

**ADMINISTRATIVE PROCEEDING
BEFORE THE
SECURITIES COMMISSIONER OF SOUTH CAROLINA**

IN THE MATTER OF:)	
)	
Raymond James & Associates, Inc. and)	CONSENT ORDER
Raymond James Financial Services, Inc.,)	Matter No. 20232794
)	
Respondents.)	
_____)	

I. PRELIMINARY STATEMENT

Pursuant to the authority granted to the Securities Commissioner of South Carolina (the

Ann. §§ 35-1-101, , and the regulations and rules promulgated thereunder (collectively, the

conducted an investigation into the securities-related activities of Raymond James & Associates,

, the

, with respect to a coordinated investigation led by six jurisdictions, including

Massachusetts, Washin

Without admitting or denying the Findings of Fact and Conclusions of Law set forth below, except as to the jurisdiction of the Securities Commissioner over the Respondents and the subject matter of this proceeding, which are admitted, the Respondents, having been advised of their right to counsel, expressly consent to the entry of this Consent Order, which resolves the allegations against them set forth herein. The Respondents elect to waive permanently any right to a hearing and appeal under S.C. Code Ann. § 35-1-609, with respect to this Consent Order.

II. JURISDICTION

1. The Securities Commissioner has jurisdiction over this matter pursuant to S.C. Code Ann. § 35-1-601(a).

III. RELEVANT PERIOD

2. Except as otherwise expressly stated, the conduct described herein occurred between approximately July 1, 2018, to July 17, 2023

IV. RESPONDENTS

3. RJA is a broker-dealer registered in South Carolina with a main address of 880 Carillon Parkway, St. Petersburg, Florida 33716. RJA is identified by Financial Industry R twenty-five (25) branch offices in South Carolina.

4. RJFS is a broker-dealer registered in South Carolina with a main address of 880 Carillon Parkway, St. Petersburg, Florida 33716. RJFS is identified by FINRA CRD No. 6694. RJFS maintains fifty-five (55) branch offices in South Carolina.

V. FINDINGS OF FACT

A. The Respondents' Minimum Commission Practices for Equity Transactions Failed to Ensure Transactions Were Executed at a Fair and Reasonable Price

5. During the Relevant Period, the Respondents charged unreasonable commissions to many retail brokerage customers on certain equity transactions.

6. For all equity transactions executed during the Relevant Period, the Respondents generally charged retail brokerage customers according to a tiered commission schedule calculated based on the principal amount of the trade.

7. The commission schedule ranged from 3% of principal plus \$5 for equity buy and sell transactions between \$0-\$4,999.99 to 0.8% of principal plus \$355 for equity trades of \$50,000 and above.

8. The Respondents charged a minimum commission of \$75 for certain equity buy those involving equities underwritten by the

9. The Respondents had an alternative small transaction commission schedule, available for equity sell transactions with a principal amount of \$300 or less.

10. This schedule allowed agents to charge between \$0 and \$35 per transaction versus the \$75 Minimum Equity Commission.

11. Despite the small stock transaction schedule, even for positions valued at \$300 or less, the

13. During the Relevant Period, the Respondents executed over 270,000 transactions nationwide, which included a commission in excess of 5% of the principal value, totaling over \$8,250,000 in excess commissions.

14. During the Relevant Period, RJA executed approximately 33,638 equity buy transactions and approximately 99,415 equity sell transactions nationwide, which included commissions in excess of 5% of the principal value.

15. During the Relevant Period, RJFS executed approximately 41,515 equity buy transactions and approximately 97,120 equity sell transactions nationwide, which included commissions in excess of 5% of the principal value.

16. In South Carolina, the Respondents executed at least 5,093 transactions which included an unreasonable commission for services performed (i.e., in excess of 5% of the principal trade amount) totaling \$156,331.28.

17. Numerous equity transactions executed by the Respondents included a commission in excess of 90% of the principal value of the transaction.

B. The Respondents Did Not Reasonably Surveil Transactions That Applied the Minimum Equity Commission

18. The Respondents did not reasonably surveil transactions that included a Minimum Equity Commission charge to ensure that the Respondents charged its customers a reasonable commission and fee.

19. The Respondents only systematically surveilled commissions in instances where the gross commission was greater 9cthe(Minium (Equit)-1219(y305.1(Commissio.h)-9.5()TJ2.9997 -2.3 TD0 T

Respondents shall provide restitution plus interest to the affected South Carolina customers in an amount of \$178,212.19.

