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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:

CRD NO.: 7870

THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION,

CONSENT ORDER

Complainant,

v.

TD AMERITRADE, INC.,

Respondent.

The Commissioner of Financial Protection and Innovation (Commissioner) and TD Ameritrade, Inc. (TD Ameritrade) (collectively, the Parties) hereby enter this Consent Order (Consent Order) with respect to the following:

I.

RECITALS

A. TD Ameritrade was a broker-dealer formerly registered in California with a main address of 200 South 108th Avenue, Omaha, Nebraska 68154. TD Ameritrade is identified by Financial Industry Regulatory Authority (FINRA) CRD No. 7870. TD Ameritrade has filed a Form

1 BDW and the Securities and Exchange Commission has withdrawn its registration. The acts and
2 practices that are the subject of this Consent Order occurred while TD Ameritrade was registered as
3 a broker-dealer in California.

4 B. The Commissioner is authorized to administer and enforce the provisions of the
5 Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL) and the regulations
6 promulgated thereunder at title 10 of the California Code of Regulations, which include the
7 licensure, examination, and regulation of investment advisers and broker-dealers.

8 C. As the result of a coordinated investigation, the Commissioner concluded that TD
9 Ameritrade charged commissions in excess of 5% on certain small principal equity transactions
10 during the period of approximately June 30, 2018 to June 30, 2023 (the Relevant Period).

11 D. TD Ameritrade has agreed to resolve the investigation upon the terms specified
12 herein.

13 E. The Parties intend to resolve this matter amicably without the necessity of a hearing
14 or other litigation. TD Ameritrade admits to the jurisdiction of the Commissioner, neither admits
15 nor denies the Findings of Fact and Conclusions of Law contained in this Consent Order, and
16 consents to the entry of this Consent Order by the Commissioner.

17 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
18 contained herein, the Parties agree to the following.

19 **II.**

20 **FINDINGS OF FACT**

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

23 1. During the Relevant Period, TD Ameritrade executed equity transactions in
24 California which included an unreasonable commission for services performed (i.e., in excess of
25 5% of the principal trade amount).

26 2. During the Relevant Time Period, TD Ameritrade charged a fixed minimum
27 commission for broker-assisted trades— i.e., those not placed directly online by customers (the
28

1 Minimum Equity Commission).¹

2 3. The CSL and its regulations thereunder prohibit TD Ameritrade from charging
3 unreasonable commissions for services performed.

4 4. FINRA Rule 2121 Supplementary Material .01 (Rule 2121.01) sets a guideline of
5 5% for determining whether a commission is unfair or unreasonable. However, the “5% Policy” is a
6 guide, not a rule. A commission of 5% or even less may be considered unfair or unreasonable, and a
7 commission of 5% or more may be considered fair or reasonable, depending on the various
8 circumstances.

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

11 5. TD Ameritrade did not reasonably supervise transactions which included a
12 Minimum Equity Commission charge to ensure that TD Ameritrade charged its customers a
13 reasonable commission.

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

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

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

21 **III.**

22 **CONCLUSIONS OF LAW**

23 9. It is a violation of Corporations Code section 25218 and Code of Regulations, title
24 10, section 260.218.4 for a broker-dealer firm to fail to establish and maintain a supervisory system
25 that is reasonably designed to achieve compliance with securities laws and regulations.
26

27 ¹ During the Relevant Time Period, over 99% of TD Ameritrade’s orders were unsolicited, self-directed trades placed
28 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 California residents for whom TD Ameritrade receives a Notice Letter as returned to
2 sender (Undeliverable California Customers).

3 c. TD Ameritrade and/or its agent will make reasonable efforts to locate additional
4 addresses for Undeliverable California Customers. If other addresses are found, TD
5 Ameritrade, directly or through an agent, shall re-send the Restitution checks to
6 those addresses.

7 d. TD Ameritrade shall prepare and submit to the Commissioner via email to Danielle
8 Stoumbos, Senior Counsel, Department of Financial Protection and Innovation,
9 Enforcement Division, at: Danielle.Stoumbos@dfpi.ca.gov, a report detailing the
10 Restitution paid pursuant to the Consent Order, which shall include dates, amounts,
11 and methods of the transfer of funds for all Restitution payments within forty-five
12 (45) days of completion of distribution of Restitution.

- 13 i. Name of Customer and Customer account number;
- 14 ii. Dates and amounts of the transfer of funds for all Restitution payments;
- 15 iii. Whether the mailed Notice Letter and Restitution check were deliverable
16 or undeliverable; and
- 17 iv. Whether each check has been cashed or remains uncashed.

18 15. Handling of Unclaimed Restitution. Any returned or unclaimed Restitution and
19 Interest shall be escheated consistent with California law.

