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## **Coin Companies Accused of Defrauding Consumers, Targeting the Elderly in Texas Lawsuit**

HOUSTON, Feb. 12, 2007 – Consumers from 10 states have sued a group of Texas telemarketers for fraud and deceptive trade practices in the marketing of “rare” coins, according to the law firm representing the consumers.

In a lawsuit filed in state court in Beaumont, Texas, 21 affiliated companies and individuals are accused of using high-pressure, unlawful telemarketing tactics to convince senior citizens and others to access retirement savings, obtain home equity loans, or liquidate assets such as stocks, bonds or real estate to buy gold, platinum and silver coins of dubious worth and origin.

The defendants – which operate out of a Beaumont, Tex., compound and gross an estimated \$300 million annually – also are accused of making unauthorized charges to credit cards, sending unordered coins to customers, fabricating information about the origin and current and likely future value of coins, and not honoring return guarantees. The defendants include Universal Coin & Bullion, Ltd., 1<sup>st</sup> American Reserve, 1<sup>st</sup> Capital Reserve, 1<sup>st</sup> Fidelity Reserve, and 1<sup>st</sup> National Reserve, among others.

Attorney Jason A. Gibson, of The Gibson Law Firm in Houston, represents the 15 consumers, who spent \$3.4 million on coins marketed by the defendants. The group’s petition alleges violations of Texas law, including negligence, negligent misrepresentation, fraud, the Deceptive Trade Practices Act (DTPA), and conspiracy. The plaintiffs are seeking actual and exemplary damages of \$500 million, including trebling of damages allowed under the Texas DTPA.

Mr. Gibson said, “The Federal Trade Commission and state attorneys general throughout the nation have issued warnings about unethical coin dealers and telemarketers. Now, consumers, supported by reputable coin dealers, are fighting back. The abuses committed by the very sophisticated ‘boiler-room’ operations of this unregulated coin industry are predatory, and must be stopped by the government or in the courts. These defendants invoked everything from the 9/11 tragedy to the natural fears of the elderly to induce sales. Several of our clients are in their 80s, and one has Alzheimer’s disease. The conduct in this case is outrageous.”

According to the complaint, the defendants:

- Use a company-wide scheme that encourages sales persons to use unlawful and misleading selling points and sales tactics on unsuspecting customers;
- Obtain credit card numbers and charge customers' cards, without permission in a practice known as "banging" or "burning" a credit card;
- Mislead customers about the mark-up of each coin being sold, failing to disclose the real mark-up and failing to disclose that a "middle-man" company has been established to allow an additional mark-up of coins that is not disclosed to customers;
- "Bait and switch," selling customers on more expensive coins or coins defendants know they do not have in their possession, and then send customers less expensive coins or coins the customers did not order;
- Represent and market themselves as different companies with different addresses, when in reality, they are all located under the same roof on the same premises.

The plaintiffs are from Birmingham, Ala.; Gulf Shores, Ala.; Newport Beach, Calif.; Rexburg, Idaho; Palm Beach Gardens, Fla.; Tavares, Fla.; Birden, Ill.; Belle Chasse, La.; Freemont, Mich.; Johnson Lake, Neb.; Columbus, Ohio; Austin, Texas; and San Antonio, Texas.

The case is "O'Neill, et al., v. 1<sup>st</sup> Capital Reserve, L.P., et al.," (No. D 178-641) in the 136<sup>th</sup> District Court of Jefferson, County, Texas.

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