

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

In the Matter of:

Case No. S-25-0037

STIFEL, NICOLAUS & COMPANY, INC.

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 Stifel, Nicolaus & Company, Inc. (“Stifel” or “Respondent”). The Division determined that Stifel 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 seven jurisdictions, including Massachusetts, Montana, Missouri, Alabama, Washington, Texas, and Iowa (the “Multi-State Group”), the Division concluded that Stifel charged unreasonable commissions to retail customers in excess of five percent (5%) of the principal amount on certain small principal equity transactions. Nationwide, Stifel charged a commission in excess of 5% on approximately 45,352 equity transactions totaling \$885,480.13 over a five-year period, which included 477 transactions by residents of Oregon who were charged commissions in excess of 5% totaling \$9,752.36.

Stifel neither admits nor denies the findings of fact and the conclusions of law set forth below, and agrees to the representations and undertakings contained herein.

Stifel wishes to resolve any and all issues in controversy regarding the specific conduct

described herein on the terms set forth in this Consent Order (“Order”) and settle this matter with the Director.

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

## **II. JURISDICTION**

1. The Division has jurisdiction pursuant to ORS 59.235.

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

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

## **III. RELEVANT TIME PERIOD**

4. Except as otherwise expressly stated, the conduct described herein occurred during the approximate time period of May 1, 2020 to April 30, 2025 (the “Relevant Time Period”).

## **IV. RESPONDENT**

5. Stifel, Nicolaus & Company, Inc. (“Stifel”) is a broker-dealer registered in Oregon with a main address of 501 North Broadway, St. Louis, Missouri. Stifel is identified by Financial Industry Regulatory Authority (“FINRA”) CRD No. 793.

## **V. FINDINGS OF FACTS**

The Director FINDS that:

### **A. Stifel’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, Stifel charged unreasonable commissions to thousands of retail brokerage customers on equity transactions in low principal amount transactions.

1           7.       During the Relevant Time Period, Stifel charged a minimum commission of \$40  
2 for certain equity buy and sell transactions (the “Minimum Equity Commission”) plus a \$5.00  
3 transaction fee applied to secondary transactions.

4           8.       Stifel’s fee schedule notes that the maximum commission shall not exceed 5% of  
5 the principal unless the commission amount is less than \$40.00.

6           9.       Stifel’s policies and procedures noted that it should generally charge commissions  
7 less than 5% of the principal value of the transaction, “taking into consideration the relevant  
8 circumstances, including market conditions, the expense involved in executing the order and the  
9 value of any service rendered.”

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

12          11.      The Securities Law and regulations prohibit Stifel from charging unreasonable  
13 commissions for services performed.

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

18          13.      During the Relevant Time Period, Stifel executed 477 equity transactions in  
19 Oregon, which included an unreasonable commission for services performed (i.e. in excess of 5%  
20 of the principal trade amount) totaling \$9,752.36.

21          14.      Numerous equity transactions executed by Stifel included a commission well in  
22 excess of 5% of the principal value of the transaction.

1           **B.     Stifel Did Not Reasonably Supervise Transactions Which Applied the**  
2                           **Minimum Equity Commission**

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

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

7           17.     However, Stifel’s policies and procedures provided that “a transaction which  
8 involves a small amount of money may warrant a higher percentage sales credit to cover the value  
9 of services rendered.”

10          18.     Stifel’s surveillance policies failed to reasonably detect and correct unreasonable  
11 commission charges.

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

14                           **VI.     CONCLUSIONS OF LAW**

15          The Director CONCLUDES that:

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

18          21.     Pursuant to ORS 59.205(13) and OAR 441-205-0210(1), it is a violation of the  
19 Securities Law for a registered broker-dealer firm to fail to establish and maintain a system to  
20 reasonably supervise its agents.

21          22.     Stifel’s acts and practices, as described above, constitute a violation of ORS  
22 59.205(13) and OAR 441-205-0210(1).

23          ///

///

1 **VII. ORDERS**

2 The Director issues the following ORDERS:

3 *Final Order to Cease and Desist*

4 23. Stifel is ordered to permanently cease and desist from conduct in violation of in  
5 violation of ORS 59.205(13) and OAR 441-205-0210(1), as described herein.

