

Investor Protection Unit Joins CFTC to Stop Nationwide Precious Metals IRA, Bullion Coin Scheme

Attorney General Jennings announced Tuesday that the Delaware Department of Justice's Investor Protection Unit is participating in a consolidated nationwide enforcement action to disrupt a fraudulent precious metals scheme that has solicited more than \$180 million from seniors and other investors.

The Delaware Department of Justice, the U.S. Commodity Futures Trading Commission, and 29 other states filed a petition in the U.S. District Court for the Northern District of Texas alleging that Metals.com "had a reckless disregard for the truth that virtually every one of their ... investors ... lost the majority of the funds invested in fraudulently overpriced Precious Metals Bullion."

"The defendants solicited millions of dollars from seniors and other vulnerable investors nationwide, including in Delaware, by touting precious metals at grossly inflated prices," said Attorney General Jennings. "They took advantage of investor fear of market instability and economic uncertainty, and as a result, investors suffered losses from retirement savings."

The complaint names TMTE Inc., also known as Metals.com, Chase Metals Inc., Chase Metals LLC, Barrick Capital Inc., Simon Batashvili, Lucas Asher, and Tower Equity LLC. The unregistered Beverly Hills, California-based firm and its sales representatives are accused of targeting elderly investors through traditional and social media, providing unregistered investment advisory services designed to "instill

fear in elderly and retirement-aged investors and build trust with investors based on representations of political or religious affinity," according to the complaint. Investors were advised to liquidate their holdings at registered investment firms to fund investments in precious metals through self-directed individual retirement accounts and bullion coins, the complaint said.

The defendants also are accused of failing to disclose, among other things, what Metals.com and Barrick charged investors for their precious metals bullion products and that investors could lose the majority of their funds immediately upon completing a transaction. The defendants charged investors prices for gold or silver bullion averaging from 100% to more than 300% the melt value or spot price of that gold or silver bullion. 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.

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. The complaint also requests that a receiver be appointed to take over the companies to marshal funds for the benefit of investors across the country.

Metals.com and its agents have been under regulatory scrutiny for the past two years. Prior to today's action, 12 states have taken separate enforcement actions against the firm and its sales representatives. Despite these regulator measures, the firm, in new iterations, continued to prey on elderly investors. Today's coordinated state and federal action was a result of a multi-state collaboration by members of the North American Securities Administrators Association (NASAA), of which the Delaware Department of Justice's Investor Protection Unit is a member, and the Commodity Futures Trading Commission's Office of Cooperative Enforcement.

The Investor Protection Unit encourages investors to come forward if they suspect they have been targeted by similar precious metals investment schemes. Please contact the Investor Protection Unit at investor.protection@delaware.gov.