

STIPULATION AND AGREEMENT

THIS Stipulation and Agreement (this “Stipulation and Agreement” or the “Order”) is entered into effective as of the 19th day of October, 2015 (the Effective Date”), by and between the Director of the Securities Division of the New Mexico Regulation and Licensing Department (“Director”) and Oppenheimer & Co. Inc. (“Oppenheimer”). The Director and Oppenheimer are collectively referred to below as the “Parties.”

RECITALS

WHEREAS, the Director is tasked with enforcing the New Mexico Uniform Securities Act (the “Act”) and the Regulations appearing in the New Mexico Administrative Code (the “Regulations”) promulgated under the Act;

WHEREAS, the Director has issued a Notice of Contemplated Action (“NCA”) dated November 20, 2014, captioned “In the Matter of: Oppenheimer & Co., Inc. (CRD # 249), Royce O. Simpson (CRD # 1403356), Respondents, Case No. 14-03-0028”;

WHEREAS, Oppenheimer & Co, Inc. (“Oppenheimer”) of 85 Broad Street, New York, NY is a retail brokerage firm regulated by the Securities and Exchange Commission (the “SEC”) and by the State of New Mexico pursuant to the New Mexico Uniform Securities Act;

WHEREAS, Oppenheimer is registered as a broker-dealer with the SEC and with the State of New Mexico;

WHEREAS, Oppenheimer was engaged in selling government-agency bonds to the Bernalillo County Treasurer’s Office (the “County”) from 2012 until 2014;

WHEREAS, while reviewing the trading activity of the County from 2012-2013 it came to the attention of the staff of the Securities Division of the Regulation and Licensing Department (the “Division”) that certain supervisory deficiencies may have existed in Oppenheimer’s approach to advising the Treasurer’s Office through Oppenheimer’s agent, Royce O. Simpson;

WHEREAS, pursuant to Section 58-13C-602 of the Act, the Division conducted a follow-up investigation to evaluate the scope of the potential deficiency and whether Oppenheimer, its members, agents, representatives and employees had violated or were about to violate any provision of the Act or any regulation or order under the Act;

WHEREAS, as a result of such investigation, the Director alleges that from January 2012 to October 2013, Oppenheimer’s supervisory controls failed to prevent the sale of potentially unsuitable investments to the County;

WHEREAS, Oppenheimer disputes the Director’s claims set forth in the NCA;

WHEREAS, Oppenheimer and the Director acknowledge and affirm that a customer-specific suitability obligation is imposed on broker-dealers as set forth in state and federal

law. The law sets forth standards for meeting that obligation, and sets forth exemptions to that obligation;

WHEREAS, as provided by law, in the absence of an exemption, the customer-specific suitability obligation must be met in the investment of public funds;

WHEREAS, nothing in this Stipulation and Agreement is intended to modify Oppenheimer's obligations under existing law;

WHEREAS, the Director and Oppenheimer acknowledge and affirm that broker-dealers must conduct the due diligence required by law in connection with the sale of appropriate investments to New Mexico political subdivisions;

WHEREAS, the Director acknowledges that as a result of the Division's investigation Oppenheimer has made substantial revisions to its internal policies involving the investment of public monies, including:

Enhanced Supervisory Procedures

- A dedicated Desk and appointed Desk Manager have been implemented for coordination and control purposes.
- Only Municipal Advisor – Individuals (MA-Is) registered with Oppenheimer & Co. Inc. may solicit municipal entities. Managers must review solicitation requests and, if need be, stop the proposed solicitation if the Manager disagrees with a particular effort or recognizes a conflict or issue.
- All solicitation approvals will have to be obtained by the Compliance Department from a committee constituted by the Firm.
- After approving the solicitation request, the Compliance Department will send the approval notice to the employee's Branch or Department Manager, in addition to sending the approval notice to the employee.

Increased Reporting of Accounts for Government Entities

- Prospective clients must be reported as relationships are established. A security transaction report is reviewed daily for Investment Policy Statement ("IPS") compliance.
- If the Manager approves the solicitation proceeding, the Manager must track if the solicitation was successful and ensure that appropriate reporting occurs including the submission of any IPS prior to account opening, if applicable.
- Managers must track if the solicitation was successful and ensure reporting occurs. Managers must maintain records of the forms for 5 years, 2 of which years they are readily accessible.

