

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
DIVISION OF BANKING AND SECURITIES

IN THE MATTER OF:)
)
TMTE, INC., AKA METALS.COM;)
CHASE METALS, INC.; WALTER)
VERA; ATHENA HUNTER; SEAN)
REZA; JONATHAN SACHS; DAVID)
BLEEDEN; and RANDALL KOHL)
Respondents.)

ORDER NO. 19-133-S
TEMPORARY CEASE AND DESIST
ORDER EFFECTIVE IMMEDIATELY,
ASSESSING CIVIL PENALTIES AND
NOTICE OF FINAL ORDER

The Director of the Department of Commerce, Community, and Economic Development, Division of Banking and Securities (“Administrator”), has conducted an investigation into certain activities of TMTE, Inc., aka Metals.com, Walter Vera, Athena Hunter, Sean Reza, Jonathan Sachs, David Bleeden, and Randall Kohl (collectively “Respondents”) and has determined that Respondents violated certain provisions of the Alaska Securities Act, Alaska Statute (“AS”) 45.56 *et seq.*

I. FINDINGS OF FACT

1. TMTE, INC. ("TMTE") is a Wyoming corporation originally formed under the name Access Unlimited on April 30, 2008 with a principal address of 433 N. Camden Drive, Suite 970, Beverly Hills, California, 90210. TMTE has transacted business in the state of Alaska as Chase Metals, Inc., and Metals.com. Hereinafter, TMTE, Chase Metals, Inc., and Metals.com will be collectively referred to as Metals.com. Metals.com can be served with process through its registered agent, Corporate Agents, LLC, at 1712 Pioneer Avenue, Suite 100, Cheyenne, Wyoming, 82001.

2. Metals.com has never been registered to conduct business in Alaska with the

1 Division of Corporations, Business, and Professional Licensing as a corporation or other type
2 of business organization.

3 3. Walter Vera (“Vera”), at all times relevant to this Order, has identified himself as
4 the Vice President of Sales and as an agent of Metals.com with a business address of 433 N.
5 Camden Drive, Suite 970, Beverly Hills, California, 90210.

6 4. Athena Hunter (“Hunter”) at all times relevant to this Order, has identified herself
7 as a Senior Account Executive and as an agent of Metals.com with a business address of 433
8 N. Camden Drive, Suite 970, Beverly Hills, California, 90210.

9 5. Sean Reza (“Reza”) at all times relevant to this Order, has identified himself as
10 “Sean Reagan,” and as an agent of Metals.com with a business address of 433 N. Camden
11 Drive, Suite 970, Beverly Hills, California, 90210.

12 6. Jonathan Sachs (“Sachs”) at all times relevant to this Order, has identified himself
13 as a Senior Account Executive and as an agent of Metals.com with a business address of 433
14 N. Camden Drive, Suite 970, Beverly Hills, California, 90210.

15 7. David Bleeden (“Bleeden”) at all times relevant to this Order, has identified himself
16 as an agent of Metals.com with a business address of 433 N. Camden Drive, Suite 970, Beverly
17 Hills, California, 90210.

18 8. Randall Kohl (“Kohl”) at all times relevant to this Order, has identified himself as
19 an agent of Metals.com with a business address of 433 N. Camden Drive, Suite 970, Beverly
20 Hills, California, 90210.

21 9. Since March 2019, Metals.com, through its agents, contacted at least seven elderly
22 Alaskans: G.N., J.L., N.D., F.B., L.L., C.S., and J.F. (the “Alaska Investors”). Metals.com
23 induced six of the Alaska Investors to collectively liquidate approximately one-and-a-half
24 million dollars of their retirement accounts and to invest these funds into self-directed

1 individual retirement accounts (“IRA”) holding precious metals purchased from Metals.com.
2 Metals.com induced one of the Alaska Investors to liquidate over eighteen thousand dollars of
3 securities in his retirement account to purchase precious metals directly from Metals.com to
4 store the metals at an out-of-state depository.

<u>Investor Name</u>	<u>Investor Age</u>	<u>Date of Purchase</u>	<u>Amount of Purchase</u>
G.N.	61	3/19/2019	\$430,679.36
J.L.	66	4/8/2019	\$425,884.00
N.D.	78	4/29/2019	\$221,243.47
F.B.	65	6/7/2019	\$170,820.05
L.L.	74	8/19/2019	\$111,132.15
C.S.	60	11/11/2019	\$99,482.32
J.F.	78	12/9/2019	\$18,124.40
			Total: \$1,477,365.75

15 10. Metals.com contacted the Alaska Investors through cold-calling and through an
16 internet website accessible by the public at <https://www.metals.com>.

