

ALABAMA SECURITIES COMMISSION

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STATES RECOUP OVERCHARGES FOR INVESTORS IN COMMODITY FIRM BANKRUPTCY

Montgomery, Alabama (August 1, 2023) – The Alabama Securities Commission (ASC) has announced that investors that purchased retail precious metals from Lear Capital will receive compensation as a part of Lear’s bankruptcy plan. State securities regulators had been investigating Lear for deceptive securities and commodities activities at the time of the company’s bankruptcy. The states monitored, and ultimately intervened in the bankruptcy to ensure that investors received a fair resolution.

Under the terms of the bankruptcy plan, Lear will provide \$5.5 million to be distributed to investors in Lear’s precious metals. Lear investors that filed a timely bankruptcy claim will receive refunds based on calculations determined by Lear’s bankruptcy plan. In addition, Lear will provide a pro rata distribution of the remaining funds to investors who did not file claims. The pro rata distribution applies to investors that bought precious metals from Lear between January 1, 2016 and March 3, 2022.

As a part of Lear’s bankruptcy plan, the company has also agreed to improve its sales practices and disclosures, including agreeing not to misrepresent its fee, not to offer portfolio assessments of securities holdings, not to hold itself out as an investment adviser in any way, and not to provide investment advice or commit securities or commodities fraud.

“We have all seen the unrelenting television advertising campaigns of gold and silver coin and bullion sellers deliberately and primarily targeting seniors. These sellers are all pushing an alarming message to viewers to liquidate their savings and investments and buy precious metals or risk losing their retirement savings. What is not made clear in the advertisements is the massive 30% and even greater commissions, markups, and fees being charged by some of these sellers,” said ASC Director Amanda Senn. “Anyone considering such a move should consult with an independent financial advisor before doing so to avoid a possible catastrophic and immediate negative impact on their net worth and life savings.”

Various regulators had alleged that the Los Angeles-based company, which sells and buys back metals through both direct-to-consumer transactions and self-directed IRA transactions, used deceptive business practices, and violated investor protection laws. These actions were resolved as part of the \$5.5 million bankruptcy settlement.

The ASC cautions citizen investors of all ages and experience to thoroughly scrutinize and research any investment opportunity or offer. Contact the ASC at 1-800-222-1253 to check out any person or a financial professional offering an investment opportunity or investment advice for a fee and the products they offer for proper registration. Contact the ASC to report suspected fraud, inappropriate securities business practices, or to obtain consumer information. The ASC provides free investor education and fraud prevention materials in print, on our website, and through educational presentations upon request.

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For further information contact 1-800-222-1253 and ask for Public Affairs.

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