

1 CLOTHILDE V. HEWLETT
 Commissioner
 2 MARY ANN SMITH
 Deputy Commissioner
 3 DANIEL P. O’DONNELL
 Assistant Chief Counsel
 4 JOANNE ROSS (State Bar No. 202338)
 Senior Counsel
 5 DANIELLE A. STOUMBOS (State Bar No. 264784)
 Senior Counsel
 6 KELLY SUK (State Bar No. 301757)
 Senior Counsel
 7 Department of Financial Protection and Innovation
 8 2101 Arena Boulevard
 9 Sacramento, California 95834
 10 Telephone: (916) 936-7908
 11 Facsimile: (916) 928-7929
 12 Attorneys for Complainant

13 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
 14 OF THE STATE OF CALIFORNIA

15 In the Matter of:

16 THE COMMISSIONER OF FINANCIAL
 17 PROTECTION AND INNOVATION,

CONSENT ORDER

18 Complainant,

19 v.

20 TRUE BULLION, LLC dba GOLD SILVER
 21 INTERNATIONAL EXCHANGE dba GSI
 22 EXCHANGE, and ANTHONY ALLEN
 23 ANDERSON,

24 Respondents.

25 The Commissioner of Financial Protection and Innovation (Commissioner) and True
 26 Bullion, LLC dba Gold Silver International Exchange dba GSI Exchange (GSI) and Anthony Allen
 27 Anderson (Anderson) (collectively, Respondents) hereby enter this Consent Order (Consent Order
 28 or Order) with respect to the following:

I.

RECITALS

A. GSI is a Delaware limited liability company originally organized on August 8, 2014, with principal places of business at 26635 West Agoura Road, Suite 220, Calabasas, California 91302, 3838 Oak Lawn Avenue, Suite 1000, Dallas, Texas 75219 and 4440 PGA Boulevard, Suite 600, Palm Beach Gardens, Florida 33410.

B. Anderson is an individual who is a Senior Partner of GSI.

C. The Commissioner is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL) and the regulations promulgated thereunder at title 10 of the California Code of Regulations, which include the licensure, examination, and regulation of investment advisers, and the California Commodity Law of 1990 (Cal. Corp. Code §§ 29500-29567) (CCL).

D. Several state securities regulators, including the Commissioner, have conducted inquiries into whether GSI and Anderson engaged in acts or practices that violated state securities or commodities laws. Three of these states – Alabama, Texas, and Arkansas – have entered Cease and Desist Orders against GSI and Anderson.

E. GSI and Anderson have cooperated in the inquiries and have agreed to resolve the matter with Alabama, Arkansas, Texas and other participating states (Participating States).

F. The Commissioner and GSI and Anderson intend to resolve this matter amicably without the necessity of a hearing or other litigation.

G. GSI and Anderson admit to the jurisdiction of the Commissioner for the entry of this Order, and while they neither admit nor deny the findings of fact and conclusions of law contained in this Order, they hereby consent to the entry of this Order and the orders herein by the Commissioner.

H. GSI and Anderson agree to comply in all material respects with the undertakings specified herein.

I. GSI and Anderson elect to permanently waive the right to any hearings, and to any reconsideration, appeal, or other right to review which may be afforded pursuant to the CSL, the CCL, the California Administrative Procedures Act, the California Code of Civil Procedure, or any

1 other provision of law with respect to this Consent Order, Desist and Refrain Orders, and Order for
2 Ancillary Relief contained herein.

3 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
4 contained herein, the Commissioner, GSI and Anderson (the Parties) agree to the following.

5 **II.**

6 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

7 1. GSI is an independent retailer of precious metals, including, but not limited to, gold and
8 silver bars, rounds, and coins. During the time period set forth herein, Respondents solicited senior
9 citizens and other persons in California to purchase precious metals.

10 2. GSI advertised to prospective precious metals customers through its publicly available
11 website, gsixchange.com, and through cold calls and targeted mail.

12 3. GSI advised prospective and current customers in California to protect their investments by
13 liquidating certain securities holdings and using the proceeds to open self-directed individual
14 retirement accounts to purchase precious metals from or purchase and take direct possession of
15 precious metals from GSI. In many cases, GSI advised customers on the process of liquidating
16 securities and directly contacted certain broker-dealers and investment advisers on behalf of its
17 customers to facilitate the liquidation.

18 4. It is a violation of CSL section 25230 for any person to conduct business as an investment
19 adviser in California without first securing a certificate to do so from the Commissioner, unless that
20 person meets all of the requirements of an available exemption from obtaining a certificate. GSI and
21 Anderson do not hold a certificate as an investment adviser in California and are not otherwise
22 exempt.