17 11. After contacting the Alaska Investors, Metals.com and its agents requested the
18 Alaska Investors to provide information about the investors’ securities holdings purchased from
19 dealers and/or managed by investment advisers.

20 12. Metals.com advised the Alaska Investors to sell their securities and to invest in
21 precious metals such as gold and silver. Metals.com advised the Alaska Investors that, due to
22 economic instability and an impending market crash, their securities holdings were not safe.

23 13. Metals.com told the Alaska Investors that investments in precious metals, as
24 opposed to investments in securities, are reliable investments that will preserve value regardless

1 of market fluctuations, and would serve as a hedge against inflation and the devaluation of the
2 dollar. Metals.com did not disclose that precious metals involve considerable risk with
3 potentially volatile market prices that may be affected by economic conditions, political events,
4 and speculative activity.

5 14. Metals.com advised investors that in order to protect their holdings, they needed to
6 liquidate their retirement accounts and/or sell their securities and invest in precious metals
7 through self-directed individual retirement accounts.

8 15. Agents of Metals.com received compensation for advising potential investors to
9 sell their securities and invest in precious metals.

10 16. Metals.com pays commissions to these agents and their salaries are based, at least
11 in part, on the amount and the profit margin of sales.

12 17. Metals.com agents' compensation is also tied, from time to time, to sales activities,
13 such as "sales contests."

14 18. Metals.com told the Alaska Investors that Metals.com does not charge a fee for the
15 purchase of precious metals, and that the Alaska Investors needed only to pay the "spot" price,
16 or the accepted market price of the precious metals at the time of the transaction. Metals.com
17 did not disclose to the Alaska Investors that the Alaska Investors paid Metals.com for providing
18 advice regarding investments, for transferring the Alaska Investors' funds from their broker-
19 dealer or investment adviser to self-directed IRAs, and for using the Alaska Investors'
20 liquidated investment funds to invest in precious metals.

21 19. The compensation the Alaska Investors paid to Metals.com was purportedly equal
22 to the difference between the price paid by the investors and the wholesale price of precious
23 metals. This difference was referred to as the "spread." The spread varied from investor to
24

1 investor, generally ranging from 58.5% to 66.6% for transactions involving individual
2 retirement accounts.

3 20. Most, if not all, of the Alaska Investors believed they were purchasing gold or silver
4 at spot price, but neither Metals.com nor its agents informed the Alaska Investors which
5 products the Alaska Investors were purchasing from Metals.com. The Alaska Investors
6 believed that the value of their precious metals holdings would be worth at least the same
7 amount as their principal investment in the precious metals. Though the Alaska Investors
8 believed they were solely purchasing precious metal bars and coins at the spot price,
9 Metals.com primarily sold Alaska Investors novelty coins priced by Metals.com. There is no
10 market for the novelty coins at the price at which Metals.com sold the coins to Alaska
11 Investors.

12 21. After each sale, Metals.com generated a purchase invoice for each Alaska Investor,
13 that listed which precious metal products the specific Alaska Investor had purchased using the
14 Alaska Investors' retirement funds. Several Alaska Investors did not receive a purchase invoice
15 until they requested one from Metals.com.

16 22. On May 21, 2019, Alaska Investor J.L. requested a purchase receipt. On May 24,
17 2019, J.L. received a purchase invoice generated by Metals.com dated April 8, 2019. J.L.
18 learned that they purchased 14,874 one-half ounce silver 2019 Royal Canadian Mint Polar Bear
19 coins at a unit price of \$26 each for a total of \$386,724, 80 ten ounce silver bars at a unit price
20 of \$159.00 for a total of \$12,720; 800 one ounce silver rounds at a unit price of \$15.90 for a
21 total of \$12,720.00, and 800 one ounce silver Royal Canadian Mint Maple Leaf Coins at a unit
22 price of \$17.15 for a total of \$13,720.00 from Metals.com.

23 23. Metals.com purchased a total of 9,837 ounces of silver for J.L., for a total cost to
24 J.L. of \$425,884. The market price of silver on April 8, 2019 was \$15.234 per ounce Alaska

1 Investor J.L. paid \$43,294 per ounce to Metals.com. Metals.com used all of Alaska Investor
2 J.L.'s savings (\$425,884.00) to purchase the silver. The resulting market value of the silver was
3 \$149,886.70, resulting in an immediate decline in value of Alaska Investor J.L.'s retirement
4 savings in the amount of \$276,017.30 or 64.81%.

