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ARKANSAS SECURITIES DEPARTMENT

***** FOR IMMEDIATE RELEASE *****

Date: January 23, 2019

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ARKANSAS SECURITIES COMMISSIONER ENTERS CONSENT ORDER WITH LPL FINANCIAL, LLC

On January 22, 2019, Arkansas Securities Commissioner, B. Edmond Waters, entered into a Consent Order with LPL Financial, LLC ("LPL"). The Order directed LPL to pay a forty thousand dollar (\$40,000) fine to the Arkansas Securities Department ("Department") for inconsistently categorizing client security holdings on customer account statements.

The Staff of the Department ("Staff") launched an investigation into LPL after discovering inconsistent classification of certain securities on customer account statements. LPL provides monthly account statements to its customers, which include, among other information, a breakdown of their investment holdings at LPL. The monthly account statements include a portfolio investment summary, which breaks down the clients' portfolio by listing the investment type, the dollar amount of each investment type and the percentage of each investment type in relation to the clients' overall holdings.

During the investigation, the Department identified certain non-traded real estate investment trusts ("non-traded REIT's") and non-traded business development companies ("non-traded BDC's") that were classified as equities, rather than as alternative investments, on customer statements. LPL was aware of the inconsistent classification of these products on customer account statements since at least 2012. LPL has since made changes so that beginning in April 2016 these products have been reported on customer statements in a consistent manner.

In addition to paying a forty thousand dollar fine (\$40,000) to the Department, LPL has instituted an Operational Review with an outside and independent consultant, which will include reviews of the onboarding of new securities products and of the vendor service protocols to ensure processes are in place for identification and management of critical services used to ensure compliance with state securities laws.

Copies of the Order may be found on the Department's website at www.securities.arkansas.gov, Order No. S-16-0069-19-OR02. LPL clients in Arkansas with questions concerning this Consent Order or their account statements may contact the Arkansas Securities Department at 501-324-9260.