

## **ALABAMA SECURITIES COMMISSION**

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### **Alabama Securities Commission Teams Up with Feds to Defend Seniors Lured to Trade Solid Investments for Empty Gold Mine**

**MONTGOMERY, ALABAMA (September 25, 2020)** – The Alabama Securities Commission (ASC) announced today that it is participating in a consolidated nationwide enforcement action to stop a fraudulent precious metals scheme that has solicited \$185 million from at least 1,600 seniors and other investors. The ASC joined the Commodity Futures Trading Commission and 29 other states in filing a complaint in the U.S. District Court for the Northern District of Texas alleging Metals.com and Barrick Capital Inc. defendants solicited \$185 million from seniors and other vulnerable investors nationwide by touting precious metals at grossly inflated prices that were not disclosed.

“The defendants had a reckless disregard for the truth by failing to disclose that virtually every investor lost the majority of their funds in the investments the firm was peddling,” said ASC Director Joseph P. Borg. “They capitalized on investor fear of market instability and economic uncertainty. Investors suffered substantial losses from retirement savings by relying on the false representations made by the defendants and their sales representatives.”

On September 22, 2020, The Honorable Judge David C. Godbey of the U.S. District Court for the District of Northern District of Texas entered a restraining order freezing the assets of the defendants and the relief defendant and permitting the CFTC and the states to inspect all relevant records. The court also appointed a receiver to take control of Metals.com, Barrick, and Tower Equity, as well as the assets of Asher and Batashvili.

“This historic joint effort between the CFTC and 30 state regulators is an important step toward rooting out fraud across the country,” said CFTC Chairman Heath P. Tarbert. “This case highlights just how geographically broad commodities fraud can be in our rapidly-evolving financial markets and how important it is for regulators at all levels of government to work together to pursue bad actors and protect market participants.”

The complaint names Los Angeles, California--based companies TMTE Inc., also known as Metals.com, Chase Metals Inc., Chase Metals LLC, Barrick Capital Inc., along with Simon Batashvili, Lucas Asher, and Tower Equity LLC. The defendants are accused of using cold calling and social media advertisements

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designed to instill fear in elderly and retirement-aged investors. To build trust with investors, the defendants represented that they had similar political and religious ideologies. Then, investors were advised to liquidate their holdings at registered investment firms to fund investments in precious metals bullion and bullion coins through self-directed individual retirement accounts.

The defendants are also accused of failing to disclose the markup charge for their precious metals bullion products and that investors could lose the majority of their funds once a transaction was completed. The defendants charged investors prices for gold or silver bullion averaging from 100% to more than 300% of the melt value or spot price. In many cases, the market value of the precious metals sold to investors was substantially lower than the value of the securities and other retirement savings investors had liquidated to fund their purchase.

In Alabama, dozens of investors were defrauded in the execution of this national scheme. Many Alabama investors liquidated their existing retirement accounts, which contained securities, to obtain funds to purchase the metals. Investors were not made aware of the large mark ups, which resulted in significant losses to their retirement funds. The Alabama investors who did learn of the loss were told by the defendants that the coins were exclusive, had collector value, and therefore they had not taken a loss.

The complaint requests the Court order the defendants to cease sales activity, return money to investors, and stop defrauding investors and violating federal and state laws going forward.

Metals.com and its agents have attempted to evade previous regulatory actions from 12 states by, among other tactics, changing its business name. Today's coordinated state and federal action to put a stop to the company's efforts to continue to prey on elderly investors is the result of a multi-state collaboration by members of the North American Securities Administrators Association (NASAA), of which Alabama Securities Commission is a member, and the Commodity Futures Trading Commission's Office of Cooperative Enforcement.

The Alabama Securities Commission encourages investors to come forward if they suspect they have been targeted by similar precious metals investment schemes. Please contact the Alabama Securities Commission's Enforcement Division at 1-800-222-1253.

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For further information contact Dan Lord, Education and Public Affairs Manager, 334-353-4858.

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