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FOR IMMEDIATE RELEASE

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Kentucky Joins in Recouping Overcharges for Investors

Frankfort, Ky. (Aug. 10, 2023) – Investors who purchased retail precious metals from Lear Capital will receive compensation as a part of Lear’s bankruptcy plan. Today, the Department of Financial Institutions (DFI) announced that state securities regulators investigated 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 that filed a timely bankruptcy claim will receive refunds based on calculations determined by the 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 further agreed to improve its sales practices and disclosures. It also agreed to:

- Not misrepresent its fee.
- Not offer portfolio assessments of securities holdings.
- Not hold itself out as an investment adviser in any way.
- 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 racked up millions of dollars at investors’ expense,” said Marni R. Gibson, DFI’s acting deputy commissioner. “DFI is always looking out for Main Street investors to protect them from harmful and deceptive business practices.”

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 \$5.5 million bankruptcy settlement.

For more information or for assistance with questions, call DFI toll-free at (800) 223-2579 or email KFI@ky.gov.

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DFI is an agency in the Public Protection Cabinet, and supervises the financial services industry by examining, chartering, licensing, and registering various financial institutions, securities firms and

professionals operating in Kentucky. DFI's mission is to serve Kentucky residents and protect their financial interests by maintaining a stable financial industry, continuing effective and efficient regulatory oversight, promoting consumer confidence, and encouraging economic opportunities.