

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

In the Matter of:

Case No. S-25-0035

RBC CAPITAL MARKETS, LLC,

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

I. 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 RBC Capital Markets, LLC (“RBC” or “Respondent”). The Division determined that Respondent 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 led by six jurisdictions, including Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the “Multi-State Group”), the Division concluded that Respondent charged unreasonable commissions to retail customers in excess of five percent (5%) of the principal amount on certain small principal equity transactions. Nationwide, Respondent charged a commission in excess of 5% of the principal amount on approximately 89,900 equity transactions totaling approximately \$3,400,000 over a five-year period from May 16, 2020 to May 16, 2025 (the “Relevant Time Period”), which included 2,745 residents of Oregon who were charged commissions in excess of 5% totaling \$105,309.85.

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.

1 If this Order is not accepted by the Division, the Order is withdrawn and shall not be used in or
2 become part of any proceeding. If the Order is accepted, it will conclude the Division's
3 investigation and any civil or administrative action that could be commenced pursuant to the Act
4 for the violations resolved herein during the Relevant Time Period, solely as it relates to
5 Respondent. This includes any investigations and any civil or administrative actions that could be
6 commenced relating to the charging of minimum commissions in connection with trades in any
7 security or product type, not limited to equity securities.

8 Respondent neither admits nor denies the findings of facts and the conclusions of law set
9 forth below and agrees to the representations and undertakings contained herein.

10 Respondent wishes to resolve any and all issues in controversy regarding the specific
11 conduct described herein on the terms set forth in this Consent Order ("Order") and settle this
12 matter with the Director with prejudice.

13 Now, therefore, as evidenced by the signatures subscribed herein, Respondent hereby
14 consents to entry of this Order.

15 **II. JURISDICTION**

- 16 1. The Division has jurisdiction pursuant to ORS 59.235.
- 17 2. This Order is made in accordance with ORS 59.295, ORS 183.417(3), and ORS
18 183.745(11).
- 19 3. The acts and practices that are the subject of the Multi-State Group's investigation
20 occurred while Respondent was registered as a broker-dealer in Oregon.

21 **III. RELEVANT TIME PERIOD**

- 22 4. Except as otherwise expressly stated, the conduct described herein occurred during
23 the time period of May 16, 2020 to May 16, 2025 (the "Relevant Time Period").

1 **IV. RESPONDENT**

2 5. Respondent RBC Capital Markets, LLC is a broker-dealer registered in Oregon
3 with a main address of 3 World Financial Center, 200 Vesey Street, New York, New York 10281.
4 Respondent is identified by Financial Industry Regulatory Authority ("FINRA") CRD No. 31194.
5 Respondent maintains four branch offices in Oregon.

6 **V. FINDINGS OF FACT**

7 The Director FINDS that:

8 **A. Respondent's Minimum Commission Practices for Equity Transactions Failed to**
9 **Ensure Transactions Were Executed at a Fair and Reasonable Price**

10 6. During the Relevant Time Period, Respondent charged unreasonable commissions
11 in excess of 5% of the principal amount to retail brokerage customers on certain equity
12 transactions.

13 7. Respondent charged a minimum fixed commission on exchange traded equity
14 transactions.

15 8. For all equity transactions executed during the Relevant Time Period, Respondent
16 generally charged retail brokerage customers between 0.5% to 4.0% of the principal amount of the
17 trade.

18 9. Respondent generally charged a minimum commission of \$95 for equity buy and
19 sell transactions (the "Minimum Equity Commission").

20 10. Certain small equity sell transactions resulted in a minimum commission below
21 \$95.

22 11. Respondent's policies and procedures note that its commission schedule was
23 designed so that the majority of equity transactions would result in a commission of less than 5%

1 of the principal amount of the transaction.

2 12. However, Respondent's policies and procedures exempted transactions where the
3 commission exceeded 5% of the principal amount if the commission charged was less than the
4 Minimum Equity Commission.

5 13. The Oregon Securities Law and the Regulations prohibits Respondent from
6 charging unreasonable commissions for services performed.

7 14. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) provides a guideline
8 of five percent for determining whether a commission is unfair or unreasonable. However, the "5%
9 Policy" is a guide, not a rule. A commission pattern of five percent or even less may be considered
10 unfair or unreasonable.

