

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE  
OF THE STATE OF IDAHO**

In the Matter of:

**LPL FINANCIAL LLC.**

Respondent.

**Docket No. SB-2025-106**

**ADMINISTRATIVE CONSENT  
ORDER**

Pursuant to the authority granted to the Director of the Idaho Department of Finance (the “Department”), under the Idaho Uniform Securities Act (2004), Idaho Code § 30-14-101 *et. seq.* (the “Act”), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the Director hereby finds that there is good cause, and it is in the public interest to enter into a Consent Order (the “Order”) with LPL Financial LLC (“LPL”), 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 led by seven jurisdictions, including Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the “Multi-State Group”), the Department concluded that LPL charged unreasonable commissions to retail customers in excess of five percent (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 404 accounts of residents of Idaho who were charged commissions in excess of 5% totaling \$13,327.89.

This Order has been entered for the purpose of settlement and concludes the Department’s investigation and any civil or administrative actions that could be commenced pursuant to the Act for the specific violations resolved herein, solely as it relates to LPL. LPL in full settlement of these matters neither admits nor denies the Findings of Facts, neither admits nor denies the Conclusions of Law, and consents to the entry of this Order.

#### **JURISDICTION**

1. The Department has jurisdiction over matters relating to securities under the Act.
2. This Order is made in accordance with Idaho Code § 30-14-604.
3. The acts and practices that are the subject of the Department’s investigation occurred while LPL was registered as a broker-dealer in Idaho.

#### **RELEVANT TIME PERIOD**

4. Except as otherwise expressly stated, the conduct described herein occurred between April 30, 2020, to April 30, 2025 (the “Relevant Time Period”).

#### **RESPONDENT**

5. LPL Financial LLC (“LPL”) is a broker-dealer registered in Idaho 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 130 branch offices in Idaho.

#### **FINDINGS OF FACT**

##### **LPL’s Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price**

6. 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.

7. 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.

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

9. LPL charged a minimum commission of \$30 on equity transactions (the “Minimum Equity Commission”).

10. 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.

11. The Idaho Uniform Securities Act (2004) prohibits LPL from charging unreasonable commissions for services performed.

12. 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.

13. In Idaho, LPL executed 694 equity transactions, for which the principal trade amount was \$2,500 or less, that included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$13,327.89.

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

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

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

16. 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.

17. LPL did not have sufficient surveillance in place to supervise small principal securities transactions where the Minimum Equity Commission exceeded 5%.

18. As a result, LPL failed to adequately supervise small principal equity securities transactions where the Minimum Equity Commission exceeded 5%.

**CONCLUSIONS OF LAW**

19. IDAPA 12.01.08.105.01 (Rule 105.01) requires every broker-dealer to exercise diligent supervision over the securities activities of all its agents and employees.

20. IDAPA 12.01.08.105.03(d) (Rule 105.03(d)) requires broker dealers to establish, maintain and enforce written procedures adopted by the broker-dealer to comply with its duty to review its back office operations.

21. LPL's acts and practices, as described above, constitute a violation of Rule 105.01 and Rule 105.03(d).

22. Pursuant to Idaho Code § 30-14-412(c) and 30-14-412(d)(9), LPL's violation of Rule 105.01 and Rule 105.03(d) constitute a basis for the issuance of an Order censuring LPL.

23. Pursuant to Idaho Code § 30-14-412(c), LPL's violations of Rule 105.01 and Rule 105.03(d) also constitute a basis for the assessment of a penalty.

## ORDER

On the basis of the Findings of Fact, Conclusions of Law, and LPL's consent to the entry of this Order for the purpose of settlement, IT IS HEREBY ORDERED and AGREED:

24. LPL will permanently cease and desist from conduct described herein in violation of Rule 105.03(d) in Idaho.

25. LPL is censured by the Department.

26. LPL will provide restitution in an amount of no less than \$13,327.89 providing the amount of the commission on certain small principal equity transactions for which the principal trade amount was \$2,500 or less that exceeded five percent 5% of the principal trade amount during the Relevant Time Period to the affected Idaho customers set forth in Exhibit A, plus interest in the amount of 6% from the date of the transaction to May 19, 2025. LPL agrees to provide restitution within sixty (60) days after the execution date of the Order.

