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DC and State Regulators Recoup Overcharges From Precious Metal Company for Deceptive Activity

(WASHINGTON, DC) - The DC Department of Insurance, Securities and Banking (DISB) says that investors who purchased retail precious metals from the precious metals dealer, Lear Capital, Inc., will receive compensation as a part of Lear's bankruptcy plan. DISB and State securities regulators were investigating Lear for deceptive securities and commodities activities and misleading marketing at the time of the company's bankruptcy.

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 who filed timely bankruptcy claims 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 who 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; not misrepresent its fee; not offer portfolio assessments of securities holdings; not hold itself out as an investment adviser; and not provide investment advice or commit securities or commodities fraud.

"Lear Capital urged investors to liquidate their traditional retirement savings and buy precious metals without proper fee disclosures and, as a result of those deceptive practices, the company accrued millions of dollars of fees and revenue at the expense of investors," said DISB Commissioner Karima Woods. "Part of our mission is to protect investors from harmful and deceptive business practices, and DISB will continue to hold accountable financial service providers who seek to profit from District residents through deceptive or unlawful means."

Various regulators 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 company's \$5.5 million bankruptcy settlement.

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Lear Capital Contacts

For more information, please contact Lear Capital Counsel Seth Pierce at SEP@msk.com or Financial Advisor Lance Miller at lmiller@paladinmgmt.com.

Report Fraud

If you believe you have been the victim of financial fraud, contact the DISB Enforcement and Consumer Protection Division at 202.727.8000. You may also file a report with the Federal Trade Commission (FTC) at reportfraud.ftc.gov or call the FTC Consumer Response Center at 877.382.4357.

About DISB

The mission of the Department of Insurance, Securities and Banking (DISB) is three-fold: (1) cultivate a regulatory environment that protects consumers and attracts and retains financial services firms to the District; (2) empower and educate residents on financial matters; and (3) provide financing for District small businesses.

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