20 16. Order to Pay Administrative Fine. Pursuant to Corporations Code section 25252, TD
21 Ameritrade is hereby ordered to pay an administrative fine totaling \$15,000.00 (Fine) to the
22 Commissioner within 15 days following the Effective Date. Payment shall be made in the form of a
23 check or Automated Clearing House deposit payable to the “Department of Financial Protection
24 and Innovation” and transmitted to the attention of “Accounting – Litigation” at the Department of
25 Financial Protection and Innovation, 651 Bannan Street, Suite 300, Sacramento, California 95811.
26 Notice of such payment shall be forwarded to Danielle Stoumbos, Senior Counsel, Department of
27 Financial Protection and Innovation, Enforcement Division, via email at:
28 Danielle.Stoumbos@dfpi.ca.gov.

1 17. Tax Deduction/Credit Prohibition. TD Ameritrade agrees that it shall not claim,
2 assert, or apply for a tax deduction or tax credit with regard to any state, federal or local tax for any
3 amount that TD Ameritrade shall pay pursuant to this Consent Order.

4 18. Insurance Claim Prohibition. TD Ameritrade agrees that it shall not seek or accept,
5 directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments
6 made pursuant to any insurance policy, with regard to any amount that TD Ameritrade shall pay
7 pursuant to this Consent Order.

8 19. Bankruptcy Notice. TD Ameritrade agrees that if it is the subject of a voluntary or
9 involuntary bankruptcy petition under Title 11 of the United States Code within three hundred
10 sixty-five (365) days of the Effective Date of this Consent Order, TD Ameritrade shall provide
11 written notice to the Commissioner within five (5) days of the date of the petition.

12 20. Contemporaneous Exchange. Any fine, penalty, and/or money that TD Ameritrade
13 shall pay in accordance with the Consent Order is intended by the Parties to be a contemporaneous
14 exchange for new value given to TD Ameritrade pursuant to 11 U.S.C. § 547(c)(1)(A) and is, in
15 fact, a substantially contemporaneous exchange pursuant to 11 U.S.C. § 547(c)(1)(B).

16 21. Extension of Procedural Dates. For good cause shown, the Commissioner may
17 extend any of the procedural dates set forth above. TD Ameritrade shall make any requests for
18 extensions of the procedural dates set forth above in writing to the Commissioner via email to
19 Danielle Stoumbos, Senior Counsel, Department of Financial Protection and Innovation,
20 Enforcement Division, at: Danielle.Stoumbos@dfpi.ca.gov.

21 22. No Disqualifications. This Consent Order waives any disqualification under the
22 CSL, or rules or regulations thereunder, including any disqualification from relying upon the
23 registration exemptions or safe harbor provisions to which TD Ameritrade may be subject. This
24 Consent Order is not intended to be a final order based upon violations of the CSL that prohibit
25 fraudulent, manipulative, or deceptive conduct. This Consent Order is not intended to form the
26 basis of any disqualifications under Section 3(a)(39) of the Securities Exchange Act of 1934; or
27 Rules 504(b)(3) and 506(d)(1) of Regulation D, Rule 262(a) of Regulation A and Rule 503(a) of
28 Regulation CF under the Securities Act of 1933. This Consent Order is not intended to form the

1 basis of disqualification under the FINRA rules prohibiting continuance in membership absent the
2 filing of a MC-400A application or disqualification under SRO rules prohibiting continuance in
3 membership. This Consent Order is not intended to form a basis of a disqualification under
4 204(a)(2) of the Uniform Securities Act of 1956 or Section 412(d) of the Uniform Securities Act of
5 2002. Except in an action by the Commissioner to enforce the obligations of the Consent Order, any
6 acts performed or documents executed in furtherance of this Consent Order: (a) may not be deemed
7 or used as an admission of, or evidence of, the validity of any alleged wrongdoing, liability, or lack
8 of any wrongdoing or liability; or (b) may not be deemed or used as an admission of, or evidence
9 of, any such alleged fault or omission of TD Ameritrade in any civil, criminal, arbitration, or
10 administrative proceeding in any court, administrative agency, or tribunal.

11 23. Waiver of Hearing Rights. TD Ameritrade hereby waives the right to any hearings,
12 and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the
13 CSL, the California Administrative Procedures Act, the California Code of Civil Procedure, or any
14 other provision of law. TD Ameritrade further expressly waives any requirement for the filing of an
15 Accusation pursuant to Government Code section 11415.60 (b). By waiving such rights, TD
16 Ameritrade effectively consents to this Consent Order, Order for Restitution, and Order for Fines
17 contained herein becoming final.

18 24. Full and Final Settlement. The parties hereby acknowledge and agree that this
19 Consent Order is intended to constitute a full, final, and complete resolution of matters subject to
20 the Consent Order described herein, and that no further proceedings or actions will be brought by
21 the Commissioner in connection with these matters under the CSL or any other provision of law,
22 excepting therefrom any proceeding to enforce compliance with the terms of this Consent Order.