23 5. While advising customers in California, GSI did not disclose risks inherent in liquidating
24 securities to purchase precious metals, but instead made various unverified claims regarding the
25 reliability and safety of, and protection afforded through precious-metals investments as opposed to
26 traditional securities and claimed precious metals would safeguard wealth.

27 6. When communicating with customers, GSI overstated the amount of risk involved with
28 continuing to hold securities in traditional investment accounts and failed to disclose the amount of

1 a mark-up or spread that GSI would charge, the risks involved with purchasing GSI's offerings, and
2 the fact that GSI and its employees were not registered to transact business in California as an
3 investment adviser or as investment adviser representatives.

4 7. Under CSL section 25235, it is unlawful for any investment adviser, directly or indirectly, to
5 engage in any transaction, practice, or course of business which operates or would operate as a
6 fraud or deceit upon any client or prospective client.

7 8. Under CCL section 29536 (b), it is unlawful for any person, directly or indirectly, in
8 connection with the purchase or sale of, the offer to sell, the offer to purchase, the offer to enter
9 into, or the entry into, a commodity, commodity contract, or commodity option to willfully make
10 any untrue statement of a material fact, or omit to state a material fact necessary in order to make
11 the statements made, in the light of the circumstances under which they were made, not misleading.

12 9. Through the above-referenced activity, GSI attracted more than 450 clients from 44 states,
13 and their transactions involved more than \$32 million.

14 10. GSI and Anderson have claimed a number of defenses and exemptions particular to the CSL
15 and CCL.

16 11. As part of the resolution of this matter, GSI and Anderson have submitted a comprehensive
17 compliance plan and proposal to California, which is designed to ensure that GSI and Anderson will
18 not provide securities advice in the future, will be transparent in all aspects of their business
19 activities with customers, and will otherwise abide by the CSL and CCL. In determining to issue
20 this Consent Order, California considered GSI's and Anderson's agreement to offer rescission and
21 implement the compliance plan, and their provision of substantial and timely cooperation with the
22 Commissioner.

23 III.

24 TERMS AND CONDITIONS

25 12. Orders to Desist and Refrain. Pursuant to Corporations Code section 25532 (b), GSI and
26 Anderson are hereby ordered to desist and refrain from violating Corporations Code sections 25230
27 to the extent that any violations exist. Pursuant to Corporations Code section 25532 (d), GSI and
28 Anderson are hereby ordered to desist and refrain from engaging in unlawful acts under section

1 25235 of the CSL to the extent that any violations exist. Pursuant to Corporations Code and 29542,
2 GSI and Anderson are hereby ordered to desist and refrain from engaging in unlawful acts under
3 29536 of the CCL to the extent that any violations exist.

4 13. Order for Ancillary Relief. Pursuant to Corporations Code section 25532 (e), GSI shall
5 make offers of refunds in exchange for the metals purchased to investors who purchased precious
6 metals from GSI before July 22, 2021 and were California residents at the time of their purchase.
7 These refund offers are made as part of a multistate process where participating states that elect to
8 be part of this process will have their residents who purchased prior to July 22, 2021 eligible for the
9 offer of a refund (Eligible Purchasers) as follows:

- 10 a. GSI will take reasonable steps to identify a current physical and electronic mail
11 address of all Eligible Purchasers by conducting a review of information set forth in
12 internal notes, databases, payment records, or other internal files, as well as
13 contracts, agreements, powers of attorney, and correspondence sent or received by
14 regular mail or electronic mail.
- 15 b. GSI will send a letter notifying Eligible Purchasers of the opportunity to elect to
16 receive a refund, separate from any unrelated files or documents, by certified mail
17 addressed to a current physical address and by electronic mail to a current email
18 address.
- 19 c. GSI will send the letter to the Eligible Purchasers no later than October 16, 2023, and
20 will send a second letter no later than November 14, 2023.
- 21 d. GSI will allow Eligible Purchasers the option to receive a refund by responding to
22 the letter in writing addressed to a designated physical or electronic mail address for
23 GSI.
- 24 e. Within seven calendar days from the expiration of the time for all Eligible
25 Purchasers to elect a refund and return the purchased metal (Expiration Date), GSI
26 shall establish an escrow account (Account) to be used for the sole purpose of (i)
27 paying refunds to Eligible Purchasers, and (ii) paying the expenses of the
28 distribution.

