



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

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California Joins Multi-State Group to Recoup Overcharges for Investors in Commodity Firm Lear Capital Bankruptcy

SACRAMENTO — The California Department of Financial Protection and Innovation (DFPI) announced today that investors that purchased retail precious metals from Los Angeles based Lear Capital, Inc. will receive compensation as a part of Lear’s [bankruptcy plan](#). State securities regulators had been investigating Lear for deceptive securities and commodities activities and misleading marketing at the time of the company’s bankruptcy.

“Lear Capital urged investors to liquidate their traditional retirement savings and buy precious metals without proper fee disclosures. As a result of those deceptive practices, the company accumulated millions of dollars at investors’ expense,” said DFPI Commissioner Clothilde V. Hewlett. “The DFPI is on the forefront of combatting investment scams and will continue to protect investors from harmful and deceptive business practices.”

Under the terms of the bankruptcy plan, Lear will be required to provide \$5.5 million to investors of 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.

Various regulators across the country alleged that Lear Capital, Inc., 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 DFPI expects any person offering commodities, securities, or other financial services in California to comply with our financial laws. Investors may file a complaint directly with the DFPI if a company is suspected of using unlawful, unfair, deceptive, or abusive practice online (dfpi.ca.gov/file-a-complaint) or call toll-free at (866) 275-2677.

About the DFPI

The California Department of Financial Protection and Innovation (DFPI) protects consumers, regulates financial services, and fosters responsible innovation. The 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.

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