5 24. Alaska Investor G.N. believed they were purchasing "proof coins" from
6 Metals.com, which G.N. understood to be worth more than specialty coins. A purchase invoice
7 generated by Metals.com on March 21, 2019 showed that Metals.com used all of G.N.'s
8 retirement funds purchase 18,628 one-half ounce silver 2019 Royal Canadian Mint Polar Bear
9 coins at a unit price of \$23.12 for a total purchase price of \$420,679.36. The market price of
10 silver on March 21, 2019 was \$14.445 per ounce. Alaska Investor G.N. paid Metals.com
11 \$46.24 per ounce, 299% more than the spot price. The resulting market value of the coins was
12 \$143,854.73 in silver. As a result, Alaska Investor G.N. experienced an immediate decline in
13 the value of their retirement savings account in the amount of \$286,824.63 or 66.60%.

14 25. On April 29, 2019, for Alaska Investor N.D., Metals.com purchased 6,775 one-half
15 ounce silver 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$22.69 and 96
16 quarter-ounce gold 2019 British Standard coins at a unit price of \$675.14, for a total purchase
17 price of \$221,243.47. The market price per ounce of silver on April 29, 2019 was \$14.93. The
18 market price per ounce of gold on that same date was \$1280.50. N.D. paid Metals.com \$45.38
19 per ounce of silver and \$2,700.60 per ounce of gold. The resulting value of the coins that
20 Metals purchased for N.D. was \$50,575.38 in silver and \$30,732.00 in gold, for a total value of
21 \$81,307.38. As a result, N.D. experienced an immediate decline in the value of their retirement
22 savings in the amount of \$139,936.10 or 63.25%.

23 26. On June 7, 2019, for Alaska Investor F.B., Metals.com purchased 5,000 one-half
24 ounce silver 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$25.27 and 145 one-

1 tenth ounce gold 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$306.69, for a
2 total purchase price of \$170,820.05. The market price per ounce of silver on June 7, 2019 was
3 \$15.01. The market price per ounce of gold on that same date was were \$1340.52. F.B. paid
4 Metals.com \$50.54 per ounce of silver and \$3,066.90 per ounce of gold. The resulting value of
5 the coins that Metals.com purchased for F.B. was \$37,525.00 in silver and \$19,437.54 in gold,
6 for a total value of \$56,962.54 As a result, F.B. experienced an immediate decline in the value
7 of their retirement savings in the amount of \$113,857.51 or 66.65%.

8 27. On August 19, 2019, for Alaska Investor L.L., Metals.com purchased 2,333 one-half
9 ounce silver 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$23.89, 94 one-tenth
10 ounce gold 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$294.31, and 38 one-
11 fourth ounce gold 2019 British Standard coin for a unit price of \$729.78 for a total purchase
12 price of \$111,132.15. The market price per ounce of silver on August 19, 2019 was \$16.97. The
13 market price per ounce of gold on that same date was \$1,496.31. L.L. paid Metals.com \$47.78
14 per ounce of silver and \$2,931.05 per ounce of gold. The resulting value of the coins that
15 Metals.com purchased for L.L. was \$19,702.19 in silver and \$26,390.26 in gold, for a total
16 value of \$46,092.44. As a result, L.L. experienced an immediate decline in the value of their
17 retirement savings in the amount of \$64,946.39 or 58.44%.

18 28. On November 11, 2019, for Alaska Investor C.S., Metals.com purchased 2,084 one-
19 half ounce silver 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$23.84, and 163
20 one-tenth ounce gold 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$305.52 for
21 a total purchase price of \$99,482.32. The market price per ounce of silver on November 11,
22 2019 was \$16.84. The market price per ounce of gold on that same date was and \$1,455.72.
23 C.S. paid Metals.com \$47.68 per ounce of silver and \$3,055.20. The resulting value of the
24 coins that Metals.com purchased for C.S. was \$17,547.28 in silver and \$23,728.24 in gold, for

1 a total value of \$41,275.52. As a result, C.S. experienced an immediate decline in the value of
2 their retirement savings in the amount of \$58,206.80 or 58.51%.

3 29. On December 9, 2019, for Alaska Investor J.F., Metals.com purchased 606 one-half
4 ounce silver 2019 Royal Canadian Mint Polar Bear coins at a unit price of \$26.11 and 41 one
5 gram gold bars at a unit price of \$56.14 for a total purchase price of \$18,124.40. The market
6 price per ounce of silver on December 12, 2019 was \$16.89. The market price per ounce of
7 gold on that same date was and \$1,465.11. J.F. paid Metals.com \$52.22 per ounce of silver and
8 \$1,746.39 per ounce of gold. The resulting vale of the coins that Metals.com purchased for J.F.
9 was \$5,117.67 in silver and \$1,918.64 in gold, for a total value of \$7,036.31. As a result, J.F.
10 experienced an immediate decline in the value of their retirement savings in the amount of
11 \$11,088.09 or 61.18%.

