

ALABAMA SECURITIES COMMISSION

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Alabama Joins Multiple States in \$12.4 Million Settlement with Raymond James for Supervisory Failures Involving Unreasonable Commission Charges

Montgomery, Alabama (July 11, 2023)- The Alabama Securities Commission (ASC) announced today that it has joined a multi-state settlement with Raymond James & Associates, Inc. and Raymond James Financial Services, Inc. (collectively, Raymond James), which will pay at least \$8.2 million in refunds to clients, and \$4.2 million in penalties and costs to the states, for failing to supervise the application of excessive minimum commission charges on equity transactions that harmed main street investors.

The settlement and Consent Order entered by ASC stems from a North American Securities Administrators Association (NASAA) investigation spearheaded by state securities regulators from Alabama, California, Illinois, Massachusetts, Montana, and Washington. The states conducted a coordinated investigation into Raymond James's compensation practices and concluded that Raymond James charged unreasonable commissions on approximately 270,000 low-principal amount equity transactions nationwide over the past five years, totaling over \$8,250,000 in excessive commissions collected. In these transactions, Raymond James took commissions in excess of 5% of the principal value, with commissions in some cases exceeding 90% of the principal value of the customer's transaction.

Based on their findings, the states concluded that Raymond James failed to have sufficient policies and procedures in place to ensure that its customers were being charged reasonable commissions and fees. As part of the settlement, Raymond James will certify in writing within 60 days of the effective date of the Order that its policies and procedures have been changed and enhanced to ensure that all commissions are fair and reasonable. At a minimum, Raymond James will certify that its policies and procedures include the following:

- Compliance systems to prevent the imposition of unreasonable or unfair commissions;
- Operational changes designed to ensure that, regardless of the principal amount of a transaction, commissions will not exceed 5%, in the absence of a documented exception; and
- Incorporation of all equity transactions, regardless of the principal amount of the transaction, into any systems used to identify and review potentially excessive commissions.

One year after this certification, Raymond James will undergo a review to confirm the implementation of the changes set forth in the ASC Order. The review will also assess the efficacy of the changes to Raymond James's practices, policies, and procedures. The results of this review will be reported to the states.

"Brokerage firms must ensure that their investors are charged fair and reasonable commissions and fees, regardless of the size of those investors' transactions," said ASC Director Amanda Senn. "This settlement reflects the continuous efforts by state regulators to protect all investors and make sure they are treated fairly by financial services firms."

The ASC found no evidence of fraudulent conduct by Raymond James, and Raymond James fully cooperated with the investigation.

The ASC cautions investors to research any investment opportunity thoroughly. Call the ASC at 1-800-222-1253 and ask for the registration department to check out persons offering investment opportunities, investment advice for a fee, and any products they offer. Contact the ASC to report suspected fraud, inappropriate securities business practices, or to obtain consumer information. Free investor education and fraud prevention materials are available at www.asc.alabama.gov.

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For further information, contact 1-800-222-1253 and ask for Public Affairs.

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