

My Story

I began my partnership with Charles Schwab & Co. (Schwab) May 4, 2010. I executed an Investment Manager Service Agreement. In particular, I was impressed with certain portions of the agreement like “Schwab recognizes that you and your clients have selected Schwab as the custodian and Schwab acknowledges the primacy of your relationship with your clients” and “We will both cooperate with each other in connection with the performance of our respective responsibilities to the clients.” “We agree that, as between us, you will have the primary responsibility for client communications. Schwab has no intent to communicate with your clients”. I value my freedom and independence. That is one of the reasons I went into business for myself 30 years ago.

On October 20, 2011 - out of the blue - I received a phone call from a man named Arden Miller who said he was with Schwab corporate counsel. At this point in the telephone conversation I was on alert for a practical joke from a member of my family or friends (we are known for being practical jokers). When he said he was calling to inform me that Schwab was terminating their agreement with me, I was sure it was a joke. So much so, I started laughing, and said, “Who is this?” He continued on for a bit, and I still did not believe him. When he was done with his speech, I called my service team and they had nothing in my file about the termination. In fact, they said that my file was squeaky clean. I thought it was a prank up until the fax arrived shortly thereafter. Arden faxed the letter of termination and the letter that would be sent to all my clients.

At this point I literally felt sick to my stomach. I knew now this was no practical joke. I called Arden back and asked him “For God’s sake Why?” to which he replied that he did not know why. He said he is authorized to tell me it could be something I did, or

some internal change at Schwab that had absolutely nothing to do with me. I asked him if he knew and would not say, or if he did not know. He said he did not know.

At this point, I must admit, I was shifting fast from being stunned to being ANGRY. I told him not to send the letter to my clients because it was horrible in its tone and implication. He said the letters would go out that same day, and there was nothing I could do about it. So I immediately called my attorney, who dropped everything he was doing and composed a letter for me and sent it to Schwab. Lawyers refer to this type of letter as a cease and desist letter (copy on the site). My attorney followed up with a phone call and spoke with Arden. He said to Arden this letter is devastating in its tone, etc. and Arden replied, "that is what arbitration is for".

Nothing I said or wrote and nothing my attorney said or wrote stopped this action. All of my clients received this horrible letter. In fact, clients for whom I established accounts but who had not yet funded the accounts were sent letters. The firestorm ensued.

In order to find out a reason for this despicable act, I filed a FINRA arbitration claim against Schwab. It was in response to my complaint that I received an answer from Schwab and for the first time, an explanation for the action taken. I am quoting from the answer filed by Schwab, "Although Schwab was not required to have cause to terminate the agreement, it did so here as a result of improper conduct. Schwab discovered that Michael Kelly impersonated a client as part of an attempt to validate a questionable signature form submitted to Schwab." Ah.....the reason surfaces. But, cleverly and importantly, they quickly pointed out no cause is needed. In fact, there was no impersonation. This was an excuse. I can't help thinking that if I had \$1B under management this would never have happened. You will see on this site a video recording with me and the client I allegedly impersonated.

So from May 4, 2010 through October 20, 2011 (a year and a half) that is the best they could come up with. One alleged act: A Schwab form signed by my client, submitted by me, to increase a recurring monthly ACH from his Schwab account to his personal checking account. My client had an existing ACH in place and needed more money so he signed and executed an increase in an existing ACH relationship. The money was going into the same account it had always gone to: my client's personal checking account. This form was sent to Schwab in June of 2011. The increase in monthly ACH was effectuated. Then 4 months later Schwab makes their unique "Same Day Termination" move on me without any warning, discussion, or appeal.

You see – Schwab – does not know my client. I have known him for 30 years. He was a POW in Vietnam. He flew a helicopter (Air Cav). He was wounded. He served in Desert Storm. And now he has cancer and his wife is in assisted living with early onset Alzheimer's and early onset dementia. John has already lived 2 years more than the doctors thought he would. He is a tough old guy and will not go out without a fight. In fact, it was the change in medical condition for he and his wife that necessitated the increase in his ACH. But Schwab knew nothing of this – because to Schwab he is just a number. But not to me. To me he is like a brother. I would never do anything to hurt this man. Watch the video for yourself.

Schwab will react to this web site and campaign to disseminate and gather information by fighting dirty. I am no saint. I have made my share of mistakes. But for the last 18 years of my life I have been sober and I still go to 3 meetings a week. I give back and I practice the principles in all of my affairs. I have been married for 30 years to the same woman. I am 58 years old with a son 29 and a daughter 26. I did nothing to deserve what Schwab did to me.

Sincerely,

Michael P Kelly