

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

Thomas M. Chadwick, CRD 2870028
Chadwick & D'Amato, LLC, CRD 116197
Chadwick Consulting, LLC, CRD 318079

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ORDER TO CEASE AND DESIST,
ORDER OF SUMMARY PROCESS

COM-2021-000003

NOTICE OF ORDER

This Order commences an adjudicative proceeding under the provisions of RSA 421-B:6-613.

LEGAL AUTHORITY AND JURISDICTION

Pursuant to N.H. RSA 421-B:6-604(a), whenever it appears to the secretary of state that a person has engaged or is about to engage in any act or practice constituting a violation of this chapter or order issued under this chapter, he shall have the power to issue and caused to be served upon such person an order requiring the person to cease and desist from violation of this chapter.

Pursuant to N.H. RSA 421-B:4-412(f), the secretary of state may suspend or deny an application summarily; restrict, condition, limit, or suspend a registration; or censure, bar or impose a civil penalty on a registrant before final determination of an administrative proceeding.

Pursuant to N.H. RSA 421-B:6-604(d), in a final order, the secretary of state may impose a civil penalty up to a maximum of \$2,500 for a single violation. In addition, every such person who is subject to such civil penalty, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation or denial of any registration or license, or be barred from registration or licensure, including the forfeiture of any application fee.

Pursuant to N.H. RSA 421-B:6-604(e), after notice and hearing, the secretary of state may enter an order of rescission, restitution, or disgorgement direct to a person who has violated certain provisions of this chapter

Pursuant to N.H. RSA 421-B:6-604(g), in any investigation to determine whether any person has violated or is about to violate this title or any rule or order under this title, upon the secretary of state's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the secretary of state, the secretary of state shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under this chapter.

NOTICE OF RIGHT TO REQUEST A HEARING

Pursuant to RSA 421-B:6-604, Respondent has a right to request a hearing. Within 15 days after receipt of a request, the matter will be scheduled for a hearing. If a hearing is not requested and none is ordered by the secretary of state within 30 days after the date of service of the order, the order becomes final by operation of law.

Any such request for a hearing shall be in writing, signed by the Respondent or by the duly authorized agent of the above named Respondent, and shall be delivered either by hand or certified mail, return receipt requested, to the Bureau of Securities Regulation, Department of State, 25 Capitol Street, Concord, New Hampshire 03301. Respondent has the right to be represented by counsel.

STATEMENT OF ALLEGATIONS

The allegations contained in the Staff Petition for Relief dated April 28, 2022, (a copy of which is attached hereto) are incorporated by reference hereto.

ORDER

WHEREAS, finding it necessary and appropriate and in the public interest, and for the protection of investors and consistent with the intent and purposes of the securities laws of the State of New Hampshire, and

WHEREAS, finding that the public interest would be irreparably harmed by delay in issuing an order of suspension, revocation or bar from licensure, and

WHEREAS, finding that the allegations contained in the Staff Petition, if proved true and correct, form the legal basis of the relief requested,

IT IS HEREBY ORDERED, THAT:

Respondent is ordered to immediately cease and desist from further violations of N.H. RSA 421-B

Respondent is summarily barred from investment adviser licensure in the State of New Hampshire.

Respondent shall pay restitution for any losses incurred as a result of the unlawful trading described in the Bureau's Staff Petition for Relief, the amount of which shall be determined by the Hearing Officer.


Respondent shall pay a fine, the amount of which to be determined by the Hearing Officer.

Respondent shall pay the Bureau's cost of investigation and enforcement, the amount of which to be determined by the Hearing Officer.

SIGNED,

DAVID SCANLAN
SECRETARY OF STATE
BY HIS DESIGNEE:

Date: April 28, 2022


BARRY J. GLENNON, Director
N.H. Bureau of Securities Regulation

STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION
25 CAPITOL STREET
CONCORD, NH 03301

**STAFF PETITION FOR EMERGENCY RELIEF
IN THE MATTER OF:**

**Thomas M. Chadwick (CRD: 2870028)
Chadwick & D'Amato, LLC (CRD: 116197)
Chadwick Consulting, LLC (CRD: 318079)**

No. COM-2021-000003

I. INTRODUCTION

The New Hampshire Department of State, Bureau of Securities Regulation (“Bureau”) hereby petitions the Director for Emergency Relief and a summary order in the matter of Thomas M. Chadwick (“Chadwick”), Chadwick & D’Amato, LLC (“Chadwick & D’Amato”) and Chadwick Consulting, LLC (“Chadwick Consulting”) (CRD numbers captioned above and collectively referred to as “Respondents”). The Bureau petitions the Director to issue an order directing Chadwick to immediately cease and desist from acting as an unlicensed investment advisor, acting as an unlicensed broker-dealer, from fraudulently using the credentials of former clients to access accounts and from further violating N.H. RSA 421-B. The Bureau further petitions the Director to issue an order permanently barring Chadwick from any securities registration in the State of New Hampshire, for restitution as a result of any losses incurred from the unlawful trading, to pay fines and costs as indicated further in the Petition, and for further relief described herein.

