

# Financial advisers hit with \$25M in contract damages

## Investors put life savings into precious metal coins in enrichment scheme

**\$25,289,613**

Plaintiffs filed this class-action lawsuit on Dec. 28, 2011, against First American Monetary Consultants Inc., Larry Bates and other Bates family members, alleging a complex affinity fraud, cheating hundreds of people over the course of many years.

Plaintiffs' counsel said Larry Bates and his family, who owned FAMC, posed as Christian financial advisers and persuaded unsuspecting individuals to invest their life savings in precious metal coins as a safeguard against a future economic collapse (or the "End Times," as discussed in the Bible).

More than 300 Christian customers ordered gold and silver coins through FAMC, and many of them invested their life savings. Some customers received partial orders while others received nothing at all. Instead, plaintiffs' counsel said, Bates and FAMC used the money to enrich the Bates family at the expense of hundreds of small investors.

Partially as a result of plaintiffs' investigation and filings, Bates and his sons, Chuck and Robert, were indicted in 2015 on multiple charges of mail and wire fraud. As the indictment alleges, the defendants

defrauded unsuspecting victims of more than \$18 million by promising to purchase gold and silver coins on their behalf," said U.S. Attorney Edward L. Stanton III, of the U.S. Attorney's Office, Western District of Tennessee, in an Aug. 5, 2015, press release.

Hon. Sheryl H. Lipman accepted the itemized list of contract damages provided by plaintiffs and the receiver who, with accounting experts, pieced together FAMC's

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**Type of action:** Class action alleging fraud, breach of contract, breach of fiduciary duty, tortious conspiracy, conversion

**Injuries alleged:** Misappropriation of funds

**Name of case:** *Orlowski v. Bates*

**Court/Case no./Date:** U.S. District Court, Western District of Tennessee; 11-cv-01396; Sept. 19, 2016

**Name of judge:** Hon. Sheryl H. Lipman

**Judgment amount:** \$25,289,613

**Attorneys for plaintiffs:** David M. Honigman, Gerard V. Mantese, Theresamarie Mantese, Kathryn Regan Eisenstein, J. Houston Gordon

**Attorneys for defendants:** T. Tarry Beasley II, Randall J. Fishman, Richard S. Townley

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"incomplete" and "almost incomprehensible" sales records. A list of contract damages for each individual class member showed ranges from \$300 to more than \$1 million. Lipman granted plaintiffs' motion for summary judgment as to damages for breach of contract in the amount of \$25,289,613. Plaintiffs' motion for class certification had been granted earlier in the case.

Gerard V. Mantese, co-counsel for plaintiffs, provided case information.