

“OPT OUT” DEADLINE FAST APPROACHING IN CLASS ACTION SUIT AGAINST CHARLES SCHWAB

*Investors in Schwab’s YieldPlus funds have until December 28, 2009 to choose
between individual arbitration and class action suit*

SEATTLE, Dec. 14, 2009 – Approximately 250,000 Investors in the Schwab YieldPlus Fund Select Shares (SWYSX) and Schwab YieldPlus Investor Shares (SWYPX) will automatically join a class action suit on December 28, 2009 unless they file to “opt out” of the suit and instead file for arbitration.

The Schwab YieldPlus funds were marketed as a safe alternative to money market funds and/or certificates of deposit. This was especially appealing for investors with long term fixed-income plans. Schwab did not disclose that as much as 45% of the fund was invested in sub-prime mortgages. What was marketed as a conservative investment resulted in significant losses for investors.

In August of this year, a federal district court certified a class action suit could be brought against Schwab for alleged false statements to investors in YieldPlus fund offering materials.

One YieldPlus investor is a retired physician living in Port Hadlock, Wash. He is married and has four children, ages seven, nine, 18 and 23. In 2004 and again in 2006 he invested a significant amount of trust accounts of his and his mother’s retirement income in the Schwab YieldPlus fund.

The physician had been a Schwab customer for years before Schwab recommended he move most of his liquid assets into their YieldPlus fund. Schwab told him he would achieve a slightly better return than that of their money market funds without adding significant additional risk. Schwab personnel told him the YieldPlus principle was extremely stable having varied less than one-half of one percent over the previous year. Schwab broker also assured him that he would contact him should there ever be an event which might affect the fund’s value. The money was earmarked for his oldest son’s graduate school education and a donation toward the construction of a badly needed public swimming pool in his county.

Schwab representatives contacted the physician regularly between 2006 and 2008 concerning investment opportunities but never again about the YieldPlus fund. In March of 2008, he was shocked to see that his family’s Schwab trust accounts had lost nearly \$500,000 only to discover the loss was all from the YieldPlus fund.

In July 2008, he filed for an arbitration hearing against Schwab to recover his losses. That claim was filed in the Financial Industry Regulatory Authority (FINRA) arbitration forum. FINRA arbitration allows individual investors to bring claims against brokerage houses, without

the expense of a civil law-suit, and without being required to join a class action. His attempts to settle the matter first in mediation failed, resulting in his decision to try the case in a FINRA arbitration. Typically, arbitrations are resolved within one year of their filing, whereas contested class action proceedings can take years.

“Once you are included in the class action you are precluded from seeking damages as an individual,” said John Bender with the law firm of Ryan, Swanson & Cleveland in Seattle. “In class action settlements, the result is not dictated by the merits of the individual’s case. Seven recent arbitration hearings for claims exceeding \$50,000 resulted in substantially greater returns than can be expected as a class member. Anyone who purchased YieldPlus should contact a lawyer to advise them whether the class action or arbitration would serve them better.”

For more than 20 years Bender has focused his practice on resolving challenging securities, franchise, banking and other complex civil cases on behalf of businesses and individuals.

About Ryan Swanson

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