- i. Any notice of restitution made pursuant to Section VII, subsection C above, shall be sent by the Respondents to the last known address of record for such customers within 60 days after the Multi-state Group finds said notice not unacceptable (the Notice Letter). All South Carolina residents for whom the Respondents received a Notice Letter returned to sender and for whom Respondents, after reasonable efforts, were unable to deliver the Notice Letter shall be provided in a list to the Department within 90 days of the date on which the Notice Letter was mailed. Restitution shall be in the form of a bank check, or for existing customers shall be a dollar credit to the customer account, unless requested otherwise by the South Carolina customer.¹
- ii. Within forty-five (45) days of the expiration of the Notice Letter, the Respondents shall prepare and submit to the Division, a report detailing the restitution paid pursuant to the Order, which shall include:
 - a. Identification of all accepted and verified offers;
 - b. Dates, amounts, and methods of the transfer of funds for all restitution payments; and
 - c. Identification and detailed descriptions of any objections received by the Respondents.

¹ This timeline may be modified for certain Raymond James employees on the employee fee schedule, and the modification for these employees shall not be unacceptable to the Division.

all commissions are fair and reasonable. At a minimum, the Respondents shall certify that its policies and procedures include the following:

- i. compliance systems to prevent the imposition of unreasonable or unfair commissions;
- ii. 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;
- iii. incorporation of all transactions, regardless of the principal amount of the transaction, into any systems used to identify and review potentially excessive commissions; and
- iv. implementation of revised commission payout not unacceptable to the Multi-

to, the reason(s) for any deficiencies identified, and a process and procedure to address deficiencies, recommendations, or other issues identified in the Report.

- i. The Respondents shall retain copies of any and all reports as set forth in paragraphs (A) through (F) above in an easily accessible place for a period of five (5) years from the date of the reports.

G. The Respondents 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 the Respondents shall pay pursuant to this Consent Order and as governed under enacted regulations under Internal Revenue Code Section 162(f);

H. The Respondents shall not seek or accept, directly or indirectly, reimbursement or indemnification, including, but not limited to, any payments made pursuant to any

- K. If the Respondents fail to comply with the terms set forth in this Consent Order, the Division may institute an action to have this Consent Order declared null and void.² Additionally, after a fair hearing and the issuance of an order finding that the Respondents have not complied with the Consent Order, the Division may move to have the Consent Order declared null and void, in whole or in part, and re-institute the associated proceeding that had been brought against the Respondents;
- L. For good cause shown, the Division may extend any of the procedural dates set forth above. The Respondents shall make any requests for extensions of the procedural dates set forth above in writing to the Division;
- M. As part of this Consent Order, the Respondents agree that they: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in this Consent Order or creating the impression that this Consent Order is without factual basis; and (ii) will not make or permit to be made any public statement to the effect that the Respondents do not admit the allegations of this Consent Order, or that this Consent Order contains no admission of the allegations, without stating that the Respondents do not deny the allegations. If the Respondents breach this agreement set forth in this subparagraph, the Securities Commissioner may vacate this Consent Order. Nothing in this subparagraph affects testimonial obligations or (ii) right to take differing legal or factual positions in litigation or other legal proceedings; and
- N. This Consent order should not be interpreted to waive any (i) criminal cause of action, (ii) private cause of action that may have accrued to investors as a result of the

² However, the failure to comply will not apply to minor deviations with the deadlines set forth in this Order.

activities detailed herein, or (iii) other causes of action that may result from activities of the Respondents not detailed in this Consent Order.

VIII. NO DISQUALIFICATION

This Consent Order waives any disqualification in the Act, including any disqualification from relying upon the registration exemptions or safe harbor provisions to which the Respondents may be subject. This Consent Order is not intended to be a final order based upon violations of the Act that prohibit fraudulent, manipulative, or deceptive conduct. This Consent 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. This Consent Order is not intended to form the basis of disqualification under the FINRA rules prohibiting continuance in membership and is not intended to trigger any requirement that the Respondents must file a MC-400A application to remain a member in good standing or to trigger any disqualification under SRO rules prohibiting continuance in membership. This Consent 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 this Consent Order, any acts performed or documents executed in furtherance of this Consent 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 an

ENTERED, this the ____ day of _____, 2023.

By: _____
ALAN WILSON
Securities Commissioner
State of South Carolina

Respondent Raymond James & Associates, Inc. and Raymond James Financial Services, Inc. consents to the terms of the above Consent Order.

By: _____ Date: _____
(name) 6FRWW & XUWLV

Reviewed by Counsel for Raymond James & Associates, Inc. and Raymond James Financial Services, Inc.:

By: _____ Date: _____
(name) /DUD 7K\DJJDUDMDQ 3DUWQHU 6LGOH \$XVWLQ //3

The Securities Division of the Office of the Attorney General consents to the terms of the above Consent Order.

By: _____ Date: _____
Jonathan B. Williams
Assistant Deputy Attorney General

Assistant Deputy Attorney General