

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. S-25-0038

EDWARD D. JONES & CO., L.P.,

Respondent.

FINAL ORDER TO CEASE AND
DESIST, FINAL ORDER TO
CENSURE, FINAL ORDER
ASSESSING RESTITUTION, FINAL
ORDER ASSESSING CIVIL
PENALTY, AND CONSENT TO
ENTRY OF ORDER

PRELIMINARY STATEMENT

The Division of Financial Regulation (the “Division”), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), conducted an investigation of Edward D. Jones & Co., L.P. (“Edward Jones” or “Respondent”). The Division determined that Edward Jones violated provisions of Oregon Revised Statutes (“ORS”) chapter 59 (“Securities Law”) and the Oregon Administrative Rules (“OAR”) promulgated under those laws. As the result of a coordinated investigation, the Division concluded that Edward Jones charged unreasonable commissions on certain small principal equity transactions. Nationwide, Edward Jones charged unreasonable commissions on approximately 781,240 equity transactions from May 1, 2020 to April 30, 2025 (the “Relevant Time Period”) totaling \$11,287,504. Edward Jones, 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 Conclusions of Law set out in Section IV.

Edward Jones wishes to resolve any and all issues in controversy regarding the specific conduct described herein on the terms set forth in this Order and settle this matter with the Director.

1 Now, therefore, as evidenced by the signatures subscribed herein, Edward Jones hereby
2 consents to entry of this order.

3 **I. JURISDICTION**

4 1. The Division has jurisdiction pursuant to ORS 59.235.

5 2. This Order is made in accordance with ORS 59.295, ORS 183.417(3), and ORS
6 183.745(11).

7 3. The acts and practices that are the subject of this Order occurred while Edward
8 Jones was registered as a broker-dealer in Oregon.

9 **II. RESPONDENT**

10 4. Edward D. Jones & Co., L.P. is a broker-dealer registered in Oregon with a main
11 address of 12555 Manchester Road, St. Louis, Missouri 63131. Edward Jones is identified by
12 Financial Industry Regulatory Authority ("FINRA") CRD No. 250.

13 **III. FINDINGS OF FACT**

14 The Director FINDS that:

15 **A. Edward Jones's Minimum Commission Practices for Certain Equity**
16 **Transactions Failed to Ensure Transactions Were Executed at a Fair and**
Reasonable Price

17 5. During the Relevant Time Period, Edward Jones charged unreasonable
18 commissions to thousands of retail brokerage customers on certain equity transactions.

19 6. During a portion of the Relevant Time Period, Edward Jones charged a minimum
20 fixed commission of \$50 on certain equity transactions (the "Minimum Equity Commission").

21 7. The Act and Regulations prohibit Edward Jones from charging unreasonable
22 commissions for services performed.

1 8. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline of
2 five percent for determining whether a commission is unfair or unreasonable. However, the “5%
3 Policy” is a guide, not a rule. A commission pattern of five percent or even less may be considered
4 unfair or unreasonable.

5 9. During the Relevant Time Period, Edward Jones executed 14,048 equity
6 transactions in Oregon which included an unreasonable commission for services performed (i.e.,
7 in excess of 5% of the principal trade amount), totaling \$203,494.79.

8 10. Numerous equity transactions executed by Edward Jones included a commission
9 well in excess of 5% of the principal value of the transaction.

10 **B. Edward Jones Did Not Reasonably Supervise Transactions Which Applied the**
11 **Minimum Equity Commission**

12 11. Edward Jones did not reasonably supervise transactions that included the Minimum
13 Equity Commission charge to ensure that Edward Jones charged its customers a reasonable
14 commission.

15 12. Edward Jones’s policies and procedures contemplated review of commissions as
16 part of normal supervisory review processes.

17 13. Edward Jones’s policies and procedures also contemplated a quarterly review of
18 data related to small principal transactions that could result in excessive commissions.

19 14. Supervisors were permitted to make adjustments to ensure that commissions were
20 reasonable.

21 15. Despite these systems, Edward Jones’s surveillance policies failed to reasonably
22 detect and correct unreasonable commission charges, specifically as it relates to the Minimum
Equity Commission.

1 to May 19, 2025. Edward Jones shall provide restitution within one hundred eighty (180) days of
2 execution of this Order.

3 23. Restitution shall be in the form of a dollar credit to current customer accounts or a
4 check for all former customers.

5 24. Edward Jones shall provide a notice of restitution to customers on terms not
6 unacceptable to Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the
7 “Multi-state Group”) (“Notice Letter”) for use by all participating jurisdictions. The Notice Letters
8 shall be sent at least seven (7) days prior to the distribution of any restitution. Within forty-five
9 (45) days of the mailing of the Notice Letter, Edward Jones shall provide the Division with a list
10 of all Oregon residents for whom Edward Jones receives a Notice Letter as returned to sender or
11 otherwise undeliverable. To the extent the Division has access to different address information,
12 Edward Jones shall mail a second Notice Letter to each Oregon resident within thirty (30) days of
13 the Division providing such different address.

14 25. Within forty-five (45) days of completion of distribution of restitution, Edward
15 Jones shall prepare, and submit to the Division, a report detailing the restitution paid pursuant to
16 the Order, which shall include dates, amounts, and methods of the transfer of funds for all
17 restitution payments.