27. LPL agrees to provide restitution 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.

28. LPL agrees to provide a notice of restitution to customers ("Notice"). The Notice shall be sent with the distribution of any restitution.

29. Within forty-five (45) calendar days of the transmission of the Notice, LPL agrees to provide the Department with a list of all Idaho customers for whom LPL receives a Notice as returned to sender (Undeliverable to Idaho Residents"). To the extent the Department has access to different address information, LPL shall send a second Notice to each Idaho customer within thirty (30) calendar days of the Department providing such different address.

30. LPL agrees to, within one-hundred twenty days (120) days after sending the Notice,

submit a report to the Department detailing the restitution payments, which shall include:

- a. Identification of all payments made, and
- b. Dates, amounts, and methods of the transfer of funds for all restitution payments.

31. LPL agrees to pay an administrative fine in the amount of \$20,000 to the Department within fifteen (15) days after the execution date of the Order. Payment shall be by secure ACH electronic delivery or by mailing a business check, certified check/bank cashier's check or other secure instrument to the Idaho Department of Finance at 11341 W Chinden Blvd, Suite A300, Boise, Idaho 83714-1021.

32. LPL agrees that a person acceptable to the Multi-State Group shall certify in writing to the Department within sixty (60) days of the date of entry of this Order that the 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.

33. LPL agrees to retain copies of any and all report(s) as set forth in paragraphs 26 through 32 above in an easily accessible place for a period of five (5) years from the date of the reports.

34. LPL agrees not to claim, assert, or apply for a tax deduction or tax credit with regard

to any state, federal or local tax for any amount that LPL spays pursuant to this Order.

35. 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 (365) days of the entry of this Order, LPL agrees to provide written notice to the Department within five (5) days of the date of the petition.

36. 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).

37. LPL agrees that, upon the issuance of an Order by the Department that contains the terms as set forth above, 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 re-institute the associated proceeding that had been brought against LPL; and

38. For good cause shown, the Department 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.

#### **WAIVER**

39. LPL hereby waives all rights to contest the Order, including, but not limited to, (A) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and (C) the right to contest the Order's conclusions of law. LPL further waives the procedural due process right to a hearing, all procedural rights provided by

Section 30-14-604 of the Act, and the right to seek judicial review of the Order under Section 30-14-609 of the Act and under Section 67-5270 of the Idaho Administrative Procedure Act.

**NO DISQUALIFICATION**

40. 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 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.


41. This Order shall be binding upon LPL 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.

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

AGREED TO and ACKNOWLEDGED.

LPL FINANCIAL LLC by:

Signature: 

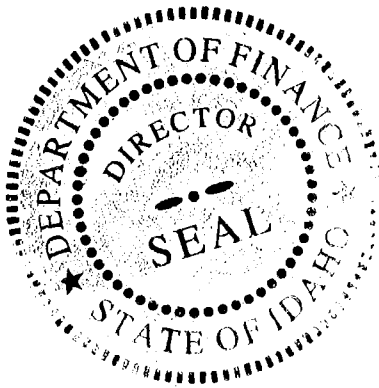
Print Name: Michael K. Freedman

Title: EVP, Deputy GC

Dated: 4.21.26

IT IS SO ORDERED.

SIGNED AND ENTERED this 21 Day of April, 2026



STATE OF IDAHO  
DEPARTMENT OF FINANCE

A handwritten signature in cursive script, appearing to read "Salvador Cruz", written over a horizontal line.

SALVADOR CRUZ, Director  
Idaho Department of Finance