

**IN THE UNITED STATES DISTRICT COURT FOR
THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

CHARLES SCHWAB & CO., INC.,)	
)	
Plaintiff,)	Case No. _____
)	
v.)	
)	Complaint
CAROLYN KITZEL,)	
)	
Defendant.)	
)	

Plaintiff Charles Schwab & Co., Inc. ("Schwab") brings this Complaint against Carolyn Kitzel ("Kitzel"), alleging as follows:

The Parties

1. Schwab is a citizen of California. It is a corporation organized and existing under the laws of the State of California, with its principal place of business in San Francisco, California.

2. Kitzel is a former Schwab employee, who was employed as a Financial Consultant in Schwab's Michigan Avenue, Chicago, Illinois office. She resigned on May 23, 2014. Schwab is informed and believes that Kitzel is a citizen of the State of Illinois and a resident of Cook County.

Jurisdiction and Venue

3. The Court has subject-matter jurisdiction over this action pursuant to 28 U.S.C. § 1332. The matter in controversy exceeds the sum or value of \$75,000, exclusive of interest and costs, and there is complete diversity of citizenship. Schwab seeks injunctive relief under Federal Rule of Civil Procedure 65. The value of the confidential,

trade secret information, as well as the client relationships, that Schwab seeks to protect through Rule 65 interim relief greatly exceeds \$75,000.

4. Venue is proper in this district under 28 U.S.C. § 1391(a) because, among other things, the Northern District of Illinois is the district in which the conduct complained of arose and in which Kitzel resides.

The Facts

Kitzel's Employment with Schwab

5. Kitzel was a seasoned and successful Schwab Financial Consultant, with more than seven years experience.

6. Kitzel worked in Schwab's Michigan Avenue, Chicago, Illinois office from January 2007 through June 2014.

7. She reported to Brennan B. Miller, III ("Miller"), the manager of Schwab's Michigan Avenue and Lincoln Park branches.

8. On May 23, 2014, Kitzel gave Schwab four week's notice of her resignation.

9. Although Kitzel previously worked at US Bank, she did not develop a "book" of business through cold calls or her own connections in the way that stockbrokers at other brokerage firms often do.

10. Rather, Schwab provided Kitzel with pre-existing Schwab clients or qualified leads to service.

11. Schwab has approximately eight million client brokerage accounts nationwide. Some of these clients have asset levels and needs extending beyond simple online brokerage services.

12. Financial Consultants, like Kitzel, work with clients to help them set goals, determine their financial strategies, and review their progress. Financial Consultants can also help clients arrange to receive a personal financial plan, which is a comprehensive analysis of their financial situation. They also partner with other Schwab employees to provide clients with services ranging from estate planning, to fixed income planning, to education and retirement planning.

13. During her employment at Schwab, Kitzel was responsible for servicing a group (known as a “practice”) of clients that Schwab developed and assigned to her.

14. In this capacity, Kitzel serviced more than three hundred and thirty (330) client households with approximately \$545 million in assets custodied at Schwab.

15. To enable her to service these clients, Schwab provided Kitzel with access to Schwab’s extensive client records and information, including clients’ transactional histories, account types, account balances, asset allocations, income, liquid and total net worth, tax status, tax information, investment objectives, and other personal financial information.

16. Schwab paid Kitzel and provided her with an opportunity to develop, cultivate and maintain relationships with Schwab’s clients.

17. Kitzel could not ascertain the identities and contact information of Schwab's clients, much less the high net worth clients she serviced, through any available public source.

18. The identities of the clients assigned to Kitzel at Schwab are not generally known to third parties, such as competitor financial services firms.

19. Schwab's client list would be very valuable to competitors because it identifies high net worth clients who generate significant revenues and who have demonstrated a need and desire for a specific type of financial service.

20. Schwab's competitors, such as J.P. Morgan, can unfairly benefit from this list because it would enable them to direct their financial products, services, and marketing efforts to a pre-selected elite group of Schwab clients without the need to spend any time, money, or resources to identify and develop such clients.

Kitzel's Agreements with Schwab

21. As a condition of initial employment at Schwab, all employees who interact with clients are required to sign a confidentiality and non-solicitation agreement.

22. At or around the time Kitzel joined Schwab in 2007, she executed a *Confidentiality, Nonsolicitation and Assignment Agreement* (the "2007 Agreement"). A true and correct copy of the 2007 Agreement is attached as *Exhibit A*.

23. The 2007 Agreement contained a number of business protection covenants, including those related to the use or disclosure of Schwab's confidential

information, return of documents upon departure, and solicitation of a limited group of Schwab clients.

24. Over the next seven years that Kitzel was an employee of Schwab, Kitzel executed 5 additional agreements with Schwab in which she agreed to, among other things, not to solicit Schwab's clients or improperly use or disclose Schwab's confidential information. For ease of reference, those agreements are summarized in the table below and can be made available at any hearing or at the request of the Court:

1	<i>Confidentiality, Nonsolicitation, and Assignment Agreement</i> , executed by Kitzel on or about April 17, 2007
2	<i>Confidentiality, Non-solicitation, and Intellectual Property Ownership Agreement</i> , executed by Kitzel on or about April 21, 2008
3	<i>Confidentiality, Non-solicitation, and Intellectual Property Ownership Agreement</i> , executed by Kitzel on or about February 10, 2010
4	<i>Confidentiality, Non-solicitation, and Intellectual Property Ownership Agreement</i> , executed by Kitzel on or about January 4, 2012
5	<i>Confidentiality, Non-solicitation, and Intellectual Property Ownership Agreement</i> , executed by Kitzel on or about December 21, 2012

25. Kitzel most recently executed Schwab's *Confidentiality, Non-solicitation, and Intellectual Property Ownership Agreement* (the "2013 Agreement") on or about December 21, 2012. A true and correct copy of the 2013 Agreement is attached as *Exhibit B*.

26. Kitzel received valuable consideration for executing the 2013 Agreement, which reaffirms the core solicitation and confidentiality provisions to which she agreed when she started with Schwab in 2007.

27. The 2013 Agreement specifies that it was entered into in exchange for Kitzel's continued at-will employment, the extensive compensation and benefits she would receive from Schwab, and her ability to participate in Schwab's bonus and incentive compensation plans.

28. Kitzel received additional valuable consideration from Schwab including the assignment to service specific retail client account relationships, Schwab sales support, operational systems, Schwab's goodwill and reputation, and other benefits.

The Business Protection Covenants in the Agreements

29. In her agreements, Kitzel acknowledged that Schwab would provide her access to "Confidential Information" as a consequence of her employment. (*See, e.g.*, Ex. B at ¶1).

30. Schwab defines Confidential Information specifically to include "the identities of clients as clients of Schwab; names, addresses, phone numbers, email addresses, account numbers or financial or personal information pertaining to Schwab clients." (Ex. B at ¶2).

31. Kitzel also acknowledged and agreed that "Confidential Information does not lose its confidential status merely because I commit it to memory." (Ex. B at ¶2).

32. Kitzel agreed not to assert any claim to Confidential Information or use or disclose Confidential Information during or after her employment with Schwab. (Ex. B at ¶¶ 1, 9).

33. Kitzel also agreed not to remove any Schwab property, including any Confidential Information, from Schwab except as required for her to carry out her duties for the company. (Ex. B at ¶6).

34. In conjunction with this, Kitzel agreed that, upon termination of her employment with Schwab, she would immediately return all property and Confidential Information to Schwab. (Ex. B at ¶6).

35. Kitzel further agreed that for a period of eighteen months following the end of her employment with Schwab, she would not directly or indirectly solicit or induce any Schwab clients whom she serviced, or about whom she gained Confidential Information, in an attempt to divert, transfer, or otherwise take away business from Schwab. (Ex. B at ¶4).

36. The 2013 Agreement clearly and expressly states that “solicitation includes initiating contact with Clients for purposes of notifying them of my new or subsequent place(s) of employment or for purposes of encouraging or inducing them to transfer their accounts to my new firm.” (Ex. B at ¶4).

