

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

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IN THE MATTER OF:

LPL FINANCIAL LLC – RETAIL  
MINIMUM COMMISSIONS

SETTLEMENT IN LIEU OF  
CIVIL ENFORCEMENT  
ACTION

DFI Case No. S-251173 (LX)

RESPONDENT.

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**I. PRELIMINARY STATEMENT**

LPL Financial LLC (“LPL”) submits this Settlement in Lieu of Civil Enforcement Action (“Settlement”) with respect to the above captioned investigation by the Wisconsin Department of Financial Institutions, Division of Securities (the “[Division]”) into whether LPL engaged in acts or practices that violated the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (the “Act”), and the regulations promulgated thereunder at the Wisconsin Administrative Code, Chapter DFI-Sec 4 (the “Regulations”). As the result of a coordinated investigation, 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 \$2,486,739.20 which included 2,430 accounts of residents of Wisconsin who were charged commissions in excess of 5% totaling \$86,040.81.

This Settlement 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 If this Settlement is not accepted by the Division, the Settlement is withdrawn and shall not be used in or become part of any proceeding. If the Settlement 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 Settlement by the Division thereby settling the above-captioned matter with prejudice. This Settlement 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 provision of the Act.

## **II. JURISDICTION**

1. The Division has jurisdiction over matters relating to securities pursuant to the Act and the rules and orders promulgated thereunder.
2. This Settlement is made in accordance with the Wis. Stat. §§ 551.603 and 551.412(3) of the Act and with Wis. Admin. Code § DFI-Sec. 4.05(2).
3. The acts and practices that are the subject of the Division's investigations occurred while LPL was registered as broker-dealer in Wisconsin.

## **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 Financial LLC (“LPL”) is a broker-dealer registered in Wisconsin with a main address of 1055 LPL Way, Fort Mill, South Carolina. LPL is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 6413. As of February 11, 2026, LPL maintains 647 branch offices in Wisconsin.

#### 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 Regulations 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 Wisconsin, LPL executed approximately 4,363 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 \$86,040.81.
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**

19. The Wis. Admin. Code § DFI-Sec 4.05(2) requires that a broker-dealer firm establish and maintain written supervisory procedures and a system for applying such procedures to

prevent and detect any violations of the Act and Regulations thereunder.

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

## **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 Settlement:

- A. LPL agrees to permanently cease and desist from conduct in violation of Wis. Admin. Code § DFI-Sec 4.05(2);
- B. LPL agrees to be censured by the Division;
- C. LPL agrees to provide restitution in an amount of no less than \$86,040.81 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 Wisconsin 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 Settlement undertaken pursuant to this Settlement;
  - 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 Wisconsin residents for whom LPL receives a Notice as returned to sender ("Undeliverable Wisconsin Residents"). To the extent the Division has access to different address information, LPL shall send a second Notice to each Wisconsin 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 Settlement, 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. In lieu of commencing civil enforcement actions under Wis. Stat. § 551.603 relating to the matters set forth in this Settlement, the Division agrees to accept and LPL undertakes and agrees to pay \$20,000 to Wisconsin 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](mailto:kip.zellmer1@dfi.wisconsin.gov) and [Leslie.vanbuskirk@dfi.wisconsin.gov](mailto:Leslie.vanbuskirk@dfi.wisconsin.gov). They will

provide the wire instructions when needed.

- 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 Settlement 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 Settlement;
- H. 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 Settlement, LPL agrees to provide written notice to the Division within five (5) days of the date of the petition.

- I. LPL agrees that any money LPL shall pay in accordance with this Settlement 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 a Settlement 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 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 LPL has not complied with the Settlement, the Division may move to have the Settlement 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 a Settlement entered by the Division pursuant to this Settlement, including, but not limited to, (A) the right to contest whether the Settlement is fair, reasonable, and/or in the public interest, (B) the right to contest the Settlement's findings of fact, and (C) the right to contest the Settlement's conclusions of law. LPL further waives the procedural due process right to a hearing, all procedural rights provided by § 551.603 of the Act, and the right to seek judicial review of the Settlement under § 551.609 of the Act or other applicable law.

## **IX. NO DISQUALIFICATION**

An executed Settlement issued pursuant to this Settlement waives any disqualification in the laws of Wisconsin, 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 Settlement is not intended to be a final order based upon violations of the Act 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 LPL in any civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or tribunal.

LPL FINANCIAL LLC by:

Signature: Michael K. Freedman

Print Name: Michael K. Freedman

Title: ESP, Deputy General Counsel

Dated: 2.17.26

EXECUTED at Madison, Wisconsin, this 18<sup>th</sup> day of February, 2026.



Leslie M. Van Buskirk

Leslie M. Van Buskirk  
Administrator

Department of Financial Institutions  
482 Washington Way, 4th Floor  
Madison, Wisconsin 53705

**Exhibit A**

**Filed Under  
Seal**



State of Wisconsin
Department of Financial Institutions

Tony Evers, Governor

Wendy K. Baumann, Secretary-designee

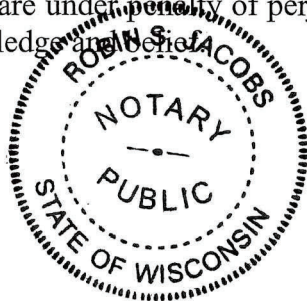
AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

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 email upon Attorney Dana N. Bach at Morgan, Lewis & Bockius LLP at dana.bach@morganlewis.com:
i. A copy of the Settlement in lieu of Civil Enforcement Action; DFI Case No. S-251173 (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 19th day of Feb, 2026.

Ravi Juss

(Notary Seal)

Notary Public, State of Wisconsin
My commission is permanent.