



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:
TMTE, Inc., a/k/a Metals.com, a/k/a Chase Metals, LLC, a/k/a Chase Metals, Inc.; and Walter Vera, Respondents.
Serve: TMTE, Inc., a/k/a Metals.com, a/k/a Chase Metals, LLC, a/k/a Chase Metals, Inc. 433 North Camden Drive, Suite 970 Beverly Hills, CA 90210
Walter Vera 433 North Camden Drive, Suite 970 Beverly Hills, CA 90210
Case No. AP-19-19

ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY RESTITUTION, CIVIL PENALTIES, AND COSTS SHOULD NOT BE IMPOSED

On October 31, 2019, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("the Enforcement Section"), through Director of Enforcement Steven C. Reed, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed ("the Petition"). After reviewing the Petition, the Missouri Commissioner of Securities ("the Commissioner") issues the following order:

I. ALLEGATIONS OF FACT

The Petition alleges the following facts:

A. Introduction

From approximately December 27, 2017 to August 29, 2019, at least thirteen (13) Missouri residents invested \$1,418,843.87 in gold and/or silver through self-directed IRAs in which TMTE, Inc., a/k/a Metals.com, a/k/a Chase Metals, LLC, a/k/a Chase Metals, Inc. (collectively "Metals.com") assisted with establishing. Metals.com and its agents and employees have been, and currently are, for compensation, acting as unregistered investment advisers by advising Missouri residents to sell their securities to purchase gold or silver. In some cases, Metals.com's

agents or employees engaged in scare tactics by claiming the Missourians' securities would lose value, were not a stable investment, or that the U.S. economy would collapse making metals investments "safer." Prior to the sales of gold and/or silver, Metals.com's agents and/or employees failed to disclose, among other things, the risks involved with metals investments, or the commission Metals.com or its agents or employees would earn for the investment.

B. Respondents and Related Parties

1. Metals.com is an independent retailer of gold and silver products, including bars, rounds, and coins and is located at 433 North Camden Drive, Suite 970, Beverly Hills, California 90210. Its registered agent is Corporate Agents, LLC, located at 1712 Pioneer Avenue, Suite 100, Cheyenne, Wyoming 82001.
2. A check of the records maintained by the Commissioner, the Financial Industry Regulatory Authority, the Securities and Exchange Commission, and the Commodity Futures Trading Commission indicates that Metals.com has never been registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, issuer agent, or commodity merchant, and there was no registration, granted exemption, or notice filing indicating status as a "federal covered security" for any securities issued by Metals.com.
3. Walter Vera ("Vera") is Vice President of Sales for Metals.com.
4. A check of the Central Registration Depository ("CRD") indicates that Vera has never been registered as a broker-dealer, broker-dealer agent, investment adviser, investment adviser representative, and/or issuer agent.

Enforcement Section's Investigation

Missouri Resident 1 ("MR1")

5. On August 12, 2019, the Enforcement Section was contacted by a 63 year-old Sedalia, Missouri, resident ("MR1"). MR1 told the Enforcement Section, among other things, the following:
 - a. approximately one year ago, MR1 heard an advertisement for Metals.com on the radio. MR1 then called the company;
 - b. a representative from Metals.com told MR1 that investing in gold or silver was "safer" than MR1's stocks and bonds contained in MR1's 401(k);
 - c. the representative from Metals.com never disclosed the commission Metals.com would receive for MR1's investment; and
 - d. MR1 liquidated MR1's stocks and bonds in MR1's 401(k) and purportedly invested \$230,000 in silver. MR1 chose silver due to the Metals.com representative's belief

that the value of silver would purportedly appreciate due to many products that use the metal, particularly electronics.

6. Upon information, MR1 invested \$226,979.50 on June 18, 2018.
7. To date, MR1's silver is purportedly being held in a depository in another state.