II. STATEMENT OF FACTS

The Bureau hereby alleges the following statements of fact in support of its Staff Petition for Emergency Relief:

1. Thomas M. Chadwick is a resident of New London, New Hampshire, who was registered as an investment advisor representative in the State of New Hampshire until December 23, 2021 at which time his registration was terminated and he has not been registered since that date.

2. Chadwick's registration was held with Chadwick & D'Amato, LLC, which also operated out of New London, New Hampshire since approximately 2000. Chadwick was a principal of Chadwick & D'Amato. Chadwick & D'Amato's registration was terminated on December 31, 2021. While registered, Chadwick conducted his fee-based investment advisory business through Fidelity Brokerage Services, LLC ("Fidelity").
3. On December 7, 2021, Chadwick filed an application with the Bureau to open a new investment advisory firm to be based out of New London, New Hampshire, called Chadwick Consulting, LLC, which is currently pending. Chadwick Consulting is not and has never been approved or licensed in the State of New Hampshire.
4. As of December 31, 2021, Fidelity decided not to continue its relationship with Chadwick, and sent a letter to Chadwick & D'Amato's former clients explaining the end of the relationship and indicating that Chadwick could no longer access or manage their accounts. The letter also stated: "As a reminder, you should never share your . . . customer ID, or password with anyone."
5. The Bureau began an investigation into Chadwick in 2021 pursuant to a complaint received by the Bureau and related to possible unlawful trading of a product with the ticker symbol "REML," which was widely traded by Chadwick in his clients' accounts and which incurred significant losses. While the Bureau has serious concerns related to this trading activity, and while future enforcement action is likely to be brought in relation to it, this present Petition for Emergency Relief does not relate to the concerning product, but instead pertains to potentially ongoing fraudulent and unlicensed activity uncovered in the course of the investigation.
6. On March 24, 2022, in furtherance of the Bureau's investigation, the Bureau sent out a survey to former clients of Chadwick containing questions regarding their relationship with Chadwick, client experiences with REML, and to gather background information and data on former clients. As responses to the survey were sent back to the Bureau, several former clients indicated that they recently had contact with Chadwick (after his registration terminated in December 2021), which raised concerns as to whether or not unregistered activity was occurring.
7. As more surveys were returned to the Bureau, and as more of Chadwick's former clients began contacting the Bureau about the investigation, the Bureau began interviewing former clients and taking statements from them about their experiences with Chadwick and REML. Through these discussions, the Bureau learned that Chadwick had been meeting with clients, discussing their accounts, and had advised some clients that since their portfolios had apparently been rebalanced in December, there was not a need for them to take any current action. The Bureau also learned that Chadwick had sent out an email memorandum about

the Bureau's investigative survey which invited clients to contact him, as well as encouraging his former client base to send the Bureau "letters of support."

8. On April 13, 2022 the Bureau met with an elderly former client from New Hampshire. The client told the Bureau that she had recently had discussions with Chadwick about her investments and accounts. The client then revealed to the Bureau that Chadwick had asked her for her Fidelity user identification and password. She then revealed that Chadwick had used his own computer to impersonate her, logged into her account, pretended to be the client, and effected trades and transactions. She explained that as a result of Chadwick's impersonation, Fidelity had apparently flagged and locked down her account, and that she was unable to access her funds, resulting in financial hardship. Further, the Bureau was told by at least one other customer that he had also shared login and password information with Chadwick in the past.
9. On April 15, 2022 Fidelity informed the Bureau that a device that they believe to belong to Chadwick had accessed twenty-seven (27) different retail accounts of former Chadwick clients, and possibly more, since January 1, 2022, and was using the client login credentials to access each account. Fidelity further indicated that various securities were purchased in the accounts and that there was a "pattern of trading" conducted in several of the accounts. As a result, Fidelity had taken action and locked down the accounts, forced password and login resets, and reassigned account numbers for the 27 former clients that Chadwick had impersonated.
10. The Bureau further learned of an email that Chadwick had sent on January 10, 2022 (at which time he was not registered in any capacity) stating to a former client "you and I can establish online access for your accounts at fidelity.com, and manage through this portal. We can move money and make investment changes, as necessary." Further, the Bureau learned of numerous other emails sent after Chadwick's licensure had terminated that contained various statements providing investment advice. The Bureau also learned that Chadwick represented to clients via email that he expected to be back on Fidelity platform and licensed in the near future.
11. The Bureau remains concerned that Chadwick may be continuing to attempt to access former clients' accounts at Fidelity or other financial institutions.