37. By limiting the class of clients Kitzel cannot solicit to those whom she serviced, or about whom she gained Confidential Information, Schwab narrowly tailored the 2013 Agreement to protect its legitimate business interests in both

ongoing client goodwill and protected client information that Schwab takes steps to keep confidential.

38. Thus, the non-solicitation covenant poses no undue hardship on Kitzel's ability to work as a broker for a competing company and is not contrary to any public interest.

Kitzel Gives Notice of Her Resignation To Join J.P. Morgan

39. On May 23, 2014, Kitzel gave Schwab four weeks' notice of her resignation.

40. According to the Financial Industry Regulatory Authority ("FINRA") (formerly known as the NASD), Kitzel is currently registered as a broker with J.P. Morgan at its North Michigan Avenue, Chicago, Illinois office.

41. J.P. Morgan is a competitor in the area of private client services. The types of clients that Kitzel serviced and cultivated on behalf of Schwab logically would be the same J.P. Morgan's private client group would be interested in retaining.

Kitzel Retains Schwab's Valued Client Information In The Weeks Preceding Her Resignation And Uses It In Breach Of Her Agreements

42. In the months leading up to her departure from Schwab, Kitzel engaged in a concerted effort to memorize, print, and retain Schwab's valued client information, with full knowledge that it was in violation of her Agreements, for the sole purpose of using the information to compete against Schwab after her departure.

43. To start, Kitzel accessed and printed copies of the 2013 Agreement five times in the months preceding her resignation, on February 27, February 28, April 7,

April 29, and May 12, 2014. She was fully aware of the 2013 Agreement's non-solicitation, confidentiality, and return of property requirements.

44. On February 14 and 26, 2014, Kitzel printed her practice list. That list contained contact information for more than three hundred and sixty (360) Schwab clients.

45. In addition to printing her entire practice list, Kitzel also began suspiciously accessing information regarding specific clients.

46. Client Central is a proprietary database containing specific details of Schwab's clients. It is the authoritative source for client data and the primary tool that Financial Consultants like Kitzel use to serve clients on a day-to-day basis.

47. Client overview screens contain non-public data associated with clients of Schwab, including a Schwab client's account balance, account numbers, contact information, date of birth, mother's maiden name, driver's license number and, in some instances, account passwords. This information is not accessible to anyone outside of Schwab and would be valuable information to any competitor offering private client services similar to those Schwab offers.

48. On February 28, 2014, Kitzel accessed Client Central and viewed forty client overview screens. She accessed 33 client overview screens in rapid succession over just 30 minutes, activity which strongly suggests copying down or photographing contact information.

49. On March 24, 2014, Kitzel viewed 43 additional client overview screens.

50. Her activity was highly suspect as Kitzel did not generally view such a large number of client overview screens on a daily basis. In fact, she averaged only 10 screens per day in the 4 months preceding her resignation.

51. On May 23, 2014, Kitzel provided her supervisor Brennan with four week's notice of her resignation from Schwab.

52. She handed Brennan a resignation letter and, in response to questions about her future plans, indicated that she was not sure where she was going.

53. On that same day, Schwab collected her keys to the branch office, her access codes, and her company-issued Blackberry phone.

54. In addition to the above items, Schwab collected Kitzel's Daytimer several days later. A Daytimer is a handwritten appointment diary that can be used to input and keep track of meetings and other information, including client information.

55. Kitzel had been a heavy Daytimer user (rather than the Outlook scheduling program supplied by Schwab). Kitzel had used the Daytimer for the majority of her appointments and contacts.

56. When the Daytimer was collected, all of the pages before May 22, 2014 were missing.

57. On the same day she provided notice of her resignation, Kitzel executed a *Certification of Return of Schwab Property*, certifying that she was "in compliance with all of the terms and conditions of the confidentiality agreement(s)" she executed while at Schwab and that she "returned all Schwab property in [her] possession or

control.” A true and correct copy of the *Certification of Return of Schwab Property* is attached as *Exhibit C*.

58. On June 20, 2014, Brennan conducted an exit interview with Kitzel.

59. During the interview, Brennan questioned Kitzel for details concerning her unusual and suspect computer activity, including her practice list printing.

60. Kitzel claimed that she printed her practice list frequently, although the electronic access records prove otherwise.

61. She further suggested that she printed the list so that she and her secretary could discuss the clients and set up appointments, but that is not something Kitzel typically did with her secretary.

62. During the interview, Brennan asked Kitzel if she had any copies of her practice list but she claimed that she did not.

63. Brennan also asked Kitzel to explain what happened to the missing Daytimer pages.

64. Kitzel stated that she threw the pages away.

65. Following the exit interview, on June 24, 2014, Schwab sent Kitzel a letter reminding her of her non-solicitation and confidentiality obligations under the 2013 Agreement and instructed her to bring a copy of the letter to J.P. Morgan so that it could assist in ensuring her compliance with the 2013 Agreement.

66. Kitzel’s *Certification of Return of Schwab Property* and her responses to Brennan turned out to be false despite Schwab’s attempts to remind her of her obligations.

67. Kitzel breached the 2013 Agreement and earlier agreements when she sent, caused a J.P. Morgan representative to send, or assisted a J.P. Morgan representative with sending two mass mailing announcements, in or around late September and early October 2014. These mailings were targeted to Schwab clients and announced Kitzel's move to J.P. Morgan (the "Announcements") in an effort to induce the transfer of Schwab client assets to J.P. Morgan.

68. As of the date of this pleading, at least three different Schwab clients who Kitzel serviced or about whom she gained Confidential Information while at Schwab have informed Schwab that they received one of the Announcements. One of those clients informed Schwab that he received both Announcements.

69. The only way Kitzel and J.P. Morgan could have obtained these clients' information is if (1) Kitzel took home a Schwab client list containing Schwab client names and addresses and failed to return all copies of that list, or information contained on that list, following her resignation from Schwab, (2) Kitzel retained the pages from her Daytimer, or (3) Kitzel used client information that she committed to memory, wrote down, or photocopied during her time at Schwab for her own benefit and the benefit of J.P. Morgan.

70. As a consequence of Kitzel's conduct, Schwab's transition of the clients that Kitzel serviced has been substantially disrupted and undermined, and Schwab's goodwill has been harmed.

Schwab's Steps To Protect Confidential Client-Related Information

71. Schwab takes numerous steps to preserve the confidentiality of its client information.

72. In addition to requiring employees to sign agreements such as the six signed by Kitzel, these steps include implementing additional policies and procedures to preserve and safeguard confidential client information.

73. For example, Schwab trains its employees concerning their obligations to protect client information.

74. Schwab also has enacted a centralized management operation with managers responsible for monitoring outgoing correspondence that assists in protecting against the wrongful dissemination of proprietary information.

75. Schwab also has an online system that is designed to detect and flag outgoing emails that contain client information.

76. Schwab further adopted its "Code of Business Conduct and Ethics" (the "Code"). The Code has a specific section on "Confidentiality of Client Information" which provides: "Information concerning the identity of clients and their transactions and accounts is confidential. Such information may not be disclosed to persons within the company except as they may need to know it in order to fulfill their responsibilities to the company."

77. The Code also states: "You have the responsibility to safeguard proprietary information of the company and comply with the company's

Confidentiality, Non-solicitation and Intellectual Property Ownership Agreement, the terms of which are a condition of your employment.”

78. In addition, Schwab employees must have passwords to access client records and information on the Schwab computer system, including Client Central.

79. The books, files, and records of Schwab, and especially the data pertaining to Schwab’s clients, constitute confidential and trade secret information.

80. This information derives independent economic value because it is not generally known to competitors who can profit from its use or disclosure.

81. Schwab has spent significant sums, in terms of both financial and human resources, to develop and maintain this information, which is of great value to any competitor.

82. Schwab has taken more than adequate measures under the circumstances to maintain the secrecy of this information, including: (a) assigning computer passwords to be used to access Schwab computer systems and records; (b) restricting access to its business premises; (c) implementing policies such as those described above; and (d) having employees, including Kitzel, sign agreements which expressly prohibit the use and disclosure of such information outside of Schwab.