Missouri Resident 2 ("MR2")

8. On August 12, 2019, the Enforcement Section was contacted by the spouse of a 60 year-old St. Ann, Missouri, resident ("MR2"). MR2's spouse told the Enforcement Section, among other things, the following:
 - a. approximately two years ago, MR2's stocks were not performing as expected when MR2 found an advertisement for Metals.com online. MR2 then telephoned Metals.com and spoke to a representative;
 - b. MR2 liquidated MR2's stock and, upon information, invested approximately \$14,549.83 in gold and silver on December 12, 2018;
 - c. no commissions or other fees were disclosed prior to the transaction; and
 - d. MR2's gold and silver is purportedly being held in a depository in another state.

Missouri Resident 3 ("MR3")

9. On August 13, 2019, the Enforcement Section was contacted by a 73 year-old O'Fallon, Missouri, resident ("MR3"). MR3 told the Enforcement Section, among other things, the following:
 - a. in approximately March 2018, MR3 found an advertisement for Metals.com on a social media website. MR3 telephoned Metals.com and spoke to, among others, Vera;
 - b. Vera asked about MR3's securities holdings which included stocks held in an investment account at a large broker-dealer firm. Vera told MR3 the stock market "was not a good place to be" and requested MR3 email Vera MR3's securities portfolio statements;
 - c. after reviewing MR3's securities portfolio, Vera purported that MR3's stocks had lost value and Vera solicited MR3 to liquidate the stocks and invest in gold and/or silver;
 - d. Vera never disclosed the risks involved in metals investments or the commission Vera or Metals.com would receive for MR3's investment; and

- e. in approximately March 2018, MR3 liquidated MR3's stock and purportedly invested approximately \$400,000 in Canadian silver coins and gold English coins.
10. Upon information, MR3 invested \$399,991.32 in gold and silver on March 16, 2018.
 11. Sometime after the investment, MR3 decided to sell the coins but Metals.com refused to purchase them. MR3 then sold a majority of the coins to another company for approximately \$141,000.
 12. MR3 filed a complaint against Metals.com with the Better Business Bureau. Sometime after filing the complaint, an attorney representing Metals.com contacted MR3 and threatened legal action against MR3 if MR3 continued complaining about Metals.com.

Missouri Resident 4 ("MR4")

13. On August 13, 2019, the Enforcement Section was contacted by a 68 year-old Bridgeton, Missouri, resident ("MR4"). MR4 told the Enforcement Section, among other things, the following:
 - a. in approximately August 2018, MR4 was researching investments online when MR4 found an advertisement for Metals.com. MR4 filled out MR4's contact information on Metals.com's website and a representative from Metals.com called MR4;
 - b. a representative with Metals.com told MR4 that stocks fluctuate in value more than metals investments;
 - c. MR4 was never told about commissions Metals.com would receive for MR4's investment; and
 - d. in approximately August 2018, MR4 purportedly invested \$238,000 in gold. The investment was made after MR4 liquidated MR4's stocks.
14. Upon information, MR4 invested \$203,667.88 in silver on September 26, 2018.
15. MR4's silver is purportedly being held in a depository in another state.

Missouri Resident 5 ("MR5")

16. On August 15, 2019, the Enforcement Section was contacted by a 62 year-old disabled Webb City, Missouri, resident ("MR5"). MR5 told the Enforcement Section, among other things, the following:
 - a. in approximately September 2018, MR5 found an advertisement for Metals.com online. MR5 filled out MR5's contact information on Metals.com's website and a

representative from Metals.com then telephoned MR5;

- b. the representative from Metals.com told MR5 that investments in gold and/or silver was a more stable investment than stocks;
 - c. the representative never disclosed the risks involved with metals investments or the commission Metals.com would receive for MR5's investment; and
 - d. in approximately September 2018, MR5 purportedly invested \$107,000 in Canadian silver, MR5's entire life savings. MR5 made the investment after liquidating MR5's stocks.
17. Upon information, MR5 invested \$108,751.72 on October 5, 2018. The silver is purportedly being held in a depository in another state.