12 30. Upon accepting Metals.com's advice, transferring their retirement savings, and
13 purchasing precious metals selected by Metals.com, the Alaska Investors immediately suffered
14 a collective loss of \$950,875.82 or 64% of their principal investments.

15 31. Metals.com failed to disclose its business reputation, qualifications, or experience
16 of its owners, principals, and managers to the Alaska Investors.

17 32. Metals.com failed to disclose that Metals.com's executive officer and/or Chase
18 Metals, Inc. were named as a defendant in at least three lawsuits: Daniel Alway vs. Chase
19 Metals LLC et al, filed on August 31, 2018, in the jurisdiction of Los Angeles County District
20 Courts; International Bullion Exchange LLC vs Lucas Erb et al, filed on March 13, 2014, in the
21 jurisdiction of Los Angeles County District Courts; and Stephen Matteo v. Chase Metals
22 Service Corporation et al, filed on 2/19/2019 in the United Stated District Court Central District
23 of California.

1 33. Agents working on behalf of Metals.com failed to disclose their experience in
2 valuing securities, calculating market volatility, forecasting economic conditions, and
3 determining whether securities or other investments would constitute suitable products.

4 34. Metals.com has never been registered as a broker-dealer, broker-dealer agent,
5 investment adviser, or investment adviser representative in Alaska.

6 35. Vera has never been registered as a broker-dealer agent, investment adviser, or
7 investment adviser representative in Alaska.

8 36. Hunter has never been registered as a broker-dealer agent, investment adviser, or
9 investment adviser representative in Alaska.

10 37. Reza has never been registered as a broker-dealer agent, investment adviser, or
11 investment adviser representative in Alaska.

12 38. Sachs has never been registered as a broker-dealer agent, investment adviser, or
13 investment adviser representative in Alaska.

14 39. Bleeden has never been registered as a broker-dealer agent, investment adviser, or
15 investment adviser representative in Alaska.

16 40. Kohl has never been registered as a broker-dealer agent, investment adviser, or
17 investment adviser representative in Alaska.

18 41. Metals.com did not disclose to clients that Metals.com, its chief executive officer,
19 and its agents were not registered in Alaska to provide investment advice.

20 42. Metals.com failed to assess the suitability of investments for their Alaska clients.
21 Metals.com did not ask potential investors about their risk tolerance, net worth, investment
22 experience, or annual income.

23 43. Metals.com did not evaluate the Alaska Investors' investment portfolios to
24 determine if precious metals investments were suitable for each client.

1 registration in Alaska.

2 3. Metals.com is subject to a civil penalty and payment of restitution under AS
3 45.56.690 for violating AS 45.56.300(a).

4 4. Metals.com acted as an “investment adviser” as that term is defined in AS
5 45.56.900.

6 5. Metals.com violated AS 45.56.340 by acting as an investment adviser without
7 registration in Alaska.

8 6. Metals.com is subject to a civil penalty and payment of restitution under AS
9 45.56.690 for violating AS 45.56.340.

10 7. Metals.com violated 3 AAC 08.010(d) by doing business in Alaska as a broker-
11 dealer and investment adviser and failing to register as a foreign corporation with the Alaska
12 Division of Corporations, Business, and Professional Licensing under AS 10.06.

13 8. Metals.com is subject to a civil penalty and payment of restitution under AS
14 45.56.690 for violating 3 AAC 08.010(d).

15 9. Metals.com and its agents, in providing investment advice to the Alaska
16 Investors, perpetrated misrepresentations, and/or omissions of material fact, which constitutes
17 fraud or deceit upon a person under AS 45.56.500 and AS 45.56.510, through activity
18 including, but not limited to:

- 19 a) Employing scare and high-pressure tactics to induce Alaska Investors to liquidate
20 their securities holdings and to instead invest in precious metals;
- 21 b) Omitting the material fact that Metals.com intended to invest Alaska Investors’
22 retirement account funds in commemorative coins at prices vastly exceeding any known
23 market value of those coins;
- 24 c) Omitting the material fact that Metals.com and its agents were not registered in any

1 capacity to provide any business services in Alaska including, but not limited to,
2 rendering of investment advice or broker-dealer services;

3 c) Omitting the material fact that Metals.com and its agents did not hold qualifications
4 to provide investment advice in Alaska;

5 d) Omitting the material fact that Metals.com and multiple individuals employed at the
6 firm were named as defendants in several lawsuits concerning their business practices;

7 e) Failing to determine or discuss precious metals investment suitability with Alaska
8 investors; and

9 f) Misleading Alaska investors to believe that they would not be charged fees or lose
10 any of their principal investment in connection with their purchase of precious metals
11 from Metals.com.