83. Kitzel’s conduct in memorizing and/or retaining Schwab’s valued client information was not privileged and threatens to result in significant damage to Schwab, particularly since Kitzel has affiliated with J.P. Morgan and is likely offering the same or similar services that she previously offered at Schwab.

84. Unless enjoined from doing so, Kitzel will otherwise continue to engage in the wrongful and unlawful acts described above.

85. The 2013 Agreement contains Kitzel's consent to the issuance of injunctive relief in the event she breaches any of the business protection covenants. (Ex. B at ¶12).

86. In addition to injunctive relief, Schwab also seeks to recover its attorneys' fees and costs incurred to enforce the terms of the 2013 Agreement, as expressly provided for in Paragraph 15 of the 2013 Agreement. (Ex. B at ¶15).

The Parties' Obligation To Arbitrate The Dispute

87. Because Schwab is a member firm of FINRA and because Kitzel is a person currently and formerly associated with FINRA member firms, the parties have agreed and are obligated to arbitrate the final merits of the claims presented herein before FINRA Dispute Resolution pursuant to the FINRA Code of Arbitration Procedure.

88. FINRA Code of Arbitration Procedure Rule 13804 provides that any party seeking preliminary injunctive relief must do so exclusively in a court of competent jurisdiction.

89. Rule 13804 further provides that if a court grants injunctive relief, a FINRA panel of arbitrators will convene an expedited hearing on the merits of a permanent injunction within fifteen days.

90. Concurrent with the filing of this civil action, Schwab has commenced an arbitration proceeding against Kitzel before FINRA.

Count I - Breach of Contract

91. The allegations of Paragraphs 1 through 90 are incorporated by reference herein.

92. The 2013 Agreement and the earlier agreements between Schwab and Kitzel are valid and enforceable contracts which contain reasonable restrictions that are designed to protect Schwab's legitimate business interests, they pose no undue hardship to Kitzel, and do not injure the public.

93. Schwab performed its obligations under the 2013 Agreement and the earlier agreements.

94. By virtue of the foregoing specific allegations of fact, Kitzel has violated and continues to violate the 2013 Agreement and earlier agreements with Schwab, including the following provisions:

- (a) *Paragraph 1* - Protection of Schwab's Confidential Information and Intellectual Property.
- (b) *Paragraph 4* - Agreement Not to Solicit
- (c) *Paragraph 6* - Removal and Return of Schwab Property

95. As a consequence of the foregoing, Schwab has suffered and/or will continue to suffer irreparable harm and loss.

Count II - Misappropriation of Trade Secrets

96. The allegations of Paragraphs 1 through 95 are incorporated herein by reference.

97. The confidential client information identified in the factual allegations above, especially the protected client data reflecting client names and addresses, social security numbers, account numbers, financial status, financial statements, investment objectives and preferences, assets and/or securities held by these clients, and other highly confidential personal and financial information, are trade secrets of Schwab subject to protection under the Illinois Trade Secrets Act, 765 ILCS 1065/1, *et seq.*

98. This information derives independent economic value by not being accessible, through proper means, to competitors such as J.P. Morgan, which can profit from its use or disclosure.

99. The identities of Schwab's clients are not readily available to the public or to Schwab's competitors.

100. Schwab has spent significant sums, in terms of both financial and human resources, to develop and maintain this information, which is of great value to any competitor.

101. Schwab has taken more than adequate measures under the circumstances to maintain the secrecy of this information, including: (a) assigning computer access passwords to be used to access Schwab computer systems and records; (b) restricting access to its business premises; (c) implementing policies such as those described above; and (d) having employees, including Kitzel, sign agreements which expressly prohibit the use and disclosure of such information outside of Schwab.

102. Kitzel's conduct in retaining and/or memorizing Schwab's confidential, trade secret information constitutes misappropriation under the Illinois Trade Secrets Act because she has used, threatened to use, or inevitably will use specific Schwab client information without Schwab's consent, and Kitzel will have done so in violation of her 2013 Agreement and other agreements, and with the clear knowledge that she only had access to this protected information under circumstances giving rise to a duty to maintain the information's secrecy.

103. As a consequence of the foregoing, Schwab has suffered and will continue to suffer irreparable harm and loss.

Count III – Tortious Interference With Contracts and/or Business Relationships

104. The allegations of Paragraphs 1 through 103 are incorporated herein by reference.

105. Kitzel's conduct constitutes tortious interference with Schwab's business relations with Schwab clients.

106. Kitzel knew that Schwab had a reasonable expectation of continuation of its business relations with its clients, and nevertheless used improper means to induce and/or attempt to induce the severance of such relations, including in breach of the 2013 Agreement and violation of common-law duties as set forth above.

107. As a consequence of the foregoing, Schwab has suffered and will continue to suffer irreparable harm and loss.

Prayer For Relief

WHEREFORE, Schwab demands judgment in its favor and against Kitzel, seeking the following relief:

- (1) a preliminary injunction, thereby triggering an expedited arbitration hearing to be held pursuant to Rule 13804 of the Financial Industry Regulatory Authority Code of Arbitration Procedure, which prohibits:
 - a. Kitzel from using or disclosing Schwab's confidential and trade secret information identified by it in the Complaint and in further proceedings in this Court; and
 - b. Kitzel from soliciting Schwab clients she serviced or about whom she had continuing access to Confidential Information, as defined in Paragraph 2 of the 2013 Agreement.
- (2) a preliminary injunction, thereby triggering an expedited arbitration hearing to be held pursuant to Rule 13804 of the Financial Industry Regulatory Authority Code of Arbitration Procedure, which requires Kitzel to return all Schwab materials in her possession, including those on electronic storage devices; and
- (3) any such further relief the Court deems just and equitable.

Dated: November 5, 2014

Respectfully submitted,

/s/Kenneth J. Vanko

Kenneth J. Vanko

Kenneth J. Vanko
Clingen Callow & McLean, LLC
2300 Cabot Drive, Suite 500
Lisle, Illinois 60532
(630) 871-2600
vanko@ccmlawyer.com

Of Counsel:

John F. Marsh (*pro hac vice* application pending)
Hahn Loeser & Parks LLP
65 E. State Street, Suite 1400
Columbus, Ohio 43215
(614) 233-5102
jmarsh@hahnlaw.com

Attorneys for Plaintiff
Charles Schwab & Co., Inc.

EXHIBIT A

Confidentiality, Nonsolicitation and Assignment Agreement

Charles Schwab & Co., Inc., its parent company(ies) and/or its/their subsidiaries, affiliates, joint ventures and successors (collectively, "Schwab" or the "Company") desires to protect its Confidential Information (as more fully described and defined in Paragraph 1, below), to maintain and protect the confidential and/or proprietary nature of such Confidential Information, and to protect against the unauthorized use of such Confidential Information. In consideration for my at-will employment with Schwab and in consideration for the compensation paid and to be paid to me and the receipt of other benefits from Schwab, the receipt and adequacy of which I acknowledge and agree, I am willing to enter into this Confidentiality, Nonsolicitation and Assignment Agreement (this "Agreement") to provide and facilitate the protection of Schwab Confidential Information during and after my employment with the Company in accordance with the terms and conditions set forth below.