11 15. In Oregon, Respondent executed 2,745 equity transactions which included an
12 unreasonable commission for services performed (i.e. in excess of 5% of the principal trade
13 amount) totaling \$105,309.85.

14 16. Numerous equity transactions executed by Respondent included a commission well
15 in excess of 5% of the principal value of the transaction.

16 **B. Respondent Did Not Reasonably Supervise Transactions Which Applied the**
17 **Minimum Equity Commission**

18 17. Respondent did not reasonably supervise certain transactions, which included a
19 Minimum Equity Commission charge to ensure that Respondent charged its customers a
20 reasonable commission.

21 18. Respondent's trade review system was not set to flag transactions where the
22 commission exceeded 5% of the principal amount if the commission charged was less than the
23 Minimum Equity Commission.

1 19. Respondent did not have in place surveillance sufficient to supervise small principal
2 equity transactions where the Minimum Equity Commission was in excess of 5%.

3 20. Respondent's surveillance system excluded transactions which applied the
4 Minimum Equity Commission from reviews.

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

7 **C. Respondent Self-Reported to FINRA and Remediated Its Systems**

8 22. On March 23, 2023, Respondent filed a Form 4530 disclosure with FINRA
9 voluntarily reporting that it had identified certain equity transactions where the Minimum Equity
10 Commission had been charged resulting in commissions that exceeded 5% of the principal amount.

11 23. Respondent updated its commission schedule and adjusted the parameters of its
12 trade review system to flag any commissions that exceed 5% of the principal amount. Respondent
13 has also updated its policies and procedures accordingly.

14 **VI. CONCLUSIONS OF LAW**

15 The Director CONCLUDES that:

16 24. Under ORS 59.205(13), the Division "may by order deny, suspend or revoke, or
17 impose conditions or restrictions on, a license of a person as a broker-dealer...if the director finds
18 that the applicant or licensee . . .has failed, reasonably to supervise the salespersons or investment
19 adviser representatives of the applicant or licensee."

20 25. Under OAR 441-205-0210(1), "Every broker-dealer shall exercise diligent
21 supervision over the securities activities of all of his associated persons."

22 26. Respondent's acts and practices, as described above, constitute a violation of ORS
23 59.205(2) and OAR 441-205-0210(1).

1 **VII. ORDERS**

2 27. Respondent in full settlement of these matters neither admits nor denies the
3 Findings of Facts, and neither admits nor denies the Conclusions of Law, makes the following
4 representations, and agrees to the undertakings herein as part of the Order.

5 The Director issues the following ORDERS:

6 *Final Order to Cease and Desist*

7 28. Respondent agrees to permanently cease and desist from conduct described herein
8 in violation of the Oregon Securities Law and the Regulations in Oregon.

9 *Final Order to Censure*

10 29. Respondent agrees to be censured by the Division.

11 *Final Order for Restitution*

12 30. Respondent agrees to provide restitution in an amount of no less than \$105,309.85
13 providing the amount of the commission on certain small principal equity transactions that
14 exceeded five percent 5% of the principal trade amount during the Relevant Time Period to the
15 affected Oregon customers identified in the multistate investigation, plus interest in the amount of
16 6% compounded annually from the date of the transaction to the end of the Relevant Time Period.
17 Respondent agrees to provide restitution within one hundred and twenty (120) days of execution
18 of the order.

19 31. Respondent agrees that restitution shall be in the form of a dollar credit to current
20 customer accounts, or a bank check for all former customers or current customers who are entitled
21 to restitution as a result of transactions involving an individual retirement account.

22 32. Respondent agrees to provide a notice of restitution to customers on terms not
23 unacceptable to the Multi-State Group ("Notice"). The Notice shall be sent prior to or with the

1 distribution of any restitution. Within forty-five (45) days of the date of this Order Respondent
2 shall provide the Division with a list of all Oregon residents for whom Respondent receives a
3 Notice as returned to sender ("Undeliverable Oregon Residents"). To the extent the Division has
4 access to different address information, Respondent shall mail a second Notice to each Oregon
5 resident within thirty (30) days of the Division providing such different address.

