

# Plaintiffs Nearly Triple, Seek \$1B in Precious Metal Coin Lawsuit

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St. LOUIS (ResourceInvestor.com) -- In an amended petition filed in state court in Beaumont, Texas, The Gibson Law Firm has nearly tripled plaintiffs in a lawsuit against an affiliated group of precious metal coin dealers, seeking actual and exemplary damages of \$1 billion.

As previously covered by RI, in Feb. 2007, Maureen O'Neill and 14 other plaintiffs launched a lawsuit against Universal Coin & Bullion, Ltd., and 21 affiliates, accusing the firms of using high-pressure, unlawful telemarketing tactics to convince them to buy gold, platinum and silver coins.

The suit, O'Neill, et al., vs. 1st Capital Reserve, L.P., et al, has now increased from 15 to 42 plaintiffs, and damages have been raised from \$500 million to \$1 billion. The defendants, which operate out of a Beaumont, Tex., compound and gross an estimated \$300 million annually.

Attorney Jason A. Gibson, of The Gibson Law Firm in Houston, represents 42 senior citizens who spent \$10.8 million on coins marketed by the defendants. The group's petition alleges violations of Texas law, including negligence, fraud under the Deceptive Trade Practices Act (DTPA) and conspiracy.

"The story, at least from my perspective, is the outpouring of consumers who've been defrauded and the outpouring of former employees and reputable coin dealers who have stepped up to support the claims," said Gibson.

Gibson said there was a hearing Monday of last week, and he's still signing up cases.

"I'm pushing forward with the case," he confirmed.

Bill Haynes, President of CMI Gold & Silver, a Phoenix-based gold and silver coin dealer, told RI he's heard some "real horror stories about Universal" from clients.

Haynes described a young man who made some big money in Phoenix real estate who wanted to diversify. The man elected to go with Universal, and in less than a year, he turned \$250,000 into about \$100,000. When he called Universal about selling, "they wouldn't even give him bids," said Haynes.

"If this lawsuit has legs, it will put a real damper on telemarketing numismatic and semi-numismatic coins," he said.

Neal R. Ryan of Blanchard & Company, Inc., the largest dealer of retail bullion and rare coins in the U.S., previously told RI that this puts the entire business in a bad light.

Ryan warned that any person looking to invest needs to take time and research who they're dealing with, not just what they're being offered.

In February, the coin companies responded to the original petition in a press release, denying “the nonsense allegations in the lawsuit” and calling the allegations “utterly ridiculous” and “filled with errors of fact.”

Universal and affiliates note over 100,000 satisfied customers in almost two decades; they have won numerous industry awards and are members of the Better Business Bureau, according to the release.

Bruce M. Partain, legal counsel for UCB from Wells, Peyton, Greenberg & Hunt, L.L.P, told RI that the new petition had not changed anything concerning the defense’s position.

Partain said that not one of the new plaintiffs contacted Wells, Peyton, Greenberg & Hunt prior to joining the Gibson lawsuit, and like the original 15, the 27 new plaintiffs had not dealt with the coin dealers for more than 5 years. In fact, two plaintiffs had previously settled their disputes with Universal, he added.

He said the firm plans to release a formal response to the new petition tomorrow with information on each new plaintiff. However, he has asked the judge in the case to recuse himself in the meantime.

According to Partain, Judge Robert Wortham took the bench in January, after being employed at a law firm in Beaumont representing many of the same plaintiffs in a similar case involving 1st National Reserve. That case is still pending.

Partain said that according to Texas law, a judge cannot preside over any case involving previous clients, even if the judge did not work on the specific case at the law firm.

Gibson said there was no basis for the judge to recuse himself, saying it’s “just a delay tactic.”

More on this as it develops.

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By Jon A. Nones

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