1. (a) I acknowledge and agree that during and related to my employment with Schwab, I will obtain, have access to, and/or be exposed to certain information that is confidential and/or proprietary, and/or trade secrets of Schwab (collectively, "Confidential Information"). I understand that such Confidential Information may be in any form, and will include all copies, reproductions, summaries, analyses or extracts thereof, based thereon or derived therefrom, and which is the sole and exclusive property of Schwab. Confidential Information may include, but not be limited to:
 - (i) confidential information about previous, current and/or contemplated products and services; confidential know-how, techniques, computer passwords, computer software designs, and hardware configurations; and confidential training materials, policies and procedures, and research projects;
 - (ii) market, financial, trade, and sales information and data; pricing; financial models or formulas; business plans; financial and business forecasts and estimates; account valuation; and information about costs and profits;
 - (iii) the identities of Schwab customers or Prospective Customers, as defined in Paragraph 6 (including, but not limited to, names, addresses, telephone numbers and/or Social Security numbers); any account, personal, business, financial and other information pertaining to such customers or Prospective Customers; Schwab customer or Prospective Customer lists in any form; and any information related to the assets and obligations carried in an account by a Schwab customer, a customer's positions, and/or account valuation;
 - (iv) account, personnel or financial information pertaining to current and former employees of Schwab; business, financial and other information pertaining to Schwab's vendors and independent contractors; and any lists of such employees, vendors and/or independent contractors;
 - (v) all Developments, as defined in Paragraph 5, and all information that relates to said Developments; and/or
 - (vi) all information which Schwab has a legal obligation to treat as confidential, or which Schwab treats as proprietary or designates as confidential or for internal use only, whether or not owned or developed by Schwab.
- (b) "Trade secret," as used in this Agreement, shall mean, without limitation, any technical or non-technical data or other business information, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable through proper means by, other persons who can obtain economic value from its use; and (ii) is the subject of reasonable efforts on the part of the Company to maintain its secrecy.
- (c) Notwithstanding the definition in Paragraph 1 hereof, Confidential Information shall not include any information that is in its protected form (i) in the public domain through no fault of an employee of Schwab or otherwise, (ii) readily and accurately discernible from publicly available products, literature or other information, or (iii) approved for disclosure by prior written permission of an authorized senior or executive officer of Schwab specifically designated by Schwab to give such authorization as required hereunder ("Authorized Officer").

11/5/14
1:12

2. I acknowledge that such Confidential Information has been developed by, or on behalf of, Schwab or licensed by Schwab at great expenditure of both financial and human resources and that such Confidential Information may be unique and not capable of being duplicated, or may only be acquired by significant expense. I acknowledge and agree that Schwab owns or licenses all such Confidential Information and that such information is entrusted to me for the sole and exclusive purpose of enabling me to conduct the business of providing brokerage and financial advice to customers and Prospective Customers (the "Business") on behalf of Schwab. I further understand that Schwab desires (or is under a legal obligation, in the case of information owned by others) to protect such Information's confidential and proprietary nature, and that Schwab takes, and requires me to take, all reasonable measures to maintain the confidentiality and proprietary nature of such information.
3. I acknowledge that Schwab's Business is intensely competitive and as an employee of Schwab in my position I have been or will be exposed to Confidential Information, the direct or indirect disclosure of which to existing and potential competitors of Schwab would place Schwab at a competitive disadvantage and would do damage, monetary or otherwise, to Schwab's Business. I acknowledge that the Confidential Information constitutes a protectable business interest of Schwab.
4. I agree that I will not, at any time, assert any claim, ownership or other property interest in any Confidential Information. I also will not, for any purpose, directly or indirectly, disclose, reproduce, use or disseminate in any manner during or after my employment with Schwab, on my own behalf or on behalf of any other person, company or entity, any Confidential Information, unless: (a) such disclosure is required in the ordinary course of my duties at Schwab and is necessary for me to perform my duties; (b) I have received advance written consent from an Authorized Officer; or (c) I am legally compelled (by deposition, interrogatory, request for documents, subpoena or similar process) to disclose any of the Confidential Information; **provided, however**, prior to disclosing such Confidential Information, I shall give Schwab prompt prior written notice of such requirement so that Schwab may seek a protective order or other appropriate remedy and/or waive my compliance with the terms of this Agreement. In the event that such protective order or other remedy is not sought or obtained, or that Schwab waives my compliance with the terms hereof, to the extent I shall be legally compelled to disclose the Confidential Information, I agree to provide only that limited portion of the Confidential Information that is legally required and to exercise reasonable efforts to obtain assurance that confidential treatment will be accorded such Confidential Information. I will promptly notify Schwab if I become aware of or suspect any unauthorized (whether intentional or accidental) use or disclosure of Confidential Information by me or by any other person, company or entity.
5. I will promptly disclose in confidence to Schwab all inventions, improvements, designs, original works of authorship, formulas, processes, computer software programs, databases and trade secrets (collectively, "Developments") that I make, conceive, first reduce to practice, or create, either alone or jointly with others while I am employed by Schwab, and that: (a) result from any work performed by me for Schwab, whether or not in the normal course of my employment or during normal business hours; (b) reasonably relate to the actual or anticipated business, services, products, research or development of Schwab; or (c) are developed with the use of Schwab time, equipment, supplies, Confidential Information or facilities. I must promptly disclose Developments whether or not such Developments are patentable, copyrightable or protectable as trade secrets. I understand and agree that all Developments shall be the sole and exclusive property of Schwab, and I hereby irrevocably assign, transfer and convey to Schwab, exclusively and perpetually, all rights, titles and interests that I may have or acquire in and to such Developments throughout the world, including (without limitation) any copyrights and patents, and the right to secure registrations, renewals, reissues and extensions thereof. I agree to sign any documents and to do all things necessary, without additional compensation, whether during my employment or after, to assist Schwab to register, perfect, maintain and enforce Schwab's rights in any Development, including (without limitation) any patent, copyright, trade secret or other right or interest. I understand that if I am now a California resident, or if I become a California resident while employed by Schwab, then this paragraph will not apply to any Developments which fully qualify under Section 2870 of the California Labor Code, which section is set forth in the accompanying **Exhibit A**, attached hereto and made a part hereof.

6. I acknowledge that during my employment, Schwab will be providing me with resources that enable me to develop, enhance, maintain and/or support account relationships with Schwab's customers and Prospective Customers; Prospective Customers have been designated as such by virtue of being listed, classified or otherwise identified by me or others, to which I have knowledge of, during my employment with Schwab ("Prospective Customers"). I also acknowledge that such resources are provided at Schwab's expense and the development, enhancement, maintenance and/or support of the account relationships with Schwab's customers and Prospective Customers are solely for Schwab's benefit. I acknowledge and agree that any account relationships I develop, enhance, maintain or support during my employment with Schwab are account relationships that belong solely to Schwab and not to me, with the exception of account relationships of my immediate family or other relatives, or individuals or entities that I provided financial services to prior to joining Schwab, and which I have identified in the accompanying **Exhibit B**, attached hereto and made a part hereof. I agree that I will undertake to update this **Exhibit B**, as and when necessary, by written notice to Schwab.
7. I agree that during my employment with Schwab, I will not, directly or indirectly, on my behalf or on behalf of any other person, company or entity, solicit or induce, or attempt to solicit or induce (which shall include, but is not limited to, contact or communication in any manner for the purpose of soliciting or inducing): (a) any customer or Prospective Customer of Schwab to divert, transfer or otherwise take away any business from Schwab; or (b) any employee, vendor or independent contractor of, or consultant to, Schwab to leave his or her employment or assignment with Schwab.
8. I agree that during my employment with Schwab, I will not remove any property of Schwab in original or copied form, including, but not limited to, any Confidential Information existing in any form from Schwab's premises, except as required in the ordinary course of my duties at Schwab and as necessary for me to perform my duties. I agree that I will promptly return to Schwab immediately upon Schwab's request, my acceptance of other employment, or the termination of my employment for any reason any and all documents and materials that contain, refer to, or relate in any way to any Confidential Information, as well as any other property of Schwab in my possession or control, including, but not limited to, any information pertaining and/or relating to Schwab's customers and Prospective Customers, and all originals, copies and derivations of Schwab's documents, electronic and telephonic equipment, credit cards, security badges and passwords. I further agree that I will permit Schwab to inspect any materials provided by Schwab to me or developed by me as a result of, or in connection with, my employment with Schwab when I accept other employment or otherwise separate from my employment, regardless of where said materials are located.
9. I further agree that for a period of eighteen (18) months after my employment with Schwab ceases, beginning on the date of my termination (the "Proscribed Period"), I will not, directly or indirectly, or on behalf of any third party: (a) solicit or attempt to solicit any existing customers I serviced, directly or indirectly, and/or any Prospective Customers (with the exception of individuals or entities listed in the attached **Exhibit B**), or customers whose identities I learned as a result of my employment with Schwab, in an attempt to divert, transfer or otherwise take away business or prospective business from Schwab; (b) sell or offer to sell any security, retirement, insurance or annuity product or related service to any customer or Prospective Customer of Schwab that I solicited or attempted to solicit in breach of my obligations hereunder; or (c) solicit or attempt to solicit or induce (which shall include, but is not limited to, contact or communication in any manner for the purpose of soliciting or inducing) any employee, vendor or independent contractor of, or consultant to, Schwab to leave his or her employment or assignment with Schwab. I further agree that the purpose of this provision is to prevent the intentional or inadvertent unlawful use of Schwab's Confidential Information, including its trade secrets. If Schwab assigns me to service specific retail client account relationships (the "Specified Accounts"), I will not, for a period of one year following the termination of my employment with Schwab, initiate any contact for any purpose with any of the Specified Accounts (including notifying them of my new or subsequent place[s] of employment). This restriction will not apply to Schwab clients that I have identified in **Exhibit B**. I agree that I am being assigned to service the Specified Accounts on a non-exclusive basis, and that Schwab may reassign me to service other client accounts and/or assign

