

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

In the Matter of:

Case No. S-25-0039

TD AMERITRADE, INC.,

Respondent.

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 TD Ameritrade, Inc. (“TD Ameritrade” or “Respondent”). The Division determined that TD Ameritrade 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 TD Ameritrade charged commissions to retail customers in excess of five percent (5%) of the principal amount on certain small principal equity transactions. Over a five-year period from June 30, 2018 through June 30, 2023 (the “Relevant Time Period”), TD Ameritrade charged a commission in excess of 5% on 754 transactions by Oregon residents, with commissions in excess of 5% totaling \$11,220.85.

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

TD Ameritrade 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

1 matter with the Director.

2 Now, therefore, as evidenced by the signatures subscribed herein, TD Ameritrade hereby
3 consents to entry of this Order.

4 **JURISDICTION**

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

6 2. This Order is made in accordance with ORS 59.295, ORS 183.417(3), and ORS
7 183.745(11).

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

10 **III. RELEVANT TIME PERIOD**

11 4. Except as otherwise expressly stated, the conduct described herein occurred during
12 the approximate time period of June 30, 2018 through June 30, 2023 (the “Relevant Time Period”).

13 **IV. RESPONDENT**

14 5. TD Ameritrade, Inc. (“TD Ameritrade”) was a broker-dealer formerly registered in
15 Oregon between September 2, 1986 and June 16, 2024, with a main address of 200 South 108th
16 Avenue, Omaha, Nebraska 68154. TD Ameritrade is identified by Financial Industry Regulatory
17 Authority (“FINRA”) CRD No. 7870. TD Ameritrade has filed a Form BDW and the Securities
18 and Exchange Commission has withdrawn its registration.

19 **V. FINDINGS OF FACTS**

20 The Director FINDS that:

21 **A. TD Ameritrade’s Minimum Commission Practices for Equity Transactions**
Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

22 6. During the Relevant Time Period, TD Ameritrade executed 754 equity transactions
23 in Oregon which included an unreasonable commission for services performed (i.e., in excess of

5% of the principal trade amount), totaling \$11,220.85.

7. During the Relevant Time Period, TD Ameritrade charged a fixed minimum commission for broker-assisted trades— i.e. those not placed directly online by customers (the “Minimum Equity Commission”).¹

8. The Securities Law prohibits TD Ameritrade from charging unreasonable commissions for services performed.

9. 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 of five percent or even less may be considered unfair or unreasonable, and a commission of five percent or more may be considered fair or reasonable, depending on the various circumstances.

B. TD Ameritrade Did Not Reasonably Supervise Transactions Which Applied the Minimum Equity Commission

10. TD Ameritrade did not reasonably supervise transactions that included the Minimum Equity Commission charge to ensure that TD Ameritrade charged its customers a reasonable commission.

11. TD Ameritrade’s policies and procedures contemplated review of commissions as part of normal supervisory review processes.

12. Despite these systems, TD Ameritrade’s surveillance policies failed to reasonably detect and correct unreasonable commission charges, specifically as it relates to the Minimum Equity Commission.

¹ During the Relevant Time Period, over 99% of TD Ameritrade’s orders were unsolicited, self-directed trades placed online by its customers. Broker-assisted trades constituted less than 1% of the Firm’s orders. From June 2018 to October, 2019, this fee was \$44.99; and thereafter, the fee was \$25.

1 13. As a result, TD Ameritrade failed to adequately supervise small principal equity
2 transactions where the Minimum Equity Commission was in excess of 5%.

3 **VI. CONCLUSIONS OF LAW**

4 The Director CONCLUDES that:

5 14. The preceding paragraphs are incorporated by reference as though set forth
6 verbatim herein.

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

10 16. TD Ameritrade's acts and practices, as described above, constitute a violation of
11 ORS 59.205(13) and OAR 441-205-0210(1).

12 **VII. ORDERS**

13 The Director issues the following ORDERS:

14 *Final Order to Censure*

15 17. TD Ameritrade is censured by the Division.

