**MULTIPLE VICTIMS FILE CLAIM AGAINST FIDELITY OVER ADVISOR WHO LOST $11 MILLION ON “EXTREMELY RISKY” INVESTMENTS**

***Many of Thomas Chadwick’s Clients Were Fixed-Income Retirees in New Hampshire and Vermont; Dozens of Additional Victims Could Take Action Over Fidelity’s Supervisory Failures.***

**CONCORD, NH – JANUARY 29, 2025 –** Former clients of the investment advisor Thomas Chadwick brought a major action against Fidelity Brokerage Services (Fidelity) for its role in failing to protect them from the disastrous, high-risk investment strategies of Chadwick, who used Fidelity’s platform to inappropriately invest his clients’ life savings. Approximately 100 victims across New Hampshire and Vermont lost a total of [$11.1 million](https://www.financial-planning.com/news/thomas-m-chadwick-charged-with-fraud-for-etns).

The [Statement of Claim](https://www.peifferwolf.com/wp-content/uploads/2025/01/Fidelity-Chadwick-Statement-of-Claim_v4.pdf) was filed with the Financial Industry Regulatory Authority (FINRA) on behalf of four victims by Jason Kane of the law firm Peiffer Wolf Carr Kane Conway & Wise (Peiffer Wolf). The causes of action include breach of fiduciary duty, negligence, negligent misrepresentation, breach of contract, failure to supervise, aiding and abetting fraud, aiding and abetting breach of fiduciary duty, and violations of federal securities laws and FINRA rules.

The new action follows the New Hampshire Bureau of Securities Regulation’s [$6 million settlement](https://www.sos.nh.gov/sites/g/files/ehbemt561/files/inline-documents/sonh/4-25-24-bureau-of-securities-regulation-reaches-nearly-6-million-dollar-settlement-against-former-financial-adviser-thomas-chadwick-remediated.pdf) reached against Chadwick in 2024, and pending charges in Vermont from 2022 for [impersonating clients and providing investment advice despite not being registered](https://adviserinfo.sec.gov/individual/summary/2870028).

Jason Kane, partner at Peiffer Wolf, said: **“Using Fidelity’s platform, Thomas Chadwick lost his clients life savings through extremely risky investments and committed fraud. Despite obvious red flags, they went unnoticed by Fidelity as it failed to protect its customers. Chadwick’s path of destruction includes dozens of victims across two states and totals over $11 million.** **If Fidelity had appropriate supervisory systems in place, this never would have happened.”**

Richard Bates from Enfield, New Hampshire, who suffered hundreds of thousands of dollars in losses, said: **“I considered Tom Chadwick a friend as well as an advisor. When we retired, it felt comfortable and natural to trust Chadwick, who invested through industry icon Fidelity, to manage our retirement portfolio. Instead, Chadwick’s negligent and improper mismanagement and Fidelity’s lack of oversight cost us the bulk of our savings, forcing us both back to work in order to pay our bills and shattering our retirement dreams. The emotional distress has been devastating.”**

Judy Barker from West Lebanon, New Hampshire, said: **“Our investments had been made through Fidelity for many years. We had no reason not to trust this company. Had there been more oversight of these funds on Fidelity's part perhaps we would still be living in the forever home that we built for our retirement years.”**

**REML**

In 2001, Thomas Chadwick opened Chadwick & D’Amato, his investment advisory firm registered with Fidelity. The firm was based in New London, New Hampshire, serving many elderly and retired clients in New Hampshire and Vermont with a low to moderate tolerance for risk and principal losses. Chadwick & D’Amato customers were all required to open Fidelity brokerage accounts in order to give Chadwick access to their portfolios. According to SEC forms, Chadwick managed investments for nearly 100 individuals, and the firm’s assets under management exceeded $60,000,000.

Prior to 2019, Chadwick invested most of his clients’ money in an SEC-registered mutual fund called “The Chadwick & D’Amato Fund” (C&D Fund). Chadwick engaged in a discretionary options trading strategy, essentially gambling with his clients’ money. Chadwick also recommended and managed cryptocurrency investments for his customers, including Bitcoin and Ethereum. In 2019, Chadwick & D’Amato announced that it was closing the C&D Fund. Chadwick transferred most of his clients’ assets into money market accounts and began looking for new investment opportunities.