other Schwab employees to service the Specified Accounts at any time and at Schwab's sole discretion. Nothing in this Paragraph 9 is intended to prevent me from discussing possible employment or prospective business with any customer, Prospective Customer, employee, consultant or independent contractor who contacts me directly on his or her own volition without my contact, solicitation or attempted solicitation of him or her. I understand that nothing in this Paragraph 9 limits my absolute obligation under Paragraph 4 to never use Confidential Information for any other purpose at any time after my employment with Schwab ceases. Sections (a) and (b) of this Paragraph 9 shall not apply to any institutional customer or institutional Prospective Customer of Schwab Capital Markets L.P. whose identity is publicly available (notwithstanding the provisions in Paragraph 6).

10. I represent and warrant that I do not have any agreement(s) with any former employer or other third party that would be breached by my performance of my duties at Schwab or that would limit, impair or otherwise adversely affect my performance of such duties, and that I will not take any action to breach any such agreement while I am employed by Schwab. In any event, I will not use or disclose to Schwab any confidential information that belongs to others. I have listed on **Exhibit C** to this Agreement all the confidential, proprietary, trade secret, non-solicitation and/or non-competition agreements to which I am subject and affirm that those agreements, if any, would not be breached by performance of my duties at Schwab. I also agree that I will disclose my obligations under this Agreement to any prospective or future employer or contractor and that my obligations under this Agreement in their entirety shall survive the termination of my employment with Schwab regardless of the reason for the termination.
11. I understand and agree that any breach of this Agreement may subject me to disciplinary action, up to and including termination of my employment (if I am still employed at Schwab). I also understand and agree that any breach of this Agreement by me will cause immediate irreparable injury to Schwab that cannot be adequately compensated by money damages or whose damages may be difficult to ascertain. If a court of competent jurisdiction or an arbitration panel finds that injunctive relief is appropriate to enforce any provision of this Agreement, I agree that Schwab is entitled to such injunctive relief, in order to, among other things, prevent a continuing breach or to protect and preserve the status quo pending full resolution of any dispute relating to this Agreement, and under such circumstances, I specifically CONSENT TO THE ISSUANCE OF INJUNCTIVE RELIEF ordering, among other things:
 - (a) that I return to Schwab all records of any kind or nature (including, but not limited to, original and duplicate, typed and handwritten, soft [electronic, diskette] and hard copy and any other form) containing, referring to, or otherwise based on Confidential Information, and that I be prohibited from using or disclosing such records or the information in such records; and
 - (b) that, for the Proscribed Period, I shall be prohibited from soliciting or attempting to solicit (i) any Schwab customer whom I serviced (directly or indirectly), or any Schwab customer or Prospective Customer whose identity I learned as a result of my employment with Schwab, to divert, transfer or otherwise take away business or prospective business from Schwab; and/or (ii) any employee, vendor or independent contractor of, or consultant to, Schwab to leave his or her employment or assignment with Schwab.
12. I understand and agree that in the event of a breach of this Agreement by Schwab or me, either party may seek interim injunctive relief against the other in an appropriate forum. The parties agree to expedited discovery, including depositions, in connection with any proceeding alleging breach of this Agreement, whether or not the laws of the jurisdiction or the applicable rules of arbitration procedure imposed by a regulatory body or by agreement provide for such expedited discovery. To the extent applicable, this provision is intended to supplement and not to supersede the rights and obligations of the parties to this Agreement under the terms of the Form U-4 signed or to be signed by me to become a registered individual with the Company or the terms of a separate arbitration agreement. The parties further agree that a party's

application to a court or an arbitration forum for injunctive relief shall not be construed as a waiver by the other party of the right to arbitrate or demand arbitration of claims, where applicable.

13. I understand and agree that should I violate Paragraph 7(a) or Paragraph 9 of this Agreement, Schwab will suffer irreparable harm and damages that may be difficult to ascertain at the time of the violation, including, but not limited to, costs associated with investigating, monitoring, restricting and/or terminating the use of Confidential Information by me in violation of this Agreement; revenue lost from assets diverted or transferred in violation of this Agreement; and costs associated with maintaining, restoring or repairing Schwab's relationship with customers or Prospective Customers who were solicited in violation of this Agreement. I therefore understand and agree that I will be liable to pay Schwab liquidated damages of four percent (4%) of any existing customer or Prospective Customer assets found by a court of competent jurisdiction or an arbitration panel to have been diverted, transferred or otherwise taken away from Schwab in violation of Paragraph 7(a) or Paragraph 9 above. I agree that this formula represents a reasonable estimate of Schwab's actual damages and does not constitute a penalty. I understand and agree that liquidated damages are in addition to any other relief that Schwab may be entitled to, including, but not limited to, injunctive relief and/or punitive damages.
14. This Agreement and the rights and obligations of the parties hereto shall bind and inure to the benefit of any successor or successors of Schwab, but neither this Agreement nor any rights or benefits hereunder may be assigned by me.
15. In the event that a party to this Agreement brings an action to enforce any provision of this Agreement, the prevailing party shall be entitled to attorneys' fees and costs incurred to enforce such claim.
16. If any provision or portion of any provision of this Agreement is found to be invalid or unenforceable, that provision or portion thereof will be enforced to the maximum extent permissible, and the remaining provisions or portions thereof shall remain in full force and effect. I agree that the terms of this Agreement and any disputes arising out of it shall be governed by, and construed in accordance with, the laws of the state in which I was last employed by Schwab, without giving effect to such state's conflict-of-law principles.
17. This Agreement shall be effective as of the date written below. I understand and agree that part of the consideration for this Agreement is the continuation of my employment relationship with Schwab, but that nothing in this Agreement changes my "at will" employment status, and that either Schwab or I may end the employment relationship at any time, with or without notice, for any reason or no reason at all.

Signed: CKitzel

Printed Name: Carolyn Kitzel

Date: 1/2/07

Employee ID Number: _____ or last 4 digits of Social Security Number: 8693

2007 JAN -3 PM 1:42

EXHIBIT A

California Labor Code Section 2870

- (a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities or trade secret information except for those inventions that either:
- (1) relate (at the time of conception or reduction to practice of the invention) to the employer's business, or actual or demonstrably anticipated research or development of the employer; or
 - (2) result from any work performed by the employee for the employer.
- (b) To the extent that a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

2007 JAN -3 PM 1:42

0.

0

EXHIBIT B

List of family members and other relatives (identified by familial status) and individuals or entities that I provided financial services to prior to joining Schwab (attach additional pages if necessary).

DELBURT KITZEL, father
PATRICIA KITZEL, mother

CK
Initials

2014 JUN -3 P 1:12

C

C

EXHIBIT C

List of Prior Agreements

N/A

CK

Initials

2014 JAN - 3 PM 1:42
10/27/2014

C

C

EXHIBIT B

Form acknowledged: 2012-12-21T15:37:43

Schwab Confidentiality, Non-Solicitation, and Intellectual Property Ownership Agreement 2013*charles* SCHWAB

Please read the Agreement and review the associated plan documents. Once completed, please click the "I Acknowledge" button at the bottom to submit this form.

