



**STATE OF NEW MEXICO  
REGULATION AND LICENSING DEPARTMENT  
SECURITIES DIVISION**

**IN THE MATTER OF:**

**STIFEL, NICOLAUS & COMPANY, INC.,**

**RESPONDENT.**

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**Case No. MS-25-7-10-5**

**CONSENT ORDER**

Pursuant to the authority granted to the Director (the "Director") of the Securities Division of the New Mexico Regulation and Licensing Department (the "Division"), under the New Mexico Uniform Securities Act (NMSA 1978, §§ 58-13C-101 through 58-13C-701) (the "Act") and the rules promulgated thereunder at 12.11.1 through 12.11.18 NMAC ("Rules"), 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 Stifel, Nicolaus & Company, Inc. ("Stifel" or "Respondent"), 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, the State of New Mexico concluded that Stifel charged unreasonable commissions on certain low principal equity transactions. Nationwide, between May 1, 2020 and April 30, 2025 ("Relevant Time Period"), Stifel charged unreasonable commissions on approximately 45,352 equity transactions totaling \$885,480.13. Stifel in full settlement of these matters neither admits

nor denies the Statement of Facts as set forth in Section III, and neither admits nor denies the Violations of Law set out in Section IV.

## **I. JURISDICTION**

1. The Director has jurisdiction pursuant to the Act and Rules.
2. This Order is entered in accordance with NMSA 1978, § 58-13C-604.
3. The acts and practices that are the subject of this Order occurred while Stifel was registered as a broker-dealer in New Mexico.

## **II. RESPONDENT**

4. Stifel is a broker-dealer registered in New Mexico with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority ("FINRA") CRD No. 793.

## **III. FINDINGS OF FACT**

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

5. During the Relevant Time Period, Stifel 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.
6. 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.
7. 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."

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

9. The Act and Rules prohibit Stifel from charging unreasonable commissions for services performed.

10. 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.

11. During the Relevant Time Period, Stifel executed 119 equity transactions in New Mexico, which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$2,253.28.

12. 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**

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

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

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

16. 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."

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

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

**IV. VIOLATIONS OR CONCLUSIONS OF LAW**

**Count I – FAILURE TO SUPERVISE, NMSA 1978, § 58-13C-412(C)(9)**

19. Respondents' acts and practices, as described above, constitute a violation of NMSA 1978, § 58-13C-412(C)(9).

**V. ORDER**

20. On the basis of the Findings of Fact, Conclusions of Law, and Stifel's consent to the entry of this Order, **IT IS HEREBY ORDERED:**

- A. Stifel shall permanently cease and desist from conduct in violation of NMSA 1978, § 58-13C-412(C)(9), as described herein;
- B. Stifel is censured by the Division;
- C. Stifel shall provide restitution in an amount of no less than \$2,253.28 representing 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 New Mexico 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 (60) days of execution of this Order;
- D. 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;

- E. 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 use by all participating jurisdictions. The Notice Letter shall be sent at least seven (7) days prior to the 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 New Mexico residents for whom Respondent receives a Notice Letter as returned to sender or otherwise undeliverable ("Undeliverable New Mexico Residents"). To the extent the Division has access to different address information, Stifel shall mail a second Notice Letter ("Second Notice Letter") to each Undeliverable New Mexico Resident within thirty (30) days of the Division's providing such different address;
- F. Within forty-five (45) days of mailing of the Notice Letter, Stifel shall prepare, and submit to the Director, a report detailing the restitution paid pursuant to the Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments;
- G. To the extent Stifel sends Second Notice Letters, within forty-five (45) days of mailing of the last-in-time Second Notice Letter, Stifel shall prepare, and submit to the Director, a supplemental report detailing the restitution paid pursuant to the Order to each Undeliverable New Mexico Resident that receives a Second Notice Letter, which shall include dates, amounts, and methods of the transfer of funds for all such restitution payments;
- H. Stifel shall pay an administrative fine in the amount of \$20,000.00 to the Division within fifteen (15) days following the date of entry of the Order. Payment shall be

made to the New Mexico Regulation and Licensing Department, Securities Division, 2550 Cerillos Road, Santa Fe, NM 87505. Payment must be made by certified check, bank cashier's check, United States postal money order, or wire. Payments must be accompanied by a cover letter identifying Stifel and the file number of these proceedings. A copy of the cover letter must be sent to Benjamin R. Schrope, Acting Director, Securities Division, 2550 Cerillos Road, Santa Fe, NM 87505 or by email to [benjamin.schrope@rld.nm.gov](mailto:benjamin.schrope@rld.nm.gov). 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 the Order;

- I. 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 the Order;
- J. 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 (365) days of the entry of the Order, Stifel shall provide written notice to the Division within five (5) days of the date of the petition.
- K. Any fine, penalty, and/or money that Stifel shall pay in accordance with the 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).
- L. Upon the issuance of 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 the Order declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Stifel 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 Stifel; and

- M. 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 Director.

#### **VI. WAIVER**

24. Stifel 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. Stifel further waives the procedural due process right to a hearing and any other procedural rights provided by the Act.

#### **VII. NO DISQUALIFICATION**

25. This Order waives any disqualification in the New Mexico 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. The Order is not intended to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive conduct. The 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. The 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. The 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 the Order, any acts performed or documents executed in furtherance of the 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.

26. 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.

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

**SIGNED AND ENTERED BY THE DIRECTOR** this 14th day of August, 2025.

Ben. R. Schroppe  
Benjamin R. Schroppe  
Acting Director

STIFEL, NICOLAUS & COMPANY, INC. by:

Signature: [Signature]

Print Name: Joseph C. Rosa, Esq.

Title: Deputy General Counsel

Dated: 8-13-25

