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### **N.H. Secretary of State's Securities Bureau Files Order for Relief Against Former Investment Adviser**

*Thomas M. Chadwick is accused of investment fraud resulting in over 11 million dollars in client losses.*

**CONCORD, NH (July 27, 2023):** The New Hampshire Secretary of State, Bureau of Securities Regulation, has submitted a staff petition and has been granted an Order for Relief against former investment adviser Thomas M. Chadwick of Chadwick & D'Amato, LLC. The Order alleges Chadwick committed investment adviser fraud that resulted in \$11,108,725.09 in client losses.

Chadwick's clients were primarily low-to-moderate risk investors. Most were elderly and retired individuals who relied on fixed income disbursements. However, according to the Bureau's petition, from the fall of 2017 until December 2021, Chadwick invested most of his clients' funds into a risky, complex security product known as "Credit Suisse X-Links Monthly Pay 2xLeveraged Mortgage REIT Exchange Traded Notes due July 11, 2036". This product was traded under its ticker symbol "REML".

REML was a product composed of exchanged-traded notes (ETNs). ETNs are unsecured debt securities, so investments into REML were not backed by collateral.

REML's prospectus, essentially a warning label for the product, emphasized its volatility. It stated investors could lose some or all their investment in REML, especially if they held it in their accounts for longer than a month. Additionally, the prospectus did not recommend the product to investors who require fixed income payments from their investment accounts.

Despite this, Chadwick frequently concentrated between 50 to 92 percent of his clients' total investment portfolio values on REML. He held REML shares in their accounts for an average of 386 days.

REML's share price fell steadily from the mid-twenty-dollar range in late February 2020 to just \$0.52 per share — its lowest value — on March 18, 2020. At that time, Chadwick sold approximately 580,600 of his clients REML shares. Less than six days later, Chadwick encouraged his clients to repurchase REML shares with the hope that REML would recover.

[REML was ultimately called](#) at \$5.98 per share in December 2021.

Chadwick lost a total of \$11,108,725.09 of his clients' assets on REML, according to the Bureau's petition.

The Bureau also alleges that Chadwick displayed a fundamental misunderstanding of REML's complexity and risk. He failed to act in his clients' best interests and breached his fiduciary duty of care and loyalty.

The Bureau is requesting a permanent bar against Chadwick from securities licensure in New Hampshire and restitution of \$11,108,725.09 plus statutory interest for Chadwick's investors. Additionally, the Bureau requests that Chadwick pay a fine, investigation and enforcement costs, and other equitable relief. Chadwick has 30 days to request an administrative hearing to contest the Bureau's allegations.

[In April 2022, the Bureau filed a petition for emergency relief against Chadwick in a separate case](#), alleging he fraudulently accessed his former clients' Fidelity accounts. Chadwick was not a registered investment advisor at the time.

The Bureau would like to thank the Securities Division of the Vermont Department of Financial Regulation for its assistance with this investigation.

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*Investor education is a key part of the NH Bureau of Securities Regulation's mission. To learn more about the Bureau's investor education program InvestSmart NH, or for a copy of the New Hampshire Investor Guide, please visit <https://www.investsmart.nh.gov>*