

April 27, 2010

Spectrum Group International, Inc.  
18061 Fitch  
Irvine, CA 92614  
ATTN: Public Relations or Press Office

Dear Sir or Madam:

The Project On Government Oversight (POGO) has updated its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including Spectrum Group International, Inc. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to Spectrum Group International, Inc., please be assured that any response received by POGO will be posted on the website along with the data. Please note that the database includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon  
Investigator

Enclosure

## **Instances**

### **1. Afinsa - SEC Investigation**

**Date:** 03/23/2009 (Date of Settlement)

**Misconduct Type:** Securities

**Enforcement Agency:** SEC

**Contracting Party:** None

**Court Type:** Civil

**Amount:** \$0

**Disposition:** Judgment Against Defendant

**Synopsis:** Beginning in June 2003, Spectrum Group International (SGI) acted as the exclusive supplier of collectibles, mostly stamps, to Spanish collectibles company Afinsa Bienes Tangibles, S.A. In 2006, Spanish authorities began investigating an alleged criminal scheme by Afinsa and several officers and directors of SGI, including CEO Greg Manning and CFO Larry Crawford. The targets of the investigation were accused of money laundering, fraud and tax evasion relating to a stamp investment operation. In March 2009, the U.S. Securities and Exchange Commission reached a settlement with SGI (then known as Escala Group) resolving alleged securities laws violations connected with the company's dealings with Afinsa. Under the terms of the settlement, SGI did not admit or deny the government's allegations and consented to a permanent injunction against any future violations of the federal securities laws. The SEC did not impose any monetary penalties.

### **2. Afinsa - Securities Class Action**

**Date:** 05/09/2006 (Date of Filing)

**Misconduct Type:** Securities

**Enforcement Agency:** Non-Governmental

**Contracting Party:** None

**Court Type:** Civil

**Amount:** \$14,000,000

**Disposition:** Settlement

**Synopsis:** Beginning in June 2003, Spectrum Group International acted as the exclusive supplier of collectibles, mostly stamps, to Spanish collectibles company and SGI majority shareholder Afinsa Bienes Tangibles, S.A. In 2006, Spanish authorities began investigating an alleged criminal scheme by Afinsa and several officers and directors of SGI, including CEO Greg Manning and CFO Larry Crawford. The targets of the investigation were accused of money laundering, fraud and tax evasion relating to a stamp investment operation. In December 2008, SGI (then known as Escala Group) settled a class action filed on behalf of shareholders who claimed they were harmed as a result of the Afinsa transactions. Under the terms of the agreement, SGI agreed to pay \$6 million in cash and \$8 million in stock