- 1 f. Within fourteen calendar days of the Expiration Date, GSI shall either (a) deposit
2 cash into the Account consisting of 110% of the total amount to be refunded to all
3 Eligible Purchasers (Deposit Amount), or (b) obtain a line of credit for the Deposit
4 Amount.
- 5 g. Failure by GSI to timely make in its entirety the deposit or obtain the line of credit
6 required by subparagraph (f) shall be a material breach by GSI of this Order, and
7 time is of the essence with respect to GSI's obligation to make the deposit or obtain
8 the line of credit, provided that in the event the Deposit Amount is more than
9 \$1,000,000, GSI and the Participating States shall attempt in good faith to arrange a
10 method for GSI to finance its obligation to monetize the value of the precious metals
11 that customers would be required to return pursuant to their refund requests. In the
12 event no such alternative is agreed upon within 30 days of the Expiration Date, GSI
13 and the Commissioner may withdraw from this Consent Order.
- 14 h. GSI will pay refunds, as calculated herein, to Eligible Purchasers within 90 calendar
15 days after the Expiration Date. GSI shall not pay any refunds until after it has made
16 the deposit or obtained the line of credit required by subparagraph (f) or an
17 alternative arrangement has been made pursuant to subparagraph (g).
- 18 i. GSI will provide to the Commissioner, prior to the execution of this Order, the
19 names, email addresses, and physical addresses of Eligible Purchasers who were
20 California residents at the time of purchase, as well as the date metals were
21 purchased, the purchase price of those metals and the current liquidation value of the
22 metals of all identified Eligible Purchasers. GSI shall provide to the Commissioner
23 (i) evidence of the establishment and funding of the Account, (ii) the aggregate
24 number of purchasers from all participating states that elected to receive a refund,
25 and (iii) the aggregate amount of the refunds to be paid. Within 30 days of a request
26 by the Commissioner, GSI will provide to the Commissioner's representative,
27 Joanne Ross, Senior Enforcement Counsel, at Joanne.Ross@DFPI.CA.GOV, copies
28 of any and all written communications with California Eligible Purchasers, a list of

1 California Eligible Purchasers who elected to receive a refund, who elected not to
2 receive a refund, who did not respond, and who could not be reached, and records
3 reflecting the payment of refunds to those Eligible Purchasers.

- 4 j. Respondents, the Commissioner, and their respective personnel shall not influence
5 an Eligible Purchaser to either accept or reject an offer of refund under the terms of
6 this Order, provided that the Commissioner’s advising Eligible Purchasers of the
7 forthcoming notice from GSI and the importance of making an election shall not be
8 considered an effort to influence an Eligible Purchaser within the meaning of this
9 subparagraph.

10 14. Non-noticed Eligible Purchasers. Any Eligible Purchaser that GSI was unable to notify may
11 request a refund within six months of the Expiration Date.

12 15. Successors and Assigns. This Order shall be binding upon GSI and Anderson and their
13 successors and assigns.

14 16. Waiver of Hearing Rights. GSI and Anderson hereby waive the right to any hearings, and to
15 any reconsideration, appeal, or other right to review which may be afforded pursuant to the CSL,
16 the CCL, the California Administrative Procedures Act, the California Code of Civil Procedure, or
17 any other provision of law. By waiving such rights, GSI and Anderson effectively consent to this
18 Consent Order becoming final.

19 17. Full and Final Settlement. The Parties hereby acknowledge and agree that this Consent
20 Order is intended to constitute a full, final, and complete resolution of the matters under
21 investigation, and that no further proceedings or actions will be brought by the Commissioner in
22 connection with these matters except under the CSL, CCL or any other provision of law, excepting
23 therefrom any proceeding to enforce compliance with the terms of this Consent Order.

24 18. Failure to Comply with Consent Order. GSI and Anderson agree that if either fails to
25 comply with the terms of this Consent Order the Commissioner may, in addition to all other
26 available remedies she may invoke under the CSL or CCL, issue an order for penalties against both
27 GSI and Anderson.

28 19. Information Willfully Withheld or Misrepresented. This Consent Order may be revoked, and

1 the Commissioner may pursue any and all remedies available under the law against GSI and
2 Anderson if the Commissioner discovers that GSI and/or Anderson knowingly or willfully withheld
3 or misrepresented information used for and relied upon in this Order.

4 20. Future Actions by Commissioner. If GSI and/or Anderson fail to materially comply with the
5 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
6 resolved under this Consent Order.

7 21. Headings. The headings to the paragraphs of this Order are inserted for convenience only
8 and will not be deemed a part hereof or affect the construction or interpretation of the provisions
9 hereof.

10 22. Reliance. Each of the Parties represents, warrants, and agrees that in executing this Order it
11 has relied solely on the statements set forth herein and the advice of its own counsel. Each of the
12 Parties further represents, warrants, and agrees that in executing this Order it has placed no reliance
13 on any statement, representation, or promise of any other party, or any other person or entity not
14 expressly set forth herein, or upon the failure of any party or any other person or entity to make any
15 statement, representation, or disclosure of anything whatsoever. The Parties have included this
16 clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this
17 Order; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or
18 contradict the terms of this Order.