Work Contact Information

Name	Kitzel, Carolyn	Employee ID	41816
Manager	Stevens, Steve	Schwab ID	A081942
Enterprise	INVESTOR SERVICES	Location	BRILCH-02-999
Department	Chicago IL-Michigan Ave	Phone	+1(312)467-4048

Please select the State you reside in

I live in a different state than those listed

Agreement Details

I AM ENTERING INTO THIS AGREEMENT IN CONSIDERATION FOR my initial or continued at-will employment with Charles Schwab & Co., Inc., its parent company and/or its subsidiaries, affiliates, joint venturers, and successors (collectively, "Schwab"), and/or the compensation and other benefits I receive from Schwab, including my participation in bonus and incentive compensation plans for which I am eligible. Acknowledging the receipt and adequacy of this consideration, and intending to be legally bound, I agree as follows:

- (a) that I will maintain the confidentiality of all Confidential Information and confidential Intellectual Property, as defined below, that I develop or obtain while I work at Schwab;
- (b) that Schwab owns all Confidential Information and Intellectual Property, and that I will not assert any claim to the Confidential Information and/or Intellectual Property; and
- (c) that I will not solicit or encourage Schwab's employees or Schwab's clients to leave Schwab.

The scope of these obligations, and some of the possible consequences for breaching them, are described in more detail below

1. **Protection of Schwab's Confidential Information and Intellectual Property.** While working at Schwab, I will develop and/or have access to Schwab's Confidential Information and/or Intellectual Property, as defined in Paragraph 2. I acknowledge that Confidential Information and Intellectual Property is the exclusive property of Schwab, its business partners, licensors, and/or clients, and I agree not to assert any claim to it. Except as permitted in Paragraph 9, I agree not to use or disclose any Confidential Information and/or Intellectual Property during or after my employment with Schwab.
2. **What is Schwab Confidential Information and Intellectual Property?** "Confidential Information" is all information learned during my employment that is not generally known to the public. It includes, but is not limited to: "Trade Secrets" and "Developments," as defined below; the identities of clients as clients of Schwab; names, addresses, phone numbers, email addresses, account numbers or financial or personal information pertaining to Schwab clients; proprietary software designs and hardware configurations; proprietary technology; business methods or strategies; new product and service ideas; marketing, financial, research and sales data; information sufficient to identify clients or vendors; client or vendor lists, contact, account and related information; and all information Schwab treats or is obligated to treat as confidential, privileged, or for internal use only, whether or not owned by Schwab. "Trade Secrets" is any information or compilation of information that (i) has economic value from not being generally known to, and not being readily ascertainable through proper means by, other persons who can obtain economic value from its use; and (ii) Schwab takes reasonable steps to protect as secret. "Intellectual Property" is Schwab's copyrighted materials, trademarks, service marks, logos, patents, Trade Secrets, and other Intellectual property and proprietary rights. I understand and agree that Confidential Information does not lose its confidential status merely because I commit it to memory.

3. **Client Relationships.** I understand and acknowledge that (a) any clients Schwab has assigned and/or will assign me to service are assigned on a non-exclusive basis, and that Schwab may assign other employees to jointly service some or all clients with me, or Schwab may reassign me and/or other Schwab employees to service other clients at any time and at Schwab's sole discretion; (b) Schwab is providing me with resources that enable me to develop, enhance, maintain and/or support relationships with clients, and that such resources are provided at Schwab's expense and the development, enhancement, maintenance and/or support of the client relationships are solely for Schwab's benefit; and (c) any client relationships I develop, enhance, maintain or support during my employment with Schwab are relationships that belong solely to Schwab and not to me, with the exception of the clients identified on Exhibit A.

4. **Agreement Not to Solicit.** While I work for Schwab and for 18 months after my employment ends, I will not directly or indirectly solicit or induce: (a) any Schwab clients I serviced or about whom I gained Confidential Information (other than those listed in Exhibit A) (the "Clients") in an attempt to divert, transfer, or otherwise take away business from Schwab; and/or (b) any Schwab employee or contingent worker to leave his or her employment or engagement with Schwab. For purposes of this Agreement, solicitation includes initiating contact with Clients for purposes of notifying them of my new or subsequent place(s) of employment or for purposes of encouraging or inducing them to transfer their accounts to my new firm.

5. **Agreement to Provide Notice of Resignation.**

If Schwab assigns or has assigned me to service specific retail client account relationships during the course of my employment, I will provide Schwab with four (4) weeks notice of my resignation from Schwab as more specifically provided throughout this paragraph 5. The first four (4) weeks following submission of a resignation in compliance with paragraph 5(a) below shall be the "Notice Period." I acknowledge and understand that during the course of my employment with Schwab, I may be or may have been assigned specific Schwab clients to service, and also that I have had and will have access to, and may help the company develop, Confidential Information pertaining to such clients. I also acknowledge and understand that my position with Schwab may require me to develop and maintain relationships with Schwab clients, and that the process of cultivating relationships and developing client data and files can take a great deal of time and effort. Consequently, in the event I resign my employment, in order to help effectuate and ensure an orderly transition, I agree to provide Schwab with notice as follows:

(a) **Four Weeks Notice:** I will provide four weeks notice of my resignation in writing and such notice shall not be effective unless and until it is hand delivered by me personally to my manager, and, if applicable, shall include a disclosure of any new position or affiliation with another financial services firm that I have accepted, intend to accept or am considering accepting upon expiration of the Notice Period. I further agree that I will give Schwab notice pursuant to this paragraph immediately upon communicating to any prospective new employer that I have accepted or will be accepting an offer, and/or immediately upon deciding to open my own financial services firm. For purposes of this paragraph, I will be deemed to have "decided to open my own financial services firm" if, without limitation, I (i) lease space that I reasonably anticipate I will use in connection with any financial services firm; (ii) take steps to prepare or file a form ADV; (iii) take steps to incorporate or form any business entity for the purpose of providing financial consulting, investment or advisory services; (iv) agree to terms concerning affiliation with any broker/dealer; and/or (v) purchase office equipment to be used in connection with any financial advisory business other than Schwab.

(b) **Duties and Cooperation During Notice Period:** I understand that during the Notice Period my manager may ask me to take steps to help transition responsibility for client files, client data, client relationships and/or other job duties. I agree to perform these duties and tasks, as my manager in his or her sole discretion may direct, including without limitation any or all of the following: (i) organize files for transition; (ii) meet with my manager or his/her designee to review files and other data to help ensure that Schwab personnel are aware of and understand file contents and other relevant client or business related data; (iii) meet with my manager or his/her designee to review the status of client accounts and relationships for which I was assigned responsibility to help ensure that client needs may be seamlessly transitioned to and serviced by other Schwab personnel; (iv) subject to my obligations in paragraph 5(c)(i)-(ii), make telephone calls or meet with client(s); and (v) otherwise make myself available to Schwab, as requested by my manager, to provide reasonable assistance to effectuate an orderly transition of files, data and client service responsibility prior to my last day of employment. I understand that this list is neither intended to be an exhaustive list of the transition related tasks I may be required to perform, nor is it a promise that Schwab will have me engage in any or all of the listed tasks. I understand that there may be times during the Notice Period when Schwab is preparing for the transition in a way that does not involve me (e.g., while identifying and selecting a replacement employee).