III. ALLEGATIONS AND STATEMENTS OF LAW

The staff of the Bureau hereby petitions the Director and makes the following statements of law under New Hampshire Revised Statutes Annotated 421-B and the regulations and laws thereunder:

1. Chadwick is a "person" within the meaning of N.H. RSA 421-B:1-102(39).

2. Pursuant to N.H. RSA 421-B:1-102(6), Broker-dealer “means a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account.
3. Pursuant to N.H. RSA 421-B:1-102 (3) Agent “means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities.”
4. Pursuant to N.H. RSA 421-B:1-102 (26) Investment adviser “means a person that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities.”
5. Pursuant to N.H. RSA 421-B:1-102 (27), “ Investment adviser representative means an individual employed by or associated with an investment adviser or federal covered investment adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing.”

Unlicensed Activity

6. Pursuant to N.H. RSA 421-B:4-401(a), “It is unlawful for a person to transact business in this state as a broker-dealer unless the person is registered under this chapter as a broker-dealer.” Pursuant to N.H. RSA 421-B:4-402 (a), “It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent.” Chadwick directly violated these provisions by using his former clients’ private login credentials to access the Fidelity platform and broker trades on an unregistered basis.
7. Pursuant to N.H. RSA 421-B:4-403(a), “It is unlawful for a person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser.” Pursuant N.H. RSA 421-B:4-404 (a), “It is unlawful for an individual to transact business in this state as an investment adviser representative unless the individual is registered under this chapter as an investment adviser representative.” Chadwick directly violated these provisions by accessing former clients’ accounts for the purposes of providing investment advice on an unregistered basis.

General Fraud

8. Pursuant to N.H. RSA 421-B:5-501(a)(3), “General fraud. It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to . . . engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.” Chadwick directly violated this provision and committed fraud by impersonating former clients while accessing Fidelity’s brokerage platform. In doing so, Chadwick engaged in acts of deception and deceit on Fidelity by posing as clients and brokering trades, despite the fact that Fidelity had explicitly ended its relationship with Chadwick. As a result, Chadwick caused the former clients’ accounts to be locked and inaccessible for a period of time.

Investment Advisor Fraud

9. Pursuant to N.H. RSA 421-B:5-502(a), “Fraud in providing investment advice. It is unlawful for any person that advises others for compensation, either directly or indirectly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as part of a regular business, issues or promulgates analyses or reports relating to securities: (1) to employ a device, scheme, or artifice to defraud another person; or (2) to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.” Further, and in accordance with N.H. RSA 421-B:5-502(b)(2) “a person who is an investment adviser or investment adviser representative is a fiduciary and has a duty to act primarily for the benefit of the person’s clients. . . an investment adviser representative shall not engage in unethical business practices” Chadwick directly violated this provision and committed fraud by impersonating former clients while accessing Fidelity’s brokerage platform. In doing so, Chadwick engaged in acts of deception and deceit on Fidelity by posing as clients and recommending and brokering trades, despite the fact that Fidelity had explicitly ended its relationship with Chadwick. Further, Chadwick breached his fiduciary duties to the 27 former clients whose accounts he fraudulently accessed by 1) causing the accounts to be locked; 2) causing new account numbers to be generated; and 3) causing these client funds to be inaccessible for a period of time due to the fraudulent access.

Dishonest and Unethical Practices

10. Pursuant to N.H. RSA 421-B:4-412(c), “If the secretary of state finds that the order is in the public interest and subsection (d) other than subsection (d)(7), (d)(11) or (d)(14) authorizes the action. an order under this chapter may censure, impose a bar, or impose a civil penalty in an amount not to exceed a maximum of \$2,500 for each violation on a registrant and if the registrant” In accordance

with subsection (d)(13) of the same chapter, a disciplinary condition is created when a person under the chapter, “has engaged in dishonest or unethical practices in the securities . . . business within the last 10 years.” Chadwick is directly subject to these provisions. By fraudulently utilizing his former clients’ personal credentials to impersonate them and gain access to their accounts, Chadwick acted in a way that was both dishonest and unethical. Among other things, his actions constitute deception and a deliberate attempt to circumvent both Fidelity controls and governmental oversight.