Missouri Resident 6 ("MR6")

18. On August 15, 2019, the Enforcement Section was contacted by a 69 year-old Raytown, Missouri, resident ("MR6"). MR6 told the Enforcement Section, among other things, the following:
- a. approximately three years ago, MR6 heard an advertisement for Metals.com on a radio program. MR6 then telephoned Metals.com;
 - b. the representative for Metals.com told MR6 that investments in gold and/or silver holds its value better than stocks. The representative also told MR6 the economy would crash within three years making gold and/or silver a safer investment;
 - c. the representative never disclosed the risks involved with metals investments and did not disclose the commission Metals.com would receive for MR6's investment; and
 - d. MR6 converted MR6's 401(k) to a self-directed IRA and purportedly invested approximately \$24,000 in Canadian silver.
19. Upon information, MR6 invested \$16,862.04 in silver on March 15, 2018.
20. Since making the investment, MR6 has sold some of the silver and received approximately \$8,000. All sales were at a loss.
21. MR6's remaining silver is purportedly being held in a depository in another state.

Missouri Resident 7 ("MR7")

22. On August 28, 2019, the Enforcement Section was contacted by a 69 year-old Kansas City,

Missouri, resident (“MR7”). MR7 told the Enforcement Section, among other things, the following:

- a. approximately one year ago, MR7 saw an advertisement for Metals.com on television. MR7 then telephoned Metals.com and spoke to a representative;
 - b. the representative told MR7 that stocks would plummet in value and investments in gold and/or silver was a more stable investment; and
 - c. the representative never disclosed the risks involved in metals investments and never disclosed the commission Metals.com would receive for MR7’s investment.
23. Upon information, MR7 invested \$23,137 in gold and silver on February 6, 2018. The investment was made after MR7 liquidated MR7’s IRA that contained stock.
24. MR7 purportedly elected to take delivery of the gold and silver but, to date, has not received it. MR7 has tried to call Metals.com but received no answer. Upon information, MR7’s silver and gold is being stored at a depository in another state.

Enforcement Section’s Letter to Metals.com

25. On August 7, 2019, the Enforcement Section sent a letter to Metals.com requesting, among other things, the following:
- a. a list of all Missouri investors in Metals.com from January 1, 2015 to present, including the date(s) and amount(s) invested;
 - b. copies of all documents provided to or signed by the Missouri investors;
 - c. a listing of all fees, commissions, or other payments received by each representative of Metals.com for the Missourians’ investments; and
 - d. Metals.com’s claim of exemption from registration or exception from the definition of an investment adviser, broker-dealer, investment adviser representative, or broker dealer agent upon which Metals.com are relying to transact business regarding securities in Missouri.

Metals.com’s Response to the Enforcement Section

26. On August 14, 2019, counsel for Metals.com and the Enforcement Section agreed that Metals.com would provide information concerning sales to Missouri investors for which Metals.com helped facilitate the creation of a self-directed IRA with a third party custodian and not direct sales from Metals.com’s website.

27. Metals.com identified thirteen (13) Missouri investors who invested approximately \$1,418,843.87 from December 27, 2017 to August 29, 2019. All investors identified above were included with the exception of MR3 who did not make the investment through a self-directed IRA.
28. Counsel for Metals.com purported that Metals.com “does not provide investment advice as an element of its business. Accordingly, metals.com does not have ‘investors’.”
29. Counsel for Metals.com purported that “Metals.com does not charge its customers fees, commissions, or other expenses beyond the retail price of the precious metals.” Metals.com’s employees are paid an hourly wage and up to 8% commission on final sales.
30. Metals.com claimed an exemption from securities registration since it purportedly does not provide investment advice or deal in securities.

Shipping and Transaction Agreement

31. Among the documents submitted to the Enforcement Section by Metals.com included a Shipping and Transaction Agreement that each investor above executed with Metals.com. Among other things, this document specifies:
 - a. the customer is paying “spreads” that are defined as “the difference between [Metals.com’s] cost on the day of the purchase (for the Precious Metals Customer has agreed to buy) and the retail price quoted...” Spreads vary from 2%-33%;
 - b. customers buying precious metals through Metals.com must declare, under penalty of law, that “Customer either deals in such articles or otherwise by Customer’s respective occupation or as a result of Customer’s avocations as collector, speculator, or investor has and holds him or herself out as having knowledge or skill peculiar to such articles or the practices involved in the sale of such articles.”; and
 - c. “Customer expressly acknowledges and agrees to hold [Metals.com] harmless for any damages arising out of the performance by [Metals.com] of this Agreement.”

