

Public Statements & Remarks

Statement of Commissioner Kristin N. Johnson Regarding CFTC Action Against Red Rock Secured, LLC, Shade Johnson-Kelly a/k/a Sean Kelly, and Anthony Spencer for Precious Metals Fraud

May 15, 2023

Today, the Commodity Futures Trading Commission (CFTC or Commission) filed a complaint in the U.S. District Court for the Central District of California against Red Rock Secured, LLC (Red Rock), Shade Johnson-Kelly a/k/a Sean Kelly, and Anthony Spencer (Defendants) for engaging in a scheme to defraud people throughout the United States.[1] Defendants marketed precious metal, in particular silver and gold Canadian Red-Tailed Hawk (RTH) coins, to customers while misleading them as to the exorbitant mark-ups that Defendants were charging, which routinely and repeatedly ranged from 100% to 130%. Troublingly, Defendants convinced hundreds of customers—many of them elderly—to use retirement funds to invest in these overpriced RTH coins. Ultimately, Red Rock charged approximately 959 customers approximately \$34.4 million in mark-ups on approximately \$61.8 million in sales.

The CFTC has brought many actions against fraudsters seeking to bilk Americans out of their hard-earned dollars by aggressively marketing—and marking up—precious metals, especially supposedly valuable collectible coins.[2] This is especially problematic where retirees are persuaded to empty their retirement accounts to invest in these supposedly “safe” or “higher return” products. The Commission’s Office of Customer Education and Outreach has released a number of advisories warning against typical frauds in this area, and I highly recommend that customers use caution before investing in precious metals, in particular where they are using their crucial retirement savings to do so.[3]

I thank the Division of Enforcement staff for their efforts in bringing this case, including James A. Garcia, Michael Loconte, Daniel C. Jordan, and Rick Glaser.

[1] State regulators for California and Hawaii have joined in the CFTC’s complaint, and the Securities & Exchange Commission is filing a parallel action against the Defendants.

[2] See, e.g., CFTC Release No. 8694-23, CFTC Charges Precious Metals Dealers and Their Owner in Multimillion Dollar Fraud Targeting the Elderly, Apr. 25, 2023, <https://www.cftc.gov/PressRoom/PressReleases/8694-23> (<https://www.cftc.gov/PressRoom/PressReleases/8694-23>); CFTC Release No. 8643-22, Federal Court Orders California Precious Metals Firm and Its Owners to Pay \$38 Million for Commodity Fraud and Registration Violations, Dec. 21, 2022, <https://www.cftc.gov/PressRoom/PressReleases/8643-22> (<https://www.cftc.gov/PressRoom/PressReleases/8643-22>); CFTC Release No. 8606-22, CFTC Charges Delaware Precious Metals Dealer, Depository, and Their Owner with Ongoing Fraud, Oct. 5, 2022, <https://www.cftc.gov/PressRoom/PressReleases/8606-22> (<https://www.cftc.gov/PressRoom/PressReleases/8606-22>).

[3] See CFTC Customer Advisory: Be Alert and Share Information to Help Seniors Avoid Fraud, June 15, 2022, https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_WorldElderAbuseAwarenessDay.html (https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_WorldElderAbuseAwarenessDay.html); CFTC Customer Advisory: Avoid Forex, Precious Metals, and Digital Asset Romance Scams, Feb. 2, 2022, https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_RomanceScam.html (https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_RomanceScam.html); CFTC Customer Advisory: Beware of Gold and Silver Schemes Designed to Drain Your Retirement Savings, Aug. 3, 2020, https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_COVID19PreciousMetals.htm (https://www.cftc.gov/LearnAndProtect/AdvisoriesAndArticles/CustomerAdvisory_COVID19PreciousMetals.htm).

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