From mid-2019 to early 2020, Chadwick invested a substantial portion of his clients’ assets into an extremely risky, complex securities product known as “Credit Suisse XLinks Monthly Pay 2xLeveraged Mortgage REIT Exchange Traded Notes due July 11, 2036” or REML. But REML was only suitable for aggressive investors who were willing to potentially lose their entire investment.

REML was a senior, unsecured debt security structured as an exchange traded note (ETN) that provided a monthly compounded interest of two-times leveraged long exposure to the price return of the FTSE NAREIT All Mortgage Capped Index (FNMRC). As noted in the REML pricing supplement, which accompanied the prospectus and prospectus supplement: “Because the ETNs will be two times leveraged with respect to the Index, the ETNs may benefit from two times any positive, but will be exposed to two times any negative, monthly compounded performance of the Index. . . . You should not purchase ETNs unless you are willing to risk the loss of up to 100% of your investment.”

The REML fact sheet also warned that REML was not appropriate for “buy-and-hold” investors and encouraged investors to “regularly monitor” their holdings “to ensure that they remain consistent with their investment strategies.”

In late 2019 and early 2020, REML typically traded for between $23 to $28 per share. In March 2020, the price of REML fell precipitously ultimately closing at $2.96 on March 30, 2020. After the crash, the price of REML slowly climbed but never fully recovered.

In December 2021, Credit Suisse prematurely called REML at a price of $5.98 per share. REML ceased trading that same day, which locked in Chadwick’s clients’ losses. These losses were exacerbated by the fact that Chadwick concentrated his customer base in this single security.

Over the years, even a cursory examination of Chadwick’s client account information and Chadwick & D’Amato’s purported investment strategy would have uncovered numerous red flags that would have given a reasonable brokerage firm cause for concern. Fidelity had a duty to properly tailor its supervisory systems to closely scrutinize advisory client accounts and all persons trading in these accounts, yet it continuously failed to fulfill its supervisory duties. Fidelity’s failure to properly fulfill its supervisory duties enabled Chadwick and his firm to commit their misconduct and caused his clients to sustain the substantial losses that they did.

**Illegal Investment Advice and Fraud**

In late 2021, Chadwick formed Chadwick Consulting and terminated Chadwick & D’Amato’s registrations as investment advisors in Vermont and New Hampshire. Chadwick Consulting submitted an application to register as an investment adviser with the State of Vermont but later withdrew the application in February 2022.

After Chadwick’s registrations ended, he still met with clients, discussed their accounts, and sent numerous emails that contained investment advice. He told several clients that he expected to be registered in the near future and intended to resume his investment adviser business as soon as Chadwick Consulting was registered in New Hampshire and Vermont.

Meanwhile, Fidelity terminated its relationship with Chadwick and Chadwick & D’Amato at the end of 2021 and removed them from Fidelity’s custodian platform. At that point, Chadwick and Chadwick Consulting no longer had lawful access to their clients’ retail customer accounts held at Fidelity.

In January 2022, Chadwick sent his clients an email explaining that Chadwick & D’Amato was closing and that all client accounts would be transferred to Chadwick Consulting. He noted that Chadwick Consulting could not be registered until an open regulatory review was completed for Chadwick & D’Amato. Chadwick told clients that “no action” was required in the “short term.” This became the pretense for Chadwick’s pattern of inappropriately accessing customer accounts. In an email to one customer, he wrote “[w]e can always log into your Fidelity accounts together . . . should anything need to be done in the short-term.”

Chadwick inappropriately accessed approximately 40 Fidelity customer accounts to purchase securities and engage in a pattern of securities trading across those accounts. This was yet another red flag that Fidelity failed to act upon until it was too late.

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**Peiffer Wolf Carr Kane Conway & Wise** is a national law firm with offices in New Orleans, New York, Chicago, San Francisco, Los Angeles, Cleveland, Youngstown, St. Louis and Detroit. Visit <https://brokerwatch.com/> for more information.