WHEREAS, Regulation 12.11.1.12(C)(3) of the New Mexico Administrative Code permits the resolution of a contested case by stipulation or agreed settlement;

WHEREAS, Oppenheimer and the Director desire to settle the matters described herein and voluntarily enter into this Stipulation and Agreement, acknowledging that this Stipulation and Agreement is in lieu of any court action or administrative proceeding adjudicating any issue of fact or law on the matters described in the NCA;

WHEREAS, Oppenheimer, through its execution of this Stipulation and Agreement, voluntarily waives its right to contest the NCA in a formal proceeding either before the Director or in a judicial proceeding;

WHEREAS, Oppenheimer does not release its right to enforce the provisions of this Stipulation and Agreement.

**NOW, THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS
FOLLOWS:**

(1) Oppenheimer shall, pursuant to the Act, remit to the Division by check payable to "Department of Regulation and Licensing, Securities Division" the sum of TWO HUNDRED FIFTEEN THOUSAND DOLLARS (\$215,000), allocated to the Investor Education Fund for the benefit of licensees and consumers within the State of New Mexico. Payment shall be made no later than November 7, 2015.

(2) Oppenheimer shall comply with the requirements set forth in Title 12, Chapter 11 NMAC.

(3) Oppenheimer shall commit to the full implementation of improved supervisory procedures already adopted pertaining to the sale of securities to political subdivisions throughout New Mexico, and shall provide proof of the same to the Division when so requested.

(4) The Division, by and through the Director, hereby releases and discharges Oppenheimer from and against any and all liabilities, claims, assessments, fees, demands, duties, obligations, damages, penalties, causes of action and expenses whatsoever, whether known or unknown, asserted or unasserted, certain or contingent, fixed or liquidated, whether at law or in equity, or otherwise with respect to any conduct, actions, activities, events or occurrences prior to the date of execution of this Stipulation and Agreement and arising out of or in any way related to the sale of securities to Bernalillo County as set forth in the NCA including, without limitation, all claims that were or could have been asserted in the NCA. The NCA will be dismissed with prejudice as against Oppenheimer. The Division does not release its right to enforce the provisions of this Stipulation and Agreement.

(5) This Order is not intended by the Division to subject any Covered Person to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands, or under the rules or regulations of any securities or commodities regulator or self-regulatory organizations, including, without limitation, any disqualification from relying upon the state or federal registration exemptions or safe harbor provisions.

“Covered Person,” means Oppenheimer or any of its affiliates and their current or former officers or former officers, directors, employees, or other persons that would otherwise be disqualified as a result of this Order.

(6) This Order shall not disqualify any Covered Person from any business that they otherwise are qualified, licensed or permitted to perform under applicable securities laws of New Mexico and any disqualifications from relying upon this state’s registration exemptions or safe harbor provisions that arise from the Order are hereby waived.

(7) Pursuant to Rule 506(d)(2)(iii), disqualification under Rule 506(d)(1) under the Securities Act of 1933 should not arise as a consequence of this Order.

(8) This Stipulation and Agreement shall become binding when executed by Oppenheimer and the Director.

(9) This Stipulation and Agreement may be executed in a number of identical counterparts. If so executed, each such counterpart is to be deemed an original for all purposes, and all such counterparts will collectively constitute one agreement.

(10) This Stipulation and Agreement will be governed by the laws of the State of New Mexico.

(11) This Stipulation and Agreement, including the Recitals set forth above which are intended to be contractual in nature, constitutes the entire agreement between the Parties. Neither this Stipulation and Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except by an instrument in writing signed by each of the Parties hereto.

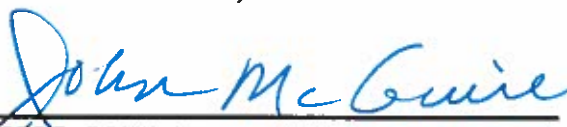
IN WITNESS WHEREOF, the Parties have executed this Stipulation and Agreement by their duly authorized representatives, whose signatures appear below.

**STATE OF NEW MEXICO
REGULATION AND LICENSE DEPARTMENT
SECURITIES DIVISION**

By: 
ALEXIS LOTERO
Acting Director


10/23/15
DATE

OPPENHEIMER & CO., INC.

By: 
JOHN MCGUIRE

10/22/15
DATE

Assistant General Counsel