12 10. Metals.com is subject to a civil penalty and payment of restitution under AS
13 45.56.690 for violating AS 45.56.500 and AS 45.56.510. An individual may not transact
14 business in Alaska as a broker-dealer agent unless the individual is registered under AS
15 45.56.330 as an agent or is exempt from registration.

16 11. An individual may not transact business in Alaska as an investment adviser
17 representative unless the individual is registered under AS 45.56.350 as an investment adviser
18 representative or is exempt from registration.

19 12. Hunter acted as an “agent” as that term is defined in AS 45.56.900(2). Hunter
20 acted as an “investment adviser representative” as that term is defined in AS 45.56.900(19).
21 Hunter is subject to a civil penalty under 45.56.690 for violating AS 45.56.330 and AS
22 45.56.350.

23 13. Vera acted as an “agent” as that term is defined in AS 45.56.900(2). Vera acted
24 as an “investment adviser representative” as that term is defined in AS 45.56.900(19). Vera is

1 subject to a civil penalty under 45.56.690 for violating AS 45.56.330 and AS 45.56.350.

2 14. Reza acted as an “agent” as that term is defined in AS 45.56.900(2). Reza acted
3 as an “investment adviser representative” as that term is defined in AS 45.56.900(19). Reza is
4 subject to a civil penalty under 45.56.690 for violating AS 45.56.330 and AS 45.56.350.

5 15. Sachs acted as an “agent” as that term is defined in AS 45.56.900(2). Sachs
6 acted as an “investment adviser representative” as defined by AS 45.56.900(19). Sachs is
7 subject to a civil penalty under 45.56.690 for violating AS 45.56.330 and AS 45.56.350.

8 16. Bleeden acted as an “agent” as that term is defined in AS 45.56.900(2). Bleeden
9 acted as an “investment adviser representative” as that term is defined in AS 45.56.900(19).
10 Bleeden is subject to a civil penalty under 45.56.690 for violating AS 45.56.330 and AS
11 45.56.350.

12 17. Kohl acted as an “agent” as that term is defined in AS 45.56.900(2). Kohl acted
13 as an “investment adviser representative” as that term is defined in AS 45.56.900(19). Kohl is
14 subject to a civil penalty under 45.56.690 for violating AS 45.56.330 and AS 45.56.350.

15 18. All of the Alaska Investors are sixty (60) years old or older and are “older
16 persons” as that term is defined in AS 45.56.900(23).

17 **III. ORDER AND NOTICE**

18 1. Pursuant to AS 45.56 and on the basis of the Findings of Fact and Conclusions of
19 Law, the Administrator ORDERS:

20 2. Metals.com to CEASE AND DESIST from acting as an investment adviser and
21 broker-dealer in the State of Alaska without proper registration with the Administrator.

22 3. Vera, Hunter, Reza, Sachs, Bleeden, and Kohl to CEASE AND DESIST from
23 acting as investment adviser representatives and broker-dealer agents in Alaska without proper
24 registration with the Administrator.

1 4. Metals.com, Vera, Hunter, Reza, Sachs, Bleeden, and Kohl to comply with all
2 provisions of the Alaska Securities Act, including associated regulations.

3 5. Metals.com to pay a civil penalty in the amount of \$700,000, calculated at \$50,000
4 per transaction plus \$50,000 per transaction because the violations were against older persons.

5 6. Metals.com to pay restitution to all the Alaska Investors in the amount of each
6 investor's principal investment plus 12% interest.

7 7. Vera, Hunter, Reza, Sachs, Bleeden, and Kohl to individually pay a civil penalty of
8 \$5,000 each.

9 8. Metals.com to provide a copy of this Order to all of the Alaska Investors.

10 9. Pursuant to AS 45.56.690(b), each Respondent desiring a hearing must file a
11 separate request for a hearing within fifteen (15) days after receipt of this Order. The request
12 for a hearing must be in writing, must be directed to the Administrator, and must state the
13 grounds for the request to set aside or modify the Order. This Order takes effect immediately,
14 remains in effect until ten (10) days after the hearing is held, and becomes final if a hearing is
15 not requested within fifteen (15) days after the receipt of this notice.

16 **IT IS SO ORDERED.**

17
18 JULIE ANDERSON, Commissioner
19 Department of Commerce, Community and
20 Economic Development

21 DATED: July 20, 2020

22 /s/ Patrice Walsh
23 BY: Patrice Walsh, Director
24 Division of Banking and Securities