Legal Authority

11. Pursuant to N.H. RSA 421-B:6-604(a), whenever it appears to the secretary of state that any person has engaged or is about to engage in any act or practice constituting a violation of this chapter or order issued under this chapter, he shall have the power to issue and cause to be served upon such person an order requiring the person to cease and desist from violations of this chapter. Chadwick is subject to this provision and should be ordered to cease and desist from accessing former clients’ accounts wherever located, conducting broker-dealer activities while unregistered, conducting investment advisory activities while unregistered, and from further violating RSA 421-B in any capacity.
12. Pursuant to N.H. RSA 421-B:6-604(d), in a final order, the secretary of state may impose a civil penalty up to a maximum of \$2,500 for a single violation. In addition, every such person who is subject to such civil penalty, upon hearing, and in addition to any other penalty provided for by law, be subject to such suspension, revocation, or denial of any registration or license, or be barred from registration or licensure, including the forfeiture of any application fee. Chadwick is subject to this provision and should be fined in an amount to be determined by the Hearing Officer. Additionally, Chadwick should be barred permanently from future securities licensure for the conduct described herein.
13. Pursuant to N.H. RSA 421-B:4-412(f) “Summary Process,” “The secretary of state may suspend or deny an application summarily; restrict, condition, limit, or suspend a registration; or censure, bar, or impose a civil penalty on a registrant before final determination of an administrative proceeding. Upon the issuance of an order, the secretary of state shall promptly notify each person subject to the order that the order has been issued, the reasons for the action, and that within 15 days after the receipt of a request in a record from the person the matter will be scheduled for a hearing. If a hearing is not requested and none is ordered by the secretary of state within 30 days after the date of service of the order, the order becomes final by operation of law. If a hearing is requested or ordered, the secretary of state, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend the order until final determination.” Chadwick is subject to this provision, and this provision should be incorporated into and support the same relief as in preceding paragraph 10.

14. Pursuant to N.H. RSA 421-B:6-604(e), after notice and hearing, the secretary of state may enter an order of rescission, restitution, or disgorgement directed to a person who has violated certain provisions of N.H. RSA 421-B. Chadwick is subject to this provision and should be ordered to pay restitution to be determined for any and all losses incurred as a result of his unlawful broker-dealer and/or investment advisory services referenced herein.
15. Pursuant to N.H. RSA 421-B:6-604(g), in any investigation to determine whether any person has violated or is about to violate this title or any rule or order under this title, upon the secretary of state's prevailing at hearing, or the person charged with the violation being found in default, or pursuant to a consent order issued by the secretary of state, the secretary of state shall be entitled to recover the costs of the investigation, and any related proceedings, including reasonable attorney's fees, in addition to any other penalty provided for under this chapter. Chadwick is subject to this provision and should be ordered to pay costs as determined by the hearing officer.

IV.

RELIEF REQUESTED

The Bureau makes the following requests for relief in the above-referenced matter as authorized by N.H. RSA 421-B:

1. Find as fact the statements contained in Section II, the Statement of Facts.
2. Make conclusions of law relative to the statements contained in Section III, the Allegations and Statements of Law.
3. Pursuant to N.H. RSA 421-B:6-604(a), order Chadwick to immediately cease and desist from accessing former clients' accounts wherever located, conducting broker-dealer activities while unregistered, conducting investment advisory activities while unregistered, and from further violations of N.H. RSA 421-B.
4. Pursuant to N.H. RSA 421-B:6-604(d), bar Chadwick permanently from any securities licensure in New Hampshire.
5. Pursuant to N.H. RSA 421-B:6-604(d), fine Chadwick as to be determined by the Hearing Officer.
6. Pursuant to N.H. RSA 421-B:6-604(e), order Chadwick to pay restitution for any losses incurred as a result of the unlawful trading described herein, and to be determined.
7. Pursuant to N.H. RSA 6-604(g), order Chadwick to pay the Bureau's costs of investigation and enforcement.

8. Grant such further relief as is determined just, equitable and authorized by N.H. RSA 421-B.

V.

RIGHT TO AMEND

The Bureau staff reserves the right to amend this Staff Petition for Relief and request the Director of the Bureau take additional administrative action. Nothing herein shall preclude the Staff from bringing additional enforcement action under this N.H. RSA 421-B or the regulations. It must be noted that the Bureau has a large and serious ongoing investigation into possible unlawful trading of REML that resulted in large losses for a number of former clients. The Bureau expects that this portion of the investigation will lead to further enforcement action, and nothing in this present action should or is intended to preclude, stop, give a *res judicata* effect to, or otherwise prevent any action in anyway related to this ongoing investigation and/or any other possible violations of N.H. RSA 421-B by Respondents.

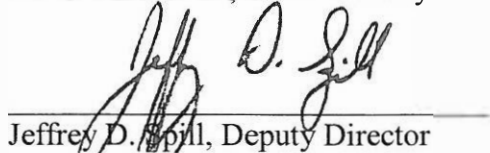
Respectfully submitted by:



Brian W. Linares, Staff Attorney

4/28/22

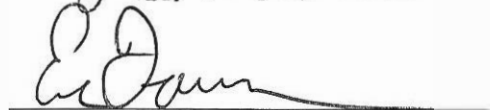
Date



Jeffrey D. Spill, Deputy Director

04/28/22

Date



Eric A. Forcier, Deputy Secretary

4/28/22

Date