23 25. Information Willfully Withheld or Misrepresented. Notwithstanding Paragraph 24,
24 this Consent Order may be revoked, and the Commissioner may pursue any and all remedies
25 available under the law against TD Ameritrade if the Commissioner discovers that TD Ameritrade
26 knowingly or willfully withheld or misrepresented information.

27 26. Future Actions by Commissioner. If TD Ameritrade fails to comply materially with
28 any terms of the Consent Order, the Commissioner may institute proceedings for any and all

1 violations otherwise resolved under this Consent Order.

2 27. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
3 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
4 administrative, civil, or criminal brought by that agency against TD Ameritrade or any other person
5 based upon any of the activities alleged in this matter or otherwise.

6 28. Headings. The headings to the paragraphs of this Consent Order are inserted for
7 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
8 the provisions hereof.

9 29. Binding Agreement. This Consent Order shall be binding upon TD Ameritrade with
10 respect to all conduct subject to the provisions above and all future obligations, responsibilities,
11 commitments, limitations, restrictions, events, and conditions.

12 30. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
13 Consent Order it has relied solely on the statements set forth herein and the advice of its own
14 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
15 Order it has placed no reliance on any statement, representation, or promise of any other party, or
16 any other person or entity not expressly set forth herein, or upon the failure of any party or any
17 other person or entity to make any statement, representation, or disclosure of anything whatsoever.
18 The Parties have included this clause: (1) to preclude any claim that any party was in any way
19 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
20 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

21 31. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
22 of this Consent Order will be valid or binding unless it is in writing and signed by each of the
23 Parties. The waiver of any provision of this Consent Order will not be deemed a waiver of any other
24 provision. No waiver by either Party of any breach of, or of compliance with, any condition or
25 provision of this Consent Order by the other Party will be considered a waiver of any other
26 condition or provision or of the same condition or provision at another time.

27 32. Full Integration. This Consent Order is the final written expression and the complete
28 and exclusive statement of all the agreements, conditions, promises, representations, and covenants

1 between the parties with respect to the subject matter hereof, and supersedes all prior or
2 contemporaneous agreements, negotiations, representations, understandings, and discussions
3 between and among the parties, their respective representatives, and any other person or entity, with
4 respect to the subject matter covered hereby.

5 33. Governing Law. This Consent Order and any dispute related thereto shall be
6 construed and enforced in accordance with, and governed by, the laws of California without regard
7 to any choice of law principles. Each of the Parties hereto consents to the jurisdiction of such court,
8 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an
9 inconvenient forum to the maintenance of such action or proceeding in such court.

10 34. Voluntary Agreement. TD Ameritrade enters this Consent Order voluntarily and
11 without coercion and acknowledges that no promises, threats, or assurances have been made by the
12 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
13 and acknowledge that they are executing this Consent Order completely voluntarily and without
14 any duress or undue influence of any kind from any source.

15 35. Counterparts. This Consent Order may be executed in one or more separate
16 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
17 together constitute a single document.

18 36. Notice. Any notice required under this Consent Order shall be provided to each party
19 by email and overnight mail/courier service at the following addresses.

20 To Respondent: Paul Tyrrell Esq
21 Partner
22 Sidley Austin
23 60 State St
Boston, Massachusetts 02109
ptyrrell@sidley.com

24 To the Commissioner: Danielle Stoumbos
25 Senior Counsel, Enforcement Division
26 Department of Financial Protection and Innovation
27 320 West 4th Street, Suite 750
Los Angeles, California 90013
Danielle.Stoumbos@dfpi.ca.gov

28 37. Signatures. A fax or electronic mail signature shall be deemed the same as an

1 original signature.

2 38. Public Record. TD Ameritrade hereby acknowledges that this Consent Order is and
3 will be a matter of public record.

4 39. Effective Date. This Consent Order shall become final and effective when signed by
5 all Parties and sent by the Commissioner’s agent via e-mail to Paul Tyrrell, Partner,
6 ptyrrell@sidley.com.

7 40. Authority to Sign. Each signatory hereto covenants that he or she possesses all
8 necessary capacity and authority to sign and enter into this Consent Order and undertake the
9 obligations set forth herein.

10 This Consent Order is in the public interest, is necessary for the protection of investors, and
11 is consistent with the purposes, policies, and provisions of the CSL.

12 Dated: April 6, 2026

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



13
14
15 By: _____
16 Mary Ann Smith
17 Deputy Commissioner
18 Enforcement Division

19 Dated: March 17, 2026

20 TD AMERITRADE, INC.

21
22 By: _____
23 James Kostulias
24 Managing Director – Head of Trading Services
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