6 *Final Order to Censure*

7 24. Stifel is censured by the Division.

8 *Final Order for Restitution*

9 25. Stifel shall provide restitution in an amount of no less than \$9,752.36 representing  
10 the portion of the commission on certain low principal equity transactions that exceeded 5% of the  
11 principal trade amount during the Relevant Time Period to the affected Oregon customers set forth  
12 in Exhibit A, plus interest in the amount of 6% from the date of the transaction to May 21, 2025.  
13 Stifel shall provide restitution within one hundred twenty (120) days of execution of this Order.

14 26. Restitution shall be in the form of a dollar credit to current customer accounts, or a  
15 check for all former customers or current customers who are entitled to restitution as a result of  
16 transactions involving an individual retirement account.

17 27. Stifel shall provide a notice of restitution to customers on terms not unacceptable  
18 to the Multi-State Group ("Notice Letter") for use by all participating jurisdictions. The Notice  
19 Letter shall be sent prior to or with the distribution of any restitution. Within forty-five (45) days  
20 of the mailing of the Notice Letter, Stifel shall provide the Division with a list of all Oregon  
21 residents for whom Respondent receives a Notice Letter as returned to sender or otherwise  
22 undeliverable ("Undeliverable Oregon Residents"). To the extent the Division has access to  
23 different address information, Stifel shall mail a second Notice Letter to each Undeliverable

Oregon Resident within thirty (30) days of the Division providing such different address.

28. 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 the Order, which shall include dates, amounts, and methods of the transfer of funds for all restitution payments.

*Final Order Assessing Civil Penalties*

29. Stifel shall pay a civil penalty in the amount of \$20,000 to the Division within fifteen (15) days following the date of entry of the Order. Payment shall be made by check payable to the Department of Consumer and Business Services, either hand-delivered or mailed to: Department of Consumer and Business Services, Division of Financial Regulation, 350 Winter Street NE, Room 410, Salem, Oregon 97301-3879. Payment shall be submitted pursuant to the instructions of the payment invoice provided by the Division.

30. 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.

31. 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.

32. 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.

33. 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).

34. 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.

35. 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.

## VIII. WAIVER

36. 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 Securities Law or the Oregon Administrative Procedures Act.

## IX. NO DISQUALIFICATION

37. This Order waives any disqualification in the Oregon 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 Securities Law 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.

38. 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.

39. 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**

40. 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.



1 IT IS SO ORDERED.

2 Dated this 3rd day of September, 2025.

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

5  
6 /s/ Dorothy Bean  
7 Dorothy Bean, Chief of Enforcement  
Division of Financial Regulation

1 **CONSENT TO ENTRY OF ORDER**

2 I, Joseph Rosa, state that I hold the title of Deputy General Counsel and I  
3 am an authorized representative of Stifel, Nicolaus & Company, Inc. (“Stifel”) with the authority  
4 to sign this Consent Order. I have read the foregoing Consent Order and I fully understand the  
5 contents hereof. I have been advised of the right to a hearing and of the right to be represented by  
6 counsel in this matter. Stifel has been represented by counsel in this matter. Stifel voluntarily  
7 consents to the entry of this Consent Order without any force or duress, expressly waiving any  
8 right to a hearing in this matter, as well as any rights to administrative or judicial review of this  
9 order. Stifel understands that this is a “Final Order” under ORS 183.310(6)(b). Stifel understands  
10 that the Director reserves the right to take further action to enforce this Order or to take appropriate  
11 action upon discovery that it has committed other violations of the Oregon Securities Law. Stifel  
12 will fully comply with the terms and conditions stated herein. Stifel understands that this Order  
13 is a public document.

14 Signature: /s/ Joseph Rosa  
15 Name: Joseph Rosa  
16 Title: Deputy General Counsel

17 State of New Jersey

18 County of Morris

19 Signed or attested before me on this 2nd day of September, 2025  
20 by Jeffrey Primiano.

21  
22 /s/ Jeffrey Primiano

23 Notary Public My Commission Expires \_\_\_\_\_