6 33. Respondent agrees to, within forty-five (45) days of the date of this Order, submit
7 to the Division, a report detailing the restitution paid pursuant to the Order, which shall include:

8 A. Identification of all restitution payments; and

9 B. Dates, amounts, and methods of the transfer of funds for all restitution
10 payments.

11 *Final Order Assessing Civil Penalties*

12 34. Respondent agrees to pay a civil penalty in the amount of \$20,000 to the Division
13 within fifteen (15) days following the date of entry of this Order. Payment shall be: (1) made by
14 check; (2) made payable to the Department of Consumer and Business Services; (3) either hand-
15 delivered or mailed to: Department of Consumer and Business Services, Division of Financial
16 Regulation, 350 Winter Street NE, Room 410, Salem, Oregon 97301-3879; and (4) submitted
17 under cover letter or other documentation that identifies payment by Respondent and the docket
18 number of the proceeding, and shall include a copy of the payment invoice provided by the
19 Division.

20 35. Respondent agrees that a person not unacceptable to the Multi-State Group has
21 certified in writing to the Division that Respondent has undertaken the following:

22 A. Updated its commission schedule to reflect that commissions generally do not
23 exceed 5% of the principal amount;

1 B. Adjusted the parameters of its trade review system to flag any commissions that
2 exceed 5% of the principal amount; and

3 C. Amended its policies and procedures to reflect and incorporate these changes.

4 36. Respondent agrees not to seek or accept, directly or indirectly, reimbursement or
5 indemnification, including, but not limited to, any payments made pursuant to any insurance
6 policy, with regard to any amount that Respondent shall pay pursuant to this Order.

7 37. If Respondent is the subject of a voluntary or involuntary bankruptcy petition under
8 Title 11 of the United States Code within three hundred sixty-five (365) days of the entry of this
9 Order, Respondent agrees to provide written notice to the Division within five (5) days of the date
10 of the petition.

11 38. Respondent agrees that any fine, penalty, and/or money that Respondent shall pay
12 in accordance with this Order is intended by Respondent and the Division to be a contemporaneous
13 exchange for new value given to Respondent pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact,
14 a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

15 39. Respondent agrees that, upon the issuance of an Order by the Division that contains
16 the terms as set forth above, if Respondent fails to comply with any of the terms set forth in the
17 Order, the Division may institute an action to have this Order declared null and void. Additionally,
18 after a fair hearing and the issuance of an order finding that Respondent has not complied with the
19 Order, the Division may move to have the Order declared null and void, in whole or in part, and
20 re-institute the associated proceeding that had been brought against Respondent.

21 40. For good cause shown, the Division may extend any of the procedural dates set
22 forth above. Respondent shall make any requests for extensions of the procedural dates set forth
23 above in writing to the Division.

1 **VIII. WAIVER**

2 41. Respondent hereby waives all rights to contest an Order entered by the Division
3 pursuant to this Order, including, but not limited to, (A) the right to contest whether the Order is
4 fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact,
5 and (C) the right to contest the Order's conclusions of law. Respondent further waives the
6 procedural due process right to a hearing, all procedural rights provided by ORS 59.295, and the
7 right to seek judicial review of the Order under ORS 59.305 and under ORS 183.480.

8 **IX. NO DISQUALIFICATION**

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

43. This Order shall be binding upon Respondent 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.

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

X. FINAL ORDER

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

IT IS SO ORDERED.

Dated this 20th day of November, 2025.

SEAN O'DAY, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

CONSENT TO ENTRY OF ORDER

I, Sean O'Connor, state that I hold the title of Chief Compliance Officer and I am an authorized representative of RBC Capital Markets, LLC ("RBC") 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. RBC has been represented by counsel in this matter. RBC 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. RBC understands that this is a "Final Order" under ORS 183.310(6)(b). RBC 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. RBC will fully comply with the terms and conditions stated herein. RBC understands that this Order is a public document.

Signature: /s/ Sean O'Connor
Name: Sean O'Connor
Title: Chief Compliance Officer-USWM

State of NJ

County of Morris

Signed or attested before me on this 20 day of November, 2025

by Sean O'Connor.

/s/ Francine L. Lacouture

Notary Public

My Commission Expires _____