16 *Final Order for Restitution*

17 18. TD Ameritrade shall provide restitution in an amount of no more than \$11,220.85
18 representing the portion of the commission on certain small principal equity transactions that
19 exceeded 5% of the principal trade amount during the Relevant Time Period to the affected Oregon
20 customers, plus interest in the amount of 6% from the date of the transaction to June 3, 2025. TD
21 Ameritrade shall provide restitution within one hundred twenty (120) days of execution of this
22 Order.

23 19. Restitution shall be in the form of a check for all former customers.

1 20. TD Ameritrade shall provide a notice of restitution to customers on terms not
2 unacceptable to the Multi-state Group (“Notice Letter”). The Notice Letter shall be sent prior to or
3 with the distribution of any restitution. Within forty-five (45) days of the mailing of the Notice
4 Letter, Respondent shall provide the Division with a list of all Oregon residents for whom
5 Respondent receives a Notice Letter as returned to sender. To the extent the Division has access to
6 different address information, Respondent shall mail a second Notice Letter to each Oregon
7 resident within thirty (30) days of the Division providing such different address.

8 21. TD Ameritrade shall prepare and submit to the Division a report detailing the
9 restitution paid pursuant to the Order, which shall include dates, amounts, and methods of the
10 transfer of funds for all restitution payments within forty-five (45) days of completion of
11 distribution of restitution.

12 *Final Order Assessing Civil Penalties*

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

19 23. TD Ameritrade shall not claim, assert, or apply for a tax deduction or tax credit with
20 regard to any state, federal or local tax for any amounts that TD Ameritrade shall pay pursuant to
21 the Order.

22 24. TD Ameritrade shall not seek or accept, directly or indirectly, reimbursement or
23 indemnification, including, but not limited to, any payments made pursuant to any insurance

1 policy, with regard to any amount that TD Ameritrade shall pay pursuant to the Order.

2 25. If either TD Ameritrade is the subject of a voluntary or involuntary bankruptcy
3 petition under Title 11 of the United States Code within three hundred sixty-five (365) days of the
4 entry of the Order, TD Ameritrade shall provide written notice to the Division within five (5) days
5 of the date of the petition.

6 26. Any fine, penalty, and/or money that TD Ameritrade shall pay in accordance with
7 the Order is intended by TD Ameritrade and the Division to be a contemporaneous exchange for
8 new value given to TD Ameritrade pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in fact, a
9 substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

10 27. If TD Ameritrade fails to materially comply with any of the terms set forth in the
11 Order, the Division may institute an action to have the Order declared null and void. Additionally,
12 after a fair hearing and the issuance of an order finding that TD Ameritrade has not complied with
13 the Order, the Division may move to have the Order declared null and void, in whole or in part,
14 and re-institute the associated proceeding that had been brought against TD Ameritrade.

15 28. For good cause shown, Division may extend any of the procedural dates set forth
16 above. TD Ameritrade shall make any requests for extensions of the procedural dates set forth
17 above in writing to Division.

18 **VIII. WAIVER**

19 29. TD Ameritrade hereby waives all rights to contest an Order entered by the Division
20 pursuant to this Order, including, but not limited to, (A) the right to contest whether the Order is
21 fair, reasonable, and/or in the public interest, (B) the right to contest the Order's findings of fact,
22 and (C) the right to contest the Order's conclusions of law. TD Ameritrade further waives the
23 procedural due process right to a hearing and any other procedural rights provided by the Securities

1 Law or the Oregon Administrative Procedures Act.

2 **IX. NO DISQUALIFICATION**

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

21 31. This Order shall be binding upon TD Ameritrade with respect to all conduct subject
22 to the provisions above and all future obligations, responsibilities, undertakings, commitments,
23 limitations, restrictions, events, and conditions.

1 32. 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 **X. FINAL ORDER**

5 33. 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 10th day of October, 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

1 **CONSENT TO ENTRY OF ORDER**

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

15 Signature: /s/ James Kostulias
16 Name: James Kostulias
17 Title: Managing Director – Head of Trading Services

18 State of Texas
19 County of Denton

20 Signed or attested before me on this 9th day of October, 2025
21 by Katelyn M. Beam.
22 /s/ Katelyn M. Beam

23 Notary Public

My Commission Expires 10/19/2028