

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

IN THE MATTER OF:

STIFEL, NICOLAUS & COMPANY, INC.

Respondent.

**SETTLEMENT IN LIEU OF
CIVIL ENFORCEMENT ACTION
DFI Case No. S-251171 (LX)**

PRELIMINARY STATEMENT

Pursuant to the authority granted to the Administrator of the Wisconsin Division of Securities, under the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 and the regulations promulgated thereunder ("Securities Law"), and after investigation, careful review, and due consideration of the facts and statutory provisions set forth below, the Administrator hereby finds that there is good cause, and it is in the public interest to enter into a Settlement in Lieu of Civil Enforcement Action (the "Settlement") with Stifel, Nicolaus & Company, Inc. ("Stifel"), which hereby agrees to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Settlement. As the result of a coordinated investigation, Wisconsin 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 from May 1, 2020 to April 30, 2025 ("Relevant Time Period") totaling \$885,480.13. Stifel in full settlement of these matters neither admits nor denies the Findings of Fact as set forth in Section III, and neither admits nor denies the Violations of Law

set out in Section IV.

I. JURISDICTION

1. The Wisconsin Division of Securities (“Division”) has jurisdiction pursuant to the Securities Law.

2. This Settlement is entered in accordance with Wis. Stat. §§ 551.603 and 551.412(3) of the Securities Law and with Wis. Admin. Code § DFI-Sec 4.05(2).

3. The acts and practices that are the subject of this Settlement occurred while Stifel was registered as a broker-dealer in Wisconsin.

II. RESPONDENT

4. Stifel is a broker-dealer registered in Wisconsin 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 commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.

6. 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.

7. 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.

8. 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.”

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

10. The Securities Law prohibits Stifel from charging unreasonable commissions for services performed.

11. 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.

12. During the Relevant Time Period, Stifel executed 1,467 equity transactions in Wisconsin which included an unreasonable commission for services performed (i.e. in excess of 5% of the principal trade amount) totaling \$27,988.65.

13. 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.

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

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

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

17. 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."

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

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

IV. VIOLATIONS OF LAW

20. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

21. Pursuant to Wis. Admin. Code § DFI-Sec 4.05(2), it is a violation of the Securities Law for a registered broker-dealer firm to fail to establish and maintain a system to reasonably supervise its agents.

22. Stifel's acts and practices, as described above, constitute a violation of Wis. Admin. Code § DFI-Sec 4.05(2).

V. SETTLEMENT

23. On the basis of the Findings of Fact, Violations of Law, and Stifel's consent to the entry of this Settlement, **IT IS HEREBY AGREED:**

- A. Stifel shall permanently cease and desist from conduct in violation of Wis. Admin. Code DFI-Sec 4.05(2), as described herein;
- B. Stifel is censured by the Administrator of the Wisconsin Division of Securities;
- C. Stifel shall provide restitution in an amount of no less than \$27,988.65 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 Wisconsin 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 Settlement;

- 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 Wisconsin residents for whom Stifel receives a Notice Letter as returned to sender or otherwise undeliverable ("Undeliverable Wisconsin Residents"). To the extent the Division has access to different address information, Stifel shall mail a second Notice Letter to each Undeliverable Wisconsin Resident within thirty (30) days of the Division providing such different address;
- F. Within forty-five (45) days of mailing of the Notice Letter, Stifel shall prepare, and submit to the Division, a report detailing the restitution paid pursuant to this Settlement, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments;

- G. Stifel shall pay the amount of \$20,000 to the Wisconsin Department of Financial Institutions – Division of Securities within fifteen (15) days following the date of entry of this Settlement. Payment shall be made by wire transfer made payable to the Wisconsin Department of Financial Institutions with a cover letter identifying the Respondent, including its tax identification number, as well as the file number of these proceedings, sent to Kip Zellmer, Budget & Policy Manager, Division of Administrative Services & Technology at the Wisconsin Department of Financial Institutions, and Leslie Van Buskirk, Administrator of the Division of Securities at the following email addresses: kip.zellmer1@dfi.wisconsin.gov and leslie.vanbuskirk@dfi.wisconsin.gov. They will provide the wire instructions when needed;
- H. 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 this Settlement;
- 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 this Settlement;
- 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 this Settlement, Stifel shall provide written notice to the Division within five (5) days of the date of the petition.

- K. Any money that Stifel shall pay in accordance with this Settlement 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 Settlement by the Division, if Stifel fails to materially comply with any of the terms set forth in this Settlement, the Division may institute an action to have this Settlement declared null and void. Additionally, after a fair hearing and the issuance of an order finding that Stifel has not complied with this Settlement, the Division may move to have this Settlement 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 Division.

VI. WAIVER

24. Stifel hereby waives all rights to contest an Settlement entered by the Division pursuant to this offer, including, but not limited to, (A) the right to contest whether this Settlement is fair, reasonable, and/or in the public interest, (B) the right to contest this Settlement's findings of fact, and (C) the right to contest this Settlement's conclusions of law. Stifel further waives the procedural due process right to a hearing and any other procedural rights provided by the Securities Law.

VII. NO DISQUALIFICATION

25. This Settlement waives any disqualification in Wisconsin's 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. This Settlement is not intended to be a final order based upon violations of the Securities Law that prohibit fraudulent, manipulative, or deceptive conduct. This Settlement 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 Settlement 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 Settlement is not intended to form a basis of a disqualification under Section 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 Settlement, any acts performed or documents executed in furtherance of this Settlement: (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 Settlement 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 Settlement and any dispute related thereto shall be construed and enforced in accordance with, and governed by, the laws of Wisconsin without regard to any choice of law principles.

SIGNED AND ENTERED BY THE ADMINISTRATOR OF THE WISCONSIN DIVISION OF SECURITIES this 22nd day of December, 2025.

By: Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator



STIFEL, NICOLAUS & COMPANY, INC. by:

Signature: _____

Print Name: _____

Title: _____

Dated: _____

Exhibit A

**Filed Under
Seal**



State of Wisconsin
Department of Financial Institutions

Tony Evers, Governor

Wendy K. Baumann, Secretary-designee

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

- 1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Stifel, Nicolaus & Company, Inc. at their last known address of 501 N Broadway, St. Louis, MO 63102:
i. A copy of the Settlement in Lieu of Civil Enforcement Action; DFI Case No. S-251171 (LX); and
ii. A copy of this Affidavit of Service.
3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

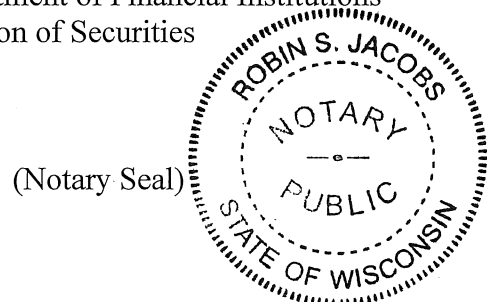
I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me
This 23rd day of December 2025.

Rai Jacobs
Notary Public, State of Wisconsin



My commission is permanent.