18 *Final Order Assessing Civil Penalties*

19 26. Edward Jones shall pay civil penalties in the amount of \$100,000 to the Division
20 within fifteen (15) days following the date of entry of the Order. Payment shall be by check,

1 certified check, or cashier's check, made payable to the Department of Consumer and Business
2 Services, in accordance with the instructions contained in an invoice the Division will provide.

3 27. Edward Jones agrees that an employee not unacceptable to the Multi-State Group
4 shall certify in writing to the Division within sixty (60) days of the date of entry of the Order that
5 Edward Jones's policies and procedures have been changed and enhanced to ensure that all
6 commissions are fair and reasonable. At a minimum, Edward Jones shall certify that its policies
7 and procedures include the following:

- 8 A. Compliance systems to prevent the imposition of unreasonable or unfair
9 commissions;
- 10 B. Operational changes designed to ensure that, regardless of the principal amount
11 of a transaction, commissions will not exceed 5%, in the absence of a
12 documented exception;
- 13 C. Incorporation of all transactions, regardless of the principal amount of the
14 transaction, into any systems used to identify and review potentially excessive
15 commissions; and
- 16 D. Revisions to its policies and procedures sufficient to ensure the adequate
17 implementation of the above.

18 28. Edward Jones shall not claim, assert, or apply for a tax deduction or tax credit with
19 regard to any state, federal or local tax for any amounts that Edward Jones shall pay pursuant to
20 the Order.

21 29. Edward Jones shall not seek or accept, directly or indirectly, reimbursement or
22 indemnification, including, but not limited to, any payments made pursuant to any insurance
23 policy, with regard to any amount that Edward Jones shall pay pursuant to the Order.

31. Any fine, penalty, and/or money that Edward Jones shall pay in accordance with the Order is intended by Edward Jones and the Division to be a contemporaneous exchange for new value given to Edward Jones 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).

32. If Edward Jones 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 Edward Jones 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 Edward Jones.

33. For good cause shown, the Division may extend any of the procedural dates set forth above. Edward Jones shall make any requests for extensions of the procedural dates set forth above in writing to the Division.

VI. WAIVER

34. Edward Jones 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. Edward Jones further waives the procedural due process right to a hearing and any other procedural rights provided by the Securities Law.

1 **VII. NO DISQUALIFICATION**

2 35. This Order waives any disqualification in the Securities Law, or rules or regulations
3 thereunder, including any disqualification from relying upon the registration exemptions or safe
4 harbor provisions to which Edward Jones may be subject. The Order is not intended to be a final
5 order based upon violations of the Securities Law that prohibit fraudulent, manipulative, or
6 deceptive conduct. The Order is not intended to form the basis of any disqualifications under
7 Section 3(a)(39) of the Securities Exchange Act of 1934; or Rules 504(b)(3) and 506(d)(1) of
8 Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of Regulation CF under the Securities
9 Act of 1933. The Order is not intended to form the basis of disqualification under the FINRA rules
10 prohibiting continuance in membership absent the filing of a MC-400A application or
11 disqualification under SRO rules prohibiting continuance in membership. The Order is not
12 intended to form a basis of a disqualification under 204(a)(2) of the Uniform Securities Act of
13 1956 or Section 412(d) of the Uniform Securities Act of 2002. Except in an action by the Division
14 to enforce the obligations of the Order, any acts performed or documents executed in furtherance
15 of the Order: (a) may not be deemed or used as an admission of, or evidence of, the validity of any
16 alleged wrongdoing, liability, or lack of any wrongdoing or liability; or (b) may not be deemed or
17 used as an admission of; or evidence of, any such alleged fault or omission of Edward Jones in any
18 civil, criminal, arbitration, or administrative proceeding in any court, administrative agency, or
19 tribunal.

20 36. This Order shall be binding upon Edward Jones and its successors and assigns, as
21 well as to successors and assigns of relevant affiliates, with respect to all conduct subject to the
22 provisions above.

1 37. This Order and any dispute related thereto shall be construed and enforced in
2 accordance with, and governed by, the laws of Oregon without regard to any choice of law
3 principles.

4 **VIII. FINAL ORDER**

5 38. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that provision,
6 entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may
7 be available to the Division under Oregon law to enforce this Order, for violations of this Order,
8 for conduct or actions of Respondent that are not covered by this Order, or against any party not
9 covered by this Order.

10 IT IS SO ORDERED.

11 Dated this 4th day of September, 2025.

12 SEAN O’DAY, Interim Director
13 Department of Consumer and Business Services

14
15 /s/ Dorothy Bean
16 _____
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

CONSENT TO ENTRY OF ORDER

I, Keir Gumbs, state that I hold the title of Chief Legal Officer and I am an authorized representative of Edward D. Jones & Co., L.P. ("Edward Jones") with the authority to sign this Consent Order. I have read the foregoing Consent Order and I fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Edward Jones has been represented by counsel in this matter. Edward Jones voluntarily consents to the entry of this Consent Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this order. Edward Jones understands that this is a "Final Order" under ORS 183.310(6)(b). Edward Jones understands that the Director reserves the right to take further action to enforce this Order or to take appropriate action upon discovery that it has committed other violations of the Oregon Securities Law. Edward Jones will fully comply with the terms and conditions stated herein. Edward Jones understands that this Order is a public document.

Signature: /s/ Keir Gumbs

Name: Keir Gumbs

Title: Chief Legal Officer

State of Missouri

County of St. Louis

Signed or attested before me on this 3rd day of September, 2025

by Stephenie Chitwood.

/s/ Stephenie Chitwood

Notary Public

My Commission Expires 2/16/2027