19 23. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of this
20 Order will be valid or binding unless it is in writing and signed by each of the Parties. The waiver of
21 any provision of this Order will not be deemed a waiver of any other provision. No waiver by either
22 Party of any breach of, or of compliance with, any condition or provision of this Order by the other
23 Party will be considered a waiver of any other condition or provision or of the same condition or
24 provision at another time.

25 24. Governing Law. This Order and any dispute related thereto shall be construed and enforced
26 in accordance with, and governed by, the laws of California without regard to any choice of law
27 principles.

28 ///

1 25. Disqualification. This Order shall not disqualify or be interpreted to disqualify Respondents
2 from any business they otherwise are qualified, licensed, or permitted to perform under applicable
3 law, nor shall it form the basis of any disqualification under federal, state, or local law. This Order is
4 not intended to subject any Covered Person to any disqualifications under the laws of the United
5 States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands, or under the rules
6 or regulations of any securities or commodities regulator or self-regulatory organization, including,
7 without limitation, any disqualification from relying upon the state or federal registration
8 exemptions or safe harbor provisions. (“Disqualification Laws”). This Order is not intended to be
9 considered as a disqualifying event according to these Disqualification Laws. “Covered Persons”
10 means Respondent GSI and its current or former officers, directors, members, managers,
11 employees, or other persons that could otherwise be disqualified as a result of this Order. This
12 Order is not intended to serve as a ground(s) for denial of or renewal of any license or registration
13 to Respondents.

14 26. No Admission of Fault. This Order is not intended to be deemed or used as (a) an admission
15 of, or evidence of, the validity of any alleged wrongdoing or liability; or (b) an admission of, or
16 evidence of, any such alleged fault or omission of Respondents in any civil, criminal, arbitration, or
17 administrative proceeding in any court, administrative agency, or other tribunal.

18 27. No Implication of Fraudulent Conduct. This Order is not intended to state or imply willful,
19 reckless, or fraudulent conduct by Respondents, or their affiliates, directors, officers, employees,
20 associated persons, or agents.

21 28. Voluntary Agreement. GSI and Anderson enter this Order voluntarily and represent that no
22 threats, offers, promises, or inducements of any kind have been made by the Commissioner or any
23 member, officer, employee, agent, or representative of the Commissioner to induce GSI or
24 Anderson to enter this Order. The Parties each represent and acknowledge that he, she, or it is
25 executing this Consent Order completely voluntarily and without any duress or undue influence of
26 any kind from any source.

27 29. Counterparts. This Order may be executed in one or more separate counterparts, each of
28 which when so executed, shall be deemed an original. Such counterparts shall together constitute a

1 single document.

2 30. Notice. Any notice required under this Consent Order shall be provided to each party by
3 email and overnight mail/courier service at the following addresses.

4 To GSI: GSI Exchange
5 Attn: Anthony Allen Anderson
6 4440 PGA Blvd, Suite 600
7 Palm Beach Gardens, FL 33410
8 compliance@gsiexchange.com

9 To Anderson: Anthony Allen Anderson
10 4440 PGA Blvd, Suite 600
11 Palm Beach Gardens, FL 33410
12 compliance@gsiexchange.com

13 To the Commissioner: Joanne Ross
14 Senior Counsel, Enforcement Division
15 Department of Financial Protection and Innovation
16 2101 Arena Boulevard
17 Sacramento, California 95834
18 Joanne.Ross@dfpi.ca.gov

19 31. Signatures. A fax or electronic mail signature shall be deemed the same as an original
20 signature.

21 32. Public Record. GSI and Anderson hereby acknowledge that this Consent Order is and will
22 be a matter of public record.

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

33. Authority to Sign. Each signatory hereto covenants that he or she possesses all necessary capacity and authority to sign and enter into this Consent Order and undertake the obligations set forth herein.

34. Effective Date. This Consent Order shall become final and effective when signed by all Parties and sent by the Commissioner’s agent via e-mail to Charles Fleischmann at cfleischmann@MaynardNexsen.com.

This Consent Order is in the public interest, is necessary for the protection of investors, and is consistent with the purposes, policies, and provisions of the CSL and CCL.

Dated: October 31, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By: _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division

Dated: October 23, 2023

True Bullion, LLC dba Gold Silver International
Exchange dba GSI Exchange

By: _____

Name: _____

Title: _____

Dated: October 23, 2023

Anthony Allen Anderson
