



STATE OF CALIFORNIA

**Department of Financial Protection and Innovation**

GOVERNOR **Gavin Newsom** • COMMISSIONER **Clothilde V. Hewlett**

**For Immediate Release**

May 15, 2023

**Contact:**

DFPI.media@dfpi.ca.gov

## **DFPI Charges Southern California-Based Precious Metals Dealer with More Than \$60 Million Coin Fraud**

SACRAMENTO – The California Department of Financial Protection and Innovation (DFPI), in partnership with the federal Commodity Futures Trading Commission (CFTC) and the State of Hawaii securities regulator, today filed a [federal lawsuit](#) in Los Angeles against Red Rock Secured, a precious metals dealer, and its majority owner and sales agent for perpetrating an approximately \$60 million fraudulent scheme that targeted customers’ retirement savings.

Southern California based Red Rock Secured, LLC, and its principal and owner, Shade Johnson-Kelly (a/k/a Sean Kelly), and sales agent Anthony Spencer, are charged with fraudulently soliciting an estimated \$61.8 million in funds from more than 950 customers nationwide from November 2019 through at least February of 2022.

The lawsuit alleges that Defendants steered potential customers into purchasing silver and gold Canadian Red-Tailed Hawk (RTH) coins and misled customers into believing that Red Rock charged a relatively low markup on the sale of its RTH coins, while concealing that the actual mark-up charged to customers on the coins typically ranged from 100 to 130 percent. Because of Red Rock’s exorbitant markups, customers allegedly suffered an immediate loss on their investments, while Red Rock collected \$34.4 million in markups on these purchases.

The DFPI further alleges that Red Rock provided unlicensed investment advice and used scare tactics to convince hundreds of customers nationwide to transfer funds, including funds from liquidating securities from their traditional retirement accounts, to purchase the overpriced metals.

“Engaging in commodities and investment adviser fraud to deplete customers’ hard-earned retirement funds for personal gain is despicable,” said DFPI Commissioner Clothilde V. Hewlett. “Today’s filing is the DFPI’s third joint regulatory action aimed at cleaning up fraud in the precious metals industry. We are committed to protecting consumers by holding these corrupt individuals accountable.”

The complaint seeks a permanent injunction, disgorgement, full restitution, rescission, and civil monetary penalties. The DFPI wishes to thank the CFTC, the State of Hawaii, and the Securities and Exchange Commission for their assistance in this matter.

The DFPI encourages consumers who have experienced fraudulent practices in connection with investment advisory services or the sale of commodities, and any unfair, unlawful, deceptive, and abusive practices from a financial service provider, to file a complaint with the Department online: <https://dfpi.ca.gov/file-a-complaint/>.

### **About DFPI**

The DFPI protects consumers, regulates financial services, and fosters responsible innovation. DFPI protects consumers by establishing and enforcing financial regulations that promote transparency and accountability. We empower all Californians to access a fair and equitable financial marketplace through education and preventing potential risks, fraud, and abuse. Learn more at [dfpi.ca.gov](https://dfpi.ca.gov).

###