



STATE OF NEW MEXICO
REGULATION AND LICENSING DEPARTMENT
SECURITIES DIVISION

IN THE MATTER OF:	)	
	)	
LPL FINANCIAL LLC,	)	Case No. MS-23-7-10-3
	)	
RESPONDENT.	)	CONSENT ORDER

I. PRELIMINARY STATEMENT

LPL Financial LLC (“LPL”) submits this Order with respect to the above captioned investigation by the Securities Division of the New Mexico Regulation and Licensing Department (the “Division”) into whether LPL engaged in acts or practices that violated the New Mexico Uniform Securities Act (NMSA 1978, §§ 58-13C-101 through 58-13C-701) (the “Act”), and the regulations promulgated thereunder at 12.11.1 through 12.11.18 NMAC (the “Rules”). The Division 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 approximately \$2,486,739.20 which included 230 accounts of residents of New Mexico who were charged commissions in excess of 5% totaling \$7,923.15.

This Order is submitted solely for the purpose of settlement and with the understanding that it will not be used in any proceeding unless it is accepted by the Division as hereafter set forth. If this order is not accepted by the Division, the Order is withdrawn and shall not be used in or become part of any proceeding. If the Order is accepted, it will conclude the Division'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 Respondent.

LPL neither admits nor denies the facts set forth in Section V and the violations of law set forth in Section VI below, agrees to the representations and undertakings set forth below, and consents to the entry of this Order by the Division thereby settling the above-captioned matter with prejudice. This order is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended the Act.

II. JURISDICTION

1. The Division has jurisdiction over matters relating to securities pursuant to the Act.
2. This Order is made in accordance with NMSA 1978, § 58-13C-604.
3. The acts and practices that are the subject of the Division's investigations occurred while LPL was registered as broker-dealer in New Mexico.

III. RELEVANT TIME PERIOD

4. 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").

IV. RESPONDENT

5. LPL is a broker-dealer registered in New Mexico with a main address of 1055 LPL Way, Fort Mill, SC. LPL is identified by Financial Industry Regulatory Authority ("FINRA") CRD No.

6413. LPL maintains 99 branch offices in New Mexico.

V. STATEMENT OF FACTS

A. 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 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 Act and the Rules prohibit 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 New Mexico, LPL executed approximately 408 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 \$7,923.15.

14. 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

15. LPL did not reasonably supervise 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 in place surveillance sufficient to supervise small principal transactions where the Minimum Equity Commission was in excess of 5%.

18. As a result, LPL failed to adequately supervise small principal equity transactions where the Minimum Equity Commission was in excess of 5%.

VI. VIOLATIONS OF LAW

Count I –Failure to Supervise Section

19. NMSA 1978, 58-13C-412(C)(9) provides:

A person may be disciplined pursuant to [the Act] if the person...has failed to reasonably supervise an agent, investment advisor representative or other individual, if the agent, investment advisor representative or other individual was subject to the person's supervision and while under that person's supervision committed a violation of the New Mexico Uniform Securities Act or the predecessor act or a rule adopted or ordered issued pursuant to that act or the predecessor act within the previous ten years.

20. LPL's acts and practices, as described above, constitute a violation of NSMA 1978, § 58-13C-412(C)(9).

VII. REPRESENTATIONS AND UNDERTAKINGS

LPL in full settlement of these matters neither admits nor denies the Statement of Facts as set forth in Section V, and neither admits nor denies the Violations of Law set out in Section VI, makes the following representations, and agrees to the undertakings herein as part of the Order:

- A. LPL agrees to permanently cease and desist from conduct in violation of the Act and the Rules in New Mexico;
- B. LPL agrees to be censured by the Division;
- C. LPL agrees to provide restitution in an amount of no less than \$7,923.15 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 New Mexico 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 of execution of any Order issued pursuant to this Order;
 - i. LPL agrees that 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. LPL agrees to provide a notice of restitution to customers. The Notice shall be sent with the distribution of any restitution. Within forty-five (45) days of the transmission of the Notice, LPL shall provide the Division with a list of all New Mexico residents for whom LPL receives a Notice as returned to sender

("Undeliverable New Mexico Residents"). To the extent the Division has access to different address information, LPL shall send a second Notice to each New Mexico resident within thirty (30) days of the Division providing such different address; and

- iii. LPL agrees to, within one-hundred twenty days (120) days of the transmission of the final Notice pursuant to paragraph VII(C)(ii), above, prepare and submit to the Division a report detailing the restitution paid pursuant to the Order, which shall include:
 - a. Identification of all payments made; and
 - b. Dates, amounts, and methods of the transfer of funds for all restitution payments.
- D. LPL agrees to pay an administrative fine in the amount of \$20,000 to New Mexico 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 Division; (3) either hand-delivered, mailed to the New Mexico Regulation and Licensing Department, Securities Division, 2550 Cerillos Road, Santa Fe, NM 87505; and (4) submitted under cover letter or other documentation that identifies payment by LPL and the docket number of the proceeding;
- E. LPL agrees that a person not unacceptable to the Multi-State Group shall certify in writing to the Division 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:

- i. Compliance and Operational systems to prevent the imposition of unreasonable or unfair commissions;
 - ii. 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
 - iii. Revisions to its policies and procedures sufficient to ensure the adequate implementation of the above.
- F. LPL agrees to retain copies of any and all report(s) as set forth in paragraphs (C) through (E) above in an easily accessible place for a period of five (5) years from the date of the reports.
- G. 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 amounts that LPL shall pay pursuant to this Order;
- H. If either 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 Division within five (5) days of the date of the petition.
- I. LPL agrees that any fine, penalty, and/or money that LPL shall pay in accordance with this Order is intended by LPL and the Division 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).
- J. LPL agrees that, upon the issuance of an Order by the Division that contains the terms as set forth above, if LPL fails to 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 and the issuance of an order finding that LPL has not complied with the Order, the Division 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

- K. For good cause shown, the Division 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 Division.

VIII. WAIVER

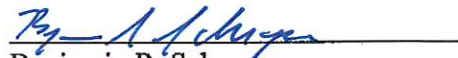
LPL hereby waives all rights to contest an Order entered by the Division pursuant to this Order, including, but not limited to, (A) the right to contest whether the Order is fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact, and (C) the right to contest the Order's conclusions of law. LPL further waives the procedural due process right to a hearing, all procedural rights and the right to seek judicial review provided by NMSA 1978, §§ 58-13C-412 and 58-13C-604.

IX. NO DISQUALIFICATION

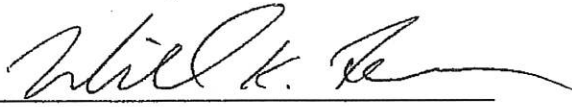
A signed order issued pursuant to this Order waives any disqualification in the laws of New Mexico, or rules or regulations thereunder, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which LPL may be subject. This Order is not intended to be 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 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 LPL in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

SIGNED AND ENTERED BY THE DIRECTOR this 6th day of November, 2025.


Benjamin R. Schroe
Acting Director

LPL FINANCIAL LLC by:

Signature: 

Print Name: Michael K. Freedman

Title: EVP, Interim Co - CLO

Dated: 11/5/25

