

Dept. of Financial Institutions: States recoup overcharges for investors in commodity firm bankruptcy

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MADISON, Wis. – The [Wisconsin Department of Financial Institutions \(DFI\)](#) today announced that investors who purchased retail precious metals from Lear Capital will receive compensation as 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.

Under the terms of the bankruptcy plan, confirmed by the bankruptcy court on June 12, 2023, Lear will provide \$5.5 million to be distributed to investors in Lear’s precious metals. Lear investors who 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 who bought precious metals from Lear between January 1, 2016, and March 3, 2022.

As 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.

“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 DFI Secretary-designee Cheryll Olson-Collins. “The Wisconsin Department of Financial Institutions is always looking out for main street investors

to protect them from harmful and deceptive business practices.”

Various regulators had 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.

Wisconsin investors with questions about investments in Lear’s precious metals, or other precious metals, should contact the DFI’s Division of Securities at DFISecurities@dfi.wisconsin.gov or (608) 266-2139 for more information. The DFI’s Division of Securities also reminds investors to do their homework, ask questions, and check the registration status of an investment before investing their money.