

**COMMONWEALTH OF MASSACHUSETTS  
OFFICE OF THE SECRETARY OF THE COMMONWEALTH  
SECURITIES DIVISION  
ONE ASHBURTON PLACE, ROOM 1701  
BOSTON, MASSACHUSETTS 02108**

	)	
IN THE MATTER OF:	)	
	)	
STIFEL, NICOLAUS & COMPANY, INC. –	)	
RETAIL MINIMUM COMMISSIONS,	)	
	)	
RESPONDENT.	)	Docket No. 2025-0192
	)	

**CONSENT ORDER**

**I. PRELIMINARY STATEMENT**

This Consent Order (the “Order”) is entered into by the Securities Division of the Office of the Secretary of the Commonwealth of Massachusetts (the “Division”) and Stifel, Nicolaus & Company, Inc. (“Stifel” or “Respondent”) with respect to an investigation by the Enforcement Section of the Division into whether Respondent’s acts and practices constituted violations of the Massachusetts Uniform Securities Act, M.G.L. c. 110A (the “Act”), and the regulations promulgated thereunder at 950 CMR 10.00-14.413 (the “Regulations”). As the result of a coordinated investigation, with the Division serving as a lead state, the Division concluded that Stifel charged unreasonable commissions on certain low principal equity transactions. Nationwide, Stifel charged unreasonable commissions on approximately 45,352 equity transactions over a five-year period totaling \$885,480.13.

On May 21, 2025, Respondent submitted an Offer of Settlement (the “Offer”) to the Division. Respondent neither admits nor denies the Statement of Facts set forth in Section V below and neither admits nor denies the Violations of Law set forth in Section

VI below, and consents to the entry of this Order by the Division, consistent with the language and terms of the Offer, settling the above-captioned investigation (2025-0192)<sup>1</sup> with prejudice. Pursuant to M.G.L. c. 110A, § 412(b), this Order “is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of [the Act].”

## **II. JURISDICTION AND AUTHORITY**

1. The Division has jurisdiction over matters related to securities pursuant to the Act and Regulations.
2. The Offer was made and this Order is entered in accordance with the Act and Section 10.10 of the Regulations.
3. The acts and practices that are the subject of the Division's investigation occurred while Stifel was registered as a broker-dealer in Massachusetts.

## **III. RELEVANT TIME PERIOD**

4. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of May 1, 2020 to April 30, 2025 (the "Relevant Time Period").

## **IV. RESPONDENT**

5. Stifel, Nicolaus & Company, Inc. ("Stifel") is a broker-dealer registered in Massachusetts with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority ("FINRA") CRD No. 793. Stifel maintains 4 branch offices in Massachusetts.

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<sup>1</sup> The above captioned docket number reflects the conclusion of previously captioned investigation2023-0061, solely as it pertains to Stifel. 2023-0061 remains an ongoing investigation into registered broker-dealer commission practices.

## V. STATEMENT OF FACTS

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

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

7. During the Relevant Time Period, Respondent charged a minimum commission of \$40 for certain equity buy and sell transactions (the "Minimum Equity Commission") plus a \$5.00 transaction fee applied to secondary transactions.

8. 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.

9. 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."

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

11. The Act and Regulations prohibit Stifel from charging unreasonable commissions for services performed.

12. 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.

13. During the Relevant Time Period, Stifel executed 1,171 equity transactions in

Massachusetts which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$23,299.11.

14. 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**

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

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

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

18. 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."

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

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

**VI. VIOLATIONS OF LAW**

**Count I – Violation of M.G.L. c. 110A, § 204(a)(2)(J)**

21. Section 204 of the Act provides:

The secretary may by order deny, suspend, or revoke any registration if he finds (1) that the order is in the public interest and (2) that the applicant or registrant

...

(J) has failed reasonably to supervise agents, investment adviser representatives or other employees to assure compliance with this chapter[.]

*Id.* § 204(a)(2)(J).

## **VII. ORDER**

### **IT IS HEREBY ORDERED:**

- A. Stifel shall permanently cease and desist from conduct in violation of the Act and Regulations in the Commonwealth;
- B. Stifel is censured by the Division;
- C. Stifel shall provide restitution in an amount of no less than \$23,299.11 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 Massachusetts customers set forth in Exhibit A, plus interest in the of 6% from the date of the transaction to the date of this Offer. Stifel agrees to provide restitution within sixty (60) days of execution of this Order;
  - i. 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;
  - ii. Stifel shall provide a notice of restitution to customers on terms not unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the "Multi-state Group") ("Notice Letter"). For current customers, the Notice Letter shall be sent at least seven (7) days prior to the distribution of any restitution; for former customers, the Notice Letter shall be

provided at the time of distribution of any restitution. Within forty-five (45) days of the mailing of the Notice Letter, Stifel shall provide the Division with a list of all Massachusetts residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable ("Undeliverable Massachusetts Residents"). To the extent the Division has access to different address information, Stifel shall mail a second Notice Letter to each Massachusetts resident within thirty (30) days of the Division providing such different address; and

iii. Within forty-five (45) days of the expiration of the Notice Letter, Stifel shall prepare and submit to the Division a report detailing the restitution paid pursuant to this Order, which shall include:

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

D. Stifel shall pay an administrative fine in the amount of \$20,000 and pay \$10,000 in investigation costs for a total payment of \$30,000 to Massachusetts 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 Commonwealth of Massachusetts; (3) either hand-delivered, mailed to One Ashburton Place, Room 1701, Boston Massachusetts 02108; or wired per the Division instructions; and (4) submitted under cover letter or other documentation that identifies payment by Stifel and the docket number of the proceeding;

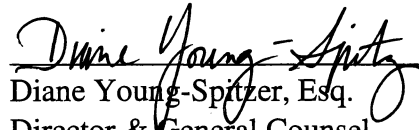
- E. Stifel shall not claim, assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any that Stifel shall pay pursuant to this Order;
- F. Stifel shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any insurance policy, with regard to any amount that Stifel shall pay pursuant to this Order;
- G. If either Stifel is the subject of a voluntary or involuntary bankruptcy petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this Order, Stifel shall provide written notice to the Division within five (5) days of the date of the petition;
- H. Any fine, penalty, and/or money that Stifel shall pay in accordance with this Order is intended by Stifel and the Division 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);
- I. Upon the issuance this Order by the Division, if Stifel fails to materially comply with any of the terms set forth in the Order, the Division may institute an action to have this Order declared null and void. Additionally, after a fair hearing the issuance of an order finding that Stifel has not complied with this Order, the Division may move to have this Order declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against Stifel; and
- J. For good cause shown, the Division 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 Division.

## **IX. NO DISQUALIFICATION**

This Order waives any disqualification in the laws of Massachusetts, 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 Division 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.

**WILLIAM FRANCIS GALVIN  
SECRETARY OF THE COMMONWEALTH**

A handwritten signature in cursive script, reading "Diane Young-Spitzer", is written over a horizontal line.

Diane Young-Spitzer, Esq.  
Director & General Counsel

Securities Division

Office of the Secretary of the Commonwealth

John W. McCormack Building, 17th Floor

One Ashburton Place

Boston, MA 02108

Dated: June 4, 2025