



**January 21, 2015**

**Federal Court Orders California-Based Defendants Bharat Adatia and His Companies, Lions Wealth Holdings, Lions Wealth Services, and 20/20 Precious Metals to Pay over \$5.3 Million in Monetary Sanctions for Multi-Million Dollar Fraudulent Precious Metals Scheme**

**Defendants Defrauded Customers of More than \$2.3 Million in Connection with Illegal Off-Exchange Precious Metals Transactions**

**Washington, DC** - The U.S. Commodity Futures Trading Commission (CFTC) today announced that on January 16, 2015, Judge Josephine L. Staton of the U.S. District Court for the Central District of California entered a Consent Order for permanent injunction against Defendants **Lions Wealth Holdings, Inc.** and **Lions Wealth Services, Inc.** (collectively Lions Wealth), **20/20 Precious Metals, Inc.** (20/20 Metals), and their principal **Bharat Adatia** (aka Brad Adatia) for fraudulently soliciting retail customers and prospective customers to enter into off-exchange trading of precious metals on a leveraged, margined or financed basis. Adatia resides in San Juan Capistrano, California. The Defendants were also charged in the CFTC Complaint with falsely representing that customers were purchasing actual physical metal and issuing false account statements, among other illegal conduct (see CFTC Press Release and Complaint [6729-13](#), September 30, 2013).

The court's Consent Order requires Lions Wealth and Adatia jointly to pay restitution of \$1,773,013, and 20/20 Metals and Adatia jointly to pay restitution of \$543,227 (resulting in a combined restitution sum of \$2,316,240) and requires the Defendants to pay a civil monetary penalty totaling \$3,072,490. The Order also imposes permanent trading, solicitation, and registration bans against the Defendants and prohibits them from violating the Commodity Exchange Act and a CFTC Regulation, as charged.

According to the CFTC's Complaint, the Defendants falsely claimed to sell physical metals (including gold, silver, platinum, and palladium); make loans to customers to purchase physical metals; and arrange for the storage and transfer of customers' physical metals to an independent depository. The Complaint further charged that the Defendants did not sell or transfer ownership of any physical metals or disburse funds as loans and that, in fact, no metals were stored in any depositories for or on behalf of Lions Wealth and 20/20 Metals customers. Rather, the Defendants used a portion of the funds received from retail customers to enter into paper transactions with a third-party, Hunter Wise Commodities, LLC (Hunter Wise) (see CFTC Press Releases [6447-12](#), December 5, 2012 and [6935-14](#), May 22, 2014).

Specifically, the Order finds that between July 16, 2011 and February 22, 2013, the Defendants falsely claimed to sell physical metals. During that time, at least 44 Lions Wealth retail customers collectively incurred at least \$1,807,712 in trading losses, commissions, interest charges, and other fees. The Order further finds that at least 30 20/20 Metals retail customers collectively incurred at least \$570,266 in trading losses, commissions, interest charges, and other fees. The Defendants knew or recklessly disregarded that there was no metal underlying the retail commodity transactions, according to the Order.

The Order provides that Melanie Damian, Esq. is responsible for collecting restitution and making any distributions to Lions Wealth and 20/20 Metals customers. Ms. Damian was appointed by the U.S. District Court for the Southern District of Florida as Special Monitor, Corporate Manager, and Equity Receiver in the CFTC's enforcement action against Hunter Wise and certain of its associated entities.

The CFTC cautions victims that restitution orders may not result in the recovery of money lost because the wrongdoers may not have sufficient funds or assets. The CFTC will continue to fight vigorously for the protection of customers and to ensure the wrongdoers are held accountable.

The CFTC Division of Enforcement staff members responsible for this action are Elizabeth N. Pendleton, Melissa Glasbrenner, Joseph Konizeski, William P. Janulis, Scott Williamson and Rosemary Hollinger.

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**CFTC's Precious Metals Customer Fraud Advisory**

The CFTC has issued several customer protection [Fraud Advisories](#) that provide the warning signs of fraud, including the [Precious Metals Fraud Advisory](#), which alerts customers to precious metals fraud and lists simple ways to spot precious metals scams.

Customers can report suspicious activities or information, such as possible violations of commodity trading laws, to the CFTC Division of Enforcement via a Toll-Free Hotline 866-FON-CFTC (866-366-2382) or [file a tip or complaint](#) online.

**Media Contact**

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