



DEPARTMENT OF FINANCIAL REGULATION
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Investor Alert: June 29, 2023

Attention: Vermont Investors in Lear Capital

Montpelier, VT – The Vermont Department of Financial Regulation, along with several other states, reached a settlement with Lear Capital regarding unregistered securities activity and misleading marketing.

Under the terms of the settlement, Vermont investors who entered a transaction with Lear between January 1, 2016, and March 3, 2022, will receive a distribution equal to the difference between a hypothetical 12 percent fee and the fee charged by Lear. The settlement was reached in the context of Lear’s Chapter 11 bankruptcy proceedings and resolves all current disputes with Lear but does not preclude future action in the event of future violations.

LEAR CAPITAL is a precious metals company which sells and buys back metals through both direct-to-consumer transactions and self-directed IRA transactions. Vermont and numerous other states (the Participating States) took the position that Lear was engaged, among other things, in unregistered securities activity and in providing misleading information regarding the metals market and the costs of investing in precious metals.

In the context of Lear’s Chapter 11 case, the Participating states negotiated a settlement which was embodied in Lear’s Chapter 11 plan.

Pursuant to the Plan, Lear’s principal will contribute \$5.5 million to the plan. Investors who filed proofs of claim in the bankruptcy case will receive a one-time distribution equal to the difference between the spread actually charged on a transaction and a hypothetical 12 percent fee. The Department does not believe that any Vermont investors filed proofs of claim.

The balance of the funds contributed will provide distributions to customers who entered a transaction with Lear between January 1, 2016, and March 3, 2022, calculated in the same manner as the distributions to customers with filed claims.

The settlement resolves the issues with Lear’s past conduct but does not preclude future enforcement in the event of future violations.

On June 12, 2023, the bankruptcy court confirmed the Plan. The above payments are described on pages 18 and 19 of the Plan, in the section entitled “unfiled claims.”

A copy of the Plan is attached to this Alert. Please contact the Department at dfrsecuritiesinfo@vermont.gov with any questions.

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