II. COMMISSIONER’S DETERMINATIONS AND FINDINGS

Multiple Violations of Transacting Business as an Unregistered Investment Adviser

32. **THE COMMISSIONER DETERMINES** that Respondents violated Section 409.4-403(a)¹ when Respondents provided investment advice regarding securities held by investors in Missouri and recommended the sale of security assets for the purchase silver and/or gold, and did receive compensation from the purchase of silver and/or gold. These

¹ Unless otherwise specified, all statutory references are to the 2016 Revised Statutes of Missouri.

activities constitute providing investment advice in the course of business in the state of Missouri.

33. At all times relevant to this matter, Respondents were not registered or exempt from registration as investment advisers in the state of Missouri.
34. At the time Respondents engaged in the conduct set forth above, at least one investor was more than 60-years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
35. Respondents violated Section 409.4-403(a), and engaged in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Transacting Business as an Unregistered Investment Adviser Representative

36. **THE COMMISSIONER FURTHER DETERMINES** that Respondent Vera and others associated with Metals.com were not registered or exempt from registration to transact business as an Investment Adviser Representative in the state of Missouri.
37. Respondent Vera and others associated with Metals.com violated Section 409.4-404(a) when Respondents, on behalf of Respondent Metals.com, made recommendations or otherwise gave investment advice regarding securities to investors in the state of Missouri without being registered or exempt from registration as a representative.
38. At the time Respondents engaged in the conduct set forth above, at least one investor was more than 60-years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
39. Respondent Vera, on behalf of Metals.com, transacted business as an unregistered agent in the state of Missouri without being registered or exempt from registration as an Investment Adviser Representative in violation of Section 409.4-404(a), and engaged in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Employing an Unregistered Investment Adviser Representative

40. **THE COMMISSIONER FURTHER DETERMINES** that Respondent Metals.com employed or associated with individuals, including Vera, who were required to be registered under the Securities Act as investment adviser representatives, and such individuals were not registered, in violation of Section 409.4-403(d).

41. At the time Respondent Metals.com engaged in the conduct set forth above, at least one investor was more than 60 years-old and was an elderly person as that term is defined under Section 409.6-604(d)(3)(B).
42. Respondent Metals.com employed or associated with individuals required to be registered as investment adviser representatives in violation of Section 409.4-403(d), and engaged in an illegal act, practice, or course of business, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

Multiple Violations of Engaging in Prohibited Conduct in Providing Investment Advice

43. **THE COMMISSIONER FURTHER DETERMINES** that in connection with the offer, sale, or purchase of a security, Respondents' agents and employees, including Vera, made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and engaged in an act, practice, or course of business the operates or would operate as a fraud or deceit upon another person including, but not limited to, the following:
 - a. omitting to disclose that Metals.com and its agents and employees were not registered to offer investment advice regarding the advisability of selling securities in favor of purchasing gold and/or silver;
 - b. omitting to disclose the risks associated with metals investments;
 - c. omitting to disclose the fees or commissions Metals.com and/or its employees would earn for investments in gold and/or silver;
 - d. claiming that investments in gold and/or silver is a superior investment than other securities vehicles such as stocks; and
 - e. inducing investors to sell securities based on scare tactics by claiming the securities would drastically drop in value or the U.S. economy would collapse.
44. At the time Respondents engaged in the conduct set forth above, at least one investor was more than 60-years-old and was an elderly persons as that term is defined under Section 409.6-604(d)(3)(B).
45. Respondents made an untrue statement of material fact, omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading or engaged in an act, practice, or course of business that would operate as a fraud or deceit upon another person in violation of Section 409.5-502, by engaging in prohibited conduct in the provision of investment advice, and such conduct is, therefore, subject to the Commissioner's authority under Section 409.6-604.

