent the Department has access to different address information, LPL shall send a second Notice to each Department resident within thirty days of the Department providing such different address; and

c. LPL shall, within one-hundred twenty days of the transmission of the final Notice pursuant to paragraph 3(b), above, prepare, and submit to the Department a report detailing

the restitution paid pursuant to the Order, which shall include:

- i. Identification of all payments made; and
- ii. Dates, amounts, and methods of the transfer of funds for all restitution payments.

4. LPL 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).

5. 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.

6. A representative of LPL not unacceptable to the Multi-State Group shall certify in writing to the Department within sixty days of the date of entry of this Order that 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:

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

c. Revisions to its policies and procedures sufficient to ensure the adequate implementation of the above.

7. LPL shall retain copies of any and all report(s) as set forth in paragraphs 3 through 6 above in an easily accessible place for a period of five years from the date of the reports.

8. LPL 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 LPL shall pay pursuant to this Order.

9. If LPL 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, LPL shall provide written notice to the Department within five days of the date of the petition.

10. LPL agrees that any fine, penalty, and/or money that LPL shall pay in accordance with this Order is intended by LPL and the Department to be a contemporaneous exchange for new value given to LPL 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).

11. If LPL fails to comply with any of the terms set forth in the 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 LPL has not complied with the Order, the Department may move to have the Order declared null and void, in whole or in part, and institute a proceeding against LPL.

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

13. This Order waives any disqualification in the laws of Nebraska or rules or regulations thereunder, including any disqualification from relying upon the registration

exemptions or safe harbor provisions to which LPL 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 LPL in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

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

DATED this 31st day of December, 25.

LPL FINANCIAL, LLC

By: Michael K. Freedman
Michael K. Freedman (Dec 31, 2025 15:42:31 EST)
Title: EVP, Deputy General Counsel

DATED this 13th day of January, 2021

**STATE OF NEBRASKA
DEPARTMENT OF BANKING AND
FINANCE**

By: 
Kelly Lammers, Director

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