(c) **Conduct During Notice Period:** I acknowledge and understand that during the Notice Period, I will be a Schwab employee and my primary job duties will involve providing assistance to Schwab to effectuate an orderly transition of client relationships, client files, client and business data, and client responsibility to other Schwab personnel as assigned by my manager. During the Notice Period, I agree that I will: (i) not (unless

authorized in writing by my manager) affirmatively initiate contact with any clients, whether by telephone, in person, via email or otherwise (except that I may respond to communications initiated by clients for the sole purpose of servicing clients); (ii) not discuss or communicate about my impending departure from Schwab with clients unless authorized in writing to do so by my manager; (iii) not take any client related data, records or information off the premises of any Schwab office or facility; (iv) not remotely access Schwab systems (I understand that such accessibility may be terminated during the Notice Period); (v) return to my Schwab manager, within one business day of tendering my notice of resignation, all files, data and information relating to Schwab clients or business which I may have had off premises during the course of my employment; (vi) not use any social networking system or function to update any clients about my employment status with Schwab and/or any impending change of such status; and (vii) if I have had remote access to Schwab computer systems or if I have ever used a non-Schwab issued computer or electronic device for work, I will, upon Schwab's request, make such personal computer(s) or other electronic devices available to Schwab and/or its computer forensic experts for imaging and searching to verify that all Schwab client data and any other non-public information has been removed. I understand and agree that a core purpose of the Notice Period is to enable the orderly transition of files, data and client responsibility to other Schwab employees, and accordingly I understand and agree that Schwab is free to and may elect to engage in a variety of transition related activities, including but not limited to notifying clients of my intent to leave Schwab, informing clients of the identity of other Schwab employees being assigned to service their accounts, introducing the clients to other Schwab personnel, and/or holding meetings with clients that may or may not include me, as my manager may elect. I agree that during the Notice Period, I owe Schwab an unmitigated duty of loyalty, and that I shall do nothing during the Notice Period that I intend or reasonably expect to further my interests or the interests of my new employer to the actual or potential detriment of Schwab.

d) At Will: I understand and agree that nothing in this Agreement changes my "at will" employment status, and that Schwab may end the employment relationship at any time, with or without notice, for any reason or no reason at all. Likewise, I am free to end the employment relationship at any time, subject only to my obligation to provide notice in the manner described in Paragraph 5(a). Without limitation of the foregoing, I understand that Schwab retains the right in its sole discretion to terminate my employment after receiving notice from me pursuant to Paragraph 5(a).

6. **Removal and Return of Schwab Property.** I will not remove any Schwab property, including any Confidential Information and/or Intellectual Property, in original or copied form, in electronic or hardcopy form, or any derivatives of that information, including for example handwritten or retyped information, except as required for me to carry out my job duties while employed by Schwab. Upon termination of my employment with Schwab for any reason, my acceptance of other employment, or at Schwab's request, I will immediately return to Schwab all Schwab property and documents, including but not limited to Confidential Information and/or Intellectual Property; any Schwab-issued credit cards, security badges, keys and Secure ID tokens; and all Schwab-issued electronic and telephonic equipment including but not limited to computers, mobile phones, personal data assistants, CD-ROMs, DVDs, floppy disks, Zip drives, USB storage devices, flash drives, memory cards, or other electronic devices. Notwithstanding the foregoing, I understand that Schwab may at its sole discretion permit me to have access to or retain certain of the above-mentioned items (for example, keys) during the Notice Period.
7. **Obligation to Protect Confidential Information and Intellectual Property.** I will promptly notify Schwab if I become aware of or suspect any unauthorized use or disclosure of Confidential Information and/or Intellectual Property by me or anyone else, whether intentional or accidental.
8. **Schwab's Ownership of Intellectual Property "Developments."**
 - (a) **Disclosure of Developments While Employed by Schwab.** I will promptly disclose in confidence to Schwab all inventions, improvements, designs, original works of authorship, and processes, including but not limited to all computer software programs and databases, whether or not protected or capable of protection under intellectual property or other laws, as well as all works based upon, derived from, reduced from, collecting, containing or making use of any of the foregoing or of any other Confidential Information or Intellectual Property of Schwab (collectively, "Developments") that I create, make, conceive, implement, or first reduce to practice, either alone or with others, while I am employed by Schwab, and: (a) result from any work I perform for Schwab, whether or not in the normal course of my employment or during normal business hours; (b) reasonably relate to the actual or anticipated business, research or development of Schwab; or (c) are developed with the use of Schwab resources, facilities, Confidential Information and/or Intellectual Property.
 - (b) **Help in Confirming Ownership.** I must promptly disclose Developments to Schwab whether or not the Developments are patentable, copyrightable, or protectable as Trade Secrets. I agree all Developments will be the exclusive property of Schwab, and I irrevocably assign to Schwab all rights, title, and interest I may have or acquire in and to the Developments and the right to secure registrations, renewals, reissues, and extensions in the Developments. I will sign any documents and do all things necessary, whether during my employment or after, to assist Schwab to register, perfect, maintain and enforce Schwab's rights in any

Developments, without any additional compensation. If I fail or refuse for any reason to sign any document Schwab requires to perfect its ownership of the Developments, I appoint Schwab as my attorney-in-fact (this appointment to be irrevocable and to be a power coupled with an interest) to act on my behalf and to execute all such documents.

(c) **State Laws Relating to Ownership of Developments.** I understand if I am or become a California resident while employed by Schwab, then this Paragraph 8 will not apply to any Developments which fully qualify under Section 2870 of the California Labor Code, attached as Exhibit B to this Agreement. To the extent other similar laws may apply to residents of other states, the terms of Paragraph 8 shall be limited solely to the extent provided by the applicable laws of such states.

(d) **Pre-Existing Intellectual Property.** To the extent I have any pre-existing patent, trademark, or copyright registrations, I have listed them in Exhibit C. I understand Schwab does not want to use any other person's Intellectual property unlawfully. I agree to indemnify and hold Schwab harmless against any liability, and pay any loss or expense Schwab incurs, arising out of any claim that I misappropriated or infringed proprietary rights of a former employer or any other third party.

9. **Permissible Disclosure of Confidential Information and/or Intellectual Property.** I can only use or disclose Confidential Information and/or Intellectual Property to the extent: (a) necessary to perform my job duties at Schwab; (b) I receive advance written permission from an authorized senior or executive officer of Schwab; (c) I am legally compelled by subpoena or other legal process to disclose the Confidential Information and/or Intellectual Property, subject to the procedures in Paragraph 11; or (d) disclosure is sought by a government entity, regulatory agency, or self regulatory organization, subject to the procedures in Paragraph 11. I understand that Schwab's policy and this agreement prohibit departing employees from taking client lists and account information or from recreating such information from memory.
10. **Questions About Confidential Information and/or Intellectual Property.** If I am unsure whether information is Confidential Information and/or Intellectual Property or I have other questions, I will contact an authorized senior or executive officer of Schwab.
11. **Subpoenas and Other Legal Requests for Disclosure.** I will give Schwab prompt notice in writing before disclosing any Confidential Information and/or Intellectual Property under Paragraph 9 subsections (c) and (d). If Schwab does not obtain an order preventing the disclosure, I agree to disclose only that Confidential Information and/or Intellectual Property that I am legally compelled to disclose and to exercise reasonable efforts to ensure that the Confidential Information and/or Intellectual Property will be treated confidentially.
12. **Discovery and Injunctive Relief.** In the event I violate, or Schwab reasonably believes I am about to violate, this Agreement, I agree Schwab is entitled to injunctive relief to prevent the violation(s) and/or preserve the *status quo*. I agree that in any proceeding alleging breach of this Agreement (whether in court or in arbitration), each party shall have the right to engage in deposition and document discovery, and Schwab shall have the right to conduct forensic examination(s) of any computers and/or electronic devices in my possession or control, if Schwab reasonably believes such devices contain Confidential Information and/or Intellectual Property. I further agree that in connection with any application for injunctive relief, discovery shall be conducted on an expedited basis. If any dispute under this Agreement is arbitrable, then I understand my agreement to engage in discovery as outlined in this paragraph is an essential term of my arbitration agreement with Schwab, and these provisions are intended to supplement and modify any applicable arbitration rules.
13. **Liquidated Damages.** If I violate the obligations contained in Paragraphs 1, 4 or 5, I understand Schwab will suffer damages that will be difficult to quantify at the time of the violation, including, but not limited to: costs associated with investigating, monitoring, or remedying the misuse of Confidential Information; costs associated with maintaining, restoring or repairing Schwab's relationship with clients; revenue lost from client assets transferred from Schwab or diverted from Schwab's retail business to an investment advisory firm; revenue lost from client reductions in use of Schwab services; costs associated with replacing employees, including recruiting, hiring and training replacement employees, and lost productivity. Therefore, I agree to pay Schwab the following liquidated damages:

(a) **Confidentiality/Solicitation of Clients:** in the event that I solicit or induce Clients in violation of paragraph 4 (a), and/or use or disclose Confidential Information relating to Clients and/or their accounts in violation of paragraph 1, I agree to pay Schwab four percent (4%) of any Client assets transferred from Schwab or diverted from Schwab's retail business to an investment advisory firm, including but not limited to one using Schwab as custodian of its clients' accounts, for any Client who was solicited or induced and/or where Confidential Information was used or disclosed;

(b) **Solicitation of Employees:** in the event that I violate paragraph 4(b) by soliciting employees, I agree to pay

Schwab seventy-five percent (75%) of the most recent full year's total annual compensation paid by Schwab to each employee solicited or induced to leave his or her employment;

(c) **Client Contact During Notice Period:** in the event that I fail to provide notice as required by Paragraph 5, or if I voluntarily terminate my employment before the expiration of the Notice Period, I agree that with respect to each and every Client with whom I communicate during the Notice Period, regardless of whether I initiate the communication with the Client or the Client initiates communication with me, I will pay Schwab liquidated damages equal to four percent (4%) of each such Clients' assets that transfer from Schwab within 18 months of the date on which my employment ends. I further agree that if I communicate with clients in violation of Paragraph 5(c)(i)-(ii) or (vi), I will pay Schwab liquidated damages equal to four percent (4%) of each such Clients' assets that transfer from Schwab within 18 months of the date on which my employment ends.

It is agreed and understood that Schwab is not seeking a double recovery with respect to the application of the liquidated damages provisions contained herein, and that Schwab does not and will not seek liquidated damages in an amount greater than four percent (4%) of any assets that transfer from Schwab. By way of example, if I breach both my non-solicitation and confidentiality obligations, Schwab will be entitled to a total of four percent liquidated damages notwithstanding its entitlement to liquidated damages under both Paragraph 13(a) and (c). I agree that these formulas represent reasonable estimates of the compensatory damages that Schwab will incur as a result of violations of Paragraphs 1, 4 and/or 5 and are not a penalty. These liquidated damages are in addition to any other non-compensatory relief that Schwab may be entitled to, including but not limited to injunctive relief and/or punitive damages.

14. **Mobile/Cellular and/or Home Telephones.** I acknowledge and understand that Schwab has an obligation to supervise communications between its associated persons and clients to ensure that they comply with FINRA's rules regarding client communications. Accordingly, I agree that during my employment with Schwab, I will not (a) communicate with any clients via my home telephone and/or any telephone not provided by the Company, and/or (b) provide any clients with my home telephone number or the number of any non-Company-issued mobile/cellular telephone for purposes of contacting me. The restrictions in this paragraph are not intended to limit the other provisions of this Agreement. Notwithstanding the foregoing, I understand that I may be excused from the requirements of this paragraph with respect to certain clients if approved in a writing signed by my manager or Regional Branch Executive.
15. **General Provisions.** I agree that if Schwab or I bring an action to enforce any provision of this Agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs. If any provision of this Agreement is found to be invalid or unenforceable, I agree that such provision should be deemed modified to the extent necessary to make it enforceable. If a court or arbitration panel declines to amend the provision to make it enforceable, then the remaining provisions of this Agreement shall remain in full force and effect. The terms of this Agreement and any disputes arising out of it shall be governed by, and construed in accordance with, the laws of the state in which I was last employed by Schwab, without giving effect to such state's conflict of law principles. It is the parties' intention that this Agreement will supersede all prior agreements relating to confidentiality, non-solicitation, and intellectual property unless a court or arbitration panel finds that this Agreement is not supported by adequate consideration, in which case all prior agreements shall remain in force and effect according to their terms to the full extent permitted by law. The parties agree that this Agreement is not intended to be used and shall not be used to aid in the interpretation of any other agreements.

Exhibit A

List of family members and other relatives (identified by familial status) and individuals or entities to whom I provided financial services prior to joining Schwab:

☒ [click here to electronically Initial Exhibit A](#)

Exhibit B

California Labor Code Section 2870

- a. Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:
 1. Relate at the time of conception or reduction to practice of the invention to the employer's business, or

- actual or demonstrably anticipated research or development of the employer; or
2. Result from any work performed by the employee for the employer.
- b. To the extent that a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

☒ [click here to electronically Initial Exhibit B](#)

Exhibit C

Pre-existing Intellectual Property Registrations

☒ [click here to electronically Initial Exhibit C](#)

Signature

I represent that I am the individual indicated in the "Work Contact Information" section in the upper left hand corner of this screen, that I accessed this screen by logging in to the Schwab network and using my unique password, and that I have not shared my password with anyone.

By clicking "I Agree" below I am creating a binding contract with Schwab, just as enforceable as if it were a handwritten signature.

Form Information

Form Owner: Schwab Legal

Contact: HRIS

Last updated: 03/21/2013

EXHIBIT C

**CERTIFICATION OF RETURN
OF SCHWAB PROPERTY**

In connection with your employment, you have been given access to and have been entrusted with certain property of The Charles Schwab Corporation and its subsidiaries ("Schwab"), including but not limited to Confidential Information (as defined in any confidentiality agreement(s) executed by you).

Upon termination of your employment, you are obligated to, among other things, (i) ensure that any such Confidential Information is preserved from deletion, alteration or destruction; (ii) immediately return all such Schwab property and Confidential Information in your possession or control; (iii) continue to hold any Confidential Information you learned of during the course of your employment in strict confidence and not to disclose it or use it for the benefit of yourself or any third party, including any future employer or entity in which you have an interest; and (iv) immediately notify Schwab in writing of any Confidential Information which may be contained on your personal computer, personal cell phone or any other personal electronic device or storage media.

Please be advised that if you retain or use any Schwab Confidential Information and/or property in violation of your ongoing obligations to Schwab, Schwab will pursue all appropriate legal remedies.

Any questions regarding the return of Schwab property should be directed to your manager.

Certification

I hereby certify that:

- (1) I am in compliance with all of the terms and conditions of the confidentiality agreement(s) I executed in connection with my employment at Schwab.
- (2) I have returned all Schwab property in my possession or control (as listed below), including but not limited to:
 - (a) Schwab-issued credit cards, security badges, keys, and remote access tokens;
 - (b) electronic and telephonic equipment including but not limited to computers, cell phones, Blackberries, iPads, CD-ROMs, DVDs, floppy disks, Zip drives, USB storage devices, flash drives, memory cards, or other electronic devices (collectively "electronic devices");
 - (c) all Schwab documents and materials (excluding information I received about my compensation, benefits or performance); and
 - (d) Confidential Information, specifically including but not limited to information regarding Schwab clients (including but not limited to their names, addresses and telephone numbers) whether in hard copy, handwritten or computerized form.

Rev. 12/13

(3) I have provided written notification to Schwab of any Confidential Information stored in electronic form on my personal electronic devices, online services, e-mail systems, and/or Web-based e-mail accounts. I agree to preserve any such information from deletion, alteration or destruction and will immediately return, or make arrangements to return, such information to Schwab.

I declare under penalty of perjury, under the laws of the State of Illinois that the foregoing is true and correct.
(State of Employment)

Date: 05/23/2014, 2014

Employee Signature CKitel

Employee ID #: 061942

Employee Name (Print) Carolyn Kitel

Voicemail Password 189508


Company-issued Blackberry or mobile-device PIN ?

Rev. 12/13

List of Schwab Property Returned

Diner's card
Blackberry Phone (plus charger)
Office desk key
Branch Front Door Key

Acknowledgment of Receipt:


(Signature of Schwab employee receiving property listed above)

By: Brennan B. Miller III
(Print Name)

Date:
05/23/2014

Rev. 12/13