46. An order is in the public interest and is consistent with the purposes of the Missouri Securities Act of 2003. *See* Section 409.6-605(b).

III. ORDER

NOW, THEREFORE, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.4-403(a), by transacting business as an unregistered investment adviser;
- B. Section 409.4-404(a), by transacting business as an unregistered investment adviser representative;
- C. Section 409.4-403(d), by employing an unregistered investment adviser representative; and
- D. Section 409.5-502, by engaging in prohibited conduct in the provision of investment advice.

IV. STATEMENT

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. \$15,000 against Respondent Metals.com for more than one violation of Section 409.4-403(a), when at least one of these violations was committed against an elderly person, in a final order, unless Respondent Metals.com request a hearing and show cause why the penalties should not be imposed;
- B. \$15,000 against Respondent Vera for more than one violation of Section 409.4-404(a), when at least one of these violations was committed against an elderly person, in a final order, unless Respondent Vera requests a hearing and shows cause why the penalties should not be imposed;
- C. \$15,000 against Respondent Metals.com for more than one violation of Section 409.4-403(d), when at least one of these violations was committed against an elderly person, in a final order, unless Respondent Metals.com request a hearing and show cause why the penalties should not be imposed;
- D. \$15,000 against each Respondent for more than one violation of Section 409.5-502, when at least one of these violations was committed against an elderly person, in a final order, unless Respondents request a hearing and shows cause why the penalties should not be imposed;

- E. an order against Respondents to pay restitution for any loss, including the amount of any actual damages that may have been caused by the Respondents' conduct, and interest from the date of the violation causing the loss, or disgorge any profits arising from any violation of the Missouri Securities Act or the rules attendant thereto;
- F. an order awarding of the costs of the investigation against Respondents in this proceeding, awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made; and
- G. an order that the Commissioner provide such other relief as he deems just. All of the preceding relief is sought on behalf of the persons injured by the acts and practices of all Respondents that constitute violations of the Missouri Securities Act.

SO ORDERED:

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,
MISSOURI THIS 1st DAY OF NOVEMBER, 2019.



JOHN R. ASHCROFT
SECRETARY OF STATE



DAVID M. MINNICK
COMMISSIONER OF SECURITIES



STATE OF MISSOURI
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF:)
)
TMTE, Inc., a/k/a Metals.com, a/k/a Chase Metals,)
LLC, a/k/a Chase Metals, Inc.; and Walter Vera,) Case No. AP-19-19
)
Respondents.)
)
)
Serve: TMTE, Inc., a/k/a Metals.com, a/k/a)
Chase Metals, LLC, a/k/a Chase Metals, Inc.)
433 North Camden Drive, Suite 970)
Beverly Hills, CA 90210)
)
Walter Vera)
433 North Camden Drive, Suite 970)
Beverly Hills, CA 90210)

NOTICE

TO: Respondents and any unnamed representatives aggrieved by this Order:

You may request a hearing in this matter within thirty (30) days of the receipt of this Order pursuant to Section 409.6-604(b), RSMo. (2016), and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to this order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing, to:

David M. Minnick, Commissioner of Securities
Office of the Secretary of State, Missouri
600 West Main Street, Room 229
Jefferson City, Missouri, 65102

CERTIFICATE OF SERVICE

I hereby certify that on this 1 day of November, 2019, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, and Costs Should Not Be Imposed in the above styled case was **mailed by certified U.S. mail and emailed to:**

TMTE, Inc., a/k/a Metals.com, a/k/a
Chase Metals, LLC, a/k/a Chase Metals, Inc.
433 North Camden Drive, Suite 970
Beverly Hills, CA 90210

Walter Vera
433 North Camden Drive, Suite 970
Beverly Hills, CA 90210

Attorney for Respondent Metals.com
Shamoil T. Shipchandler
2727 North Harwood Street
Dallas, TX 75201
sshipchandler@jonesday.com

and by hand-delivery and email to:

Steven C. Reed
Missouri Securities Division
steven.reed@sos.mo.gov



Spencer Martin
Chief Counsel