



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** • COMMISSIONER **Clothilde V. Hewlett**

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DFPI Sues to Stop \$68 Million Precious Metals and Coin Fraud Targeting Elderly

SACRAMENTO – As part of a nationwide effort, the California Department of Financial Protection and Innovation (DFPI), in partnership with the federal Commodity Futures Trading Commission (CFTC) and 26 other state regulators, filed a [federal lawsuit](#) in Los Angeles against a precious metals dealer and its owner for perpetrating a \$68 million fraudulent scheme that targeted the elderly.

Safeguard Metals LLC and its principal and owner, Jeffrey Santulan, also known as Jeffrey Hill, are charged with having engaged in ongoing fraud to solicit approximately \$68 million in funds from more than 450 individuals nationwide to purchase fraudulently overpriced metals and coins from its office in Southern California. The lawsuit alleges that Safeguard Metals used false statements on its website, inflating its assets by billions and using fear tactics to motivate senior citizens to purchase the precious metals.

“Brazen attempts to target senior citizens or other vulnerable populations will not be tolerated in California,” said DFPI Commissioner Clothilde V. Hewlett. “We hope the message is coming across loud and clear to the precious metals industry: we will not tolerate deception and fraud in the commodities industry and are committed to holding bad actors accountable for their actions.”

The complaint seeks a permanent injunction to stop the deceptive and fraudulent practices, disgorgement, full restitution, rescission, and civil monetary penalties. The Securities and Exchange Commission (SEC) has filed a civil enforcement action against the same defendants alleging violations of federal Securities Laws.

The complaint alleges that Safeguard Metals violated the federal Commodity Exchange Act by targeting the elderly and advising them to dissolve their life savings and traditional retirement accounts in order to purchase highly inflated and overpriced metals and coins, sold by the company. The lawsuit alleges the company and its owner misrepresented their credentials and advised customers that the precious metals were a safe and conservative investment, compared to traditional retirement accounts that sales associates acting at the direction of the company claimed individuals could be frozen out of if the stock market were to crash.

Safeguard Metals and its sales associates are alleged to have defrauded customers into transferring proceeds from retirement accounts, often consisting of funds from liquidated securities to self-directed individual retirement accounts known as “SDIRAs” for the purchase of precious metals. Safeguard Metals also fraudulently induced some customers to make purchases through cash and credit sales. The alleged \$68 million scheme, which includes \$26 million in markups alone, took place from between October 2017 through at least July 2021.

Because Safeguard Metals charged exorbitant markups and severely inflated the price of the coins sold, customers allegedly suffered an immediate loss to their investments. According to the complaint, Safeguard Metals charged an average markup of 71 percent and more recently 51 percent on the precious metals. The company disclosed markups to consumers, which the company referred to as “operating margins,” of 23 percent and later up to 42 percent. Safeguard Metals steered over 97 percent of its sales from mostly inexperienced investors into overpriced silver coins which had significantly higher markups than gold coins.

This joint civil enforcement action against the precious metals dealer is understood to be the second of its kind, after the CFTC and state regulators filed an action in 2020 against Metals.com and its principals, Lucas Asher and Simon Batashvili.

The DFPI encourages consumers who have experienced unfair, unlawful, deceptive, and abusive practices from a financial service provider to file a complaint with the Department online: <https://dfpi.ca.gov/file-a-complaint/>.

In addition to regulating commodities, the DFPI licenses and regulates state-chartered banks and credit unions, money transmitters, the offer and sale of securities and franchises, broker-dealers and investment advisers, nonbank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, Property Assessed Clean Energy (PACE) program administrators, debt collectors, credit repair and consumer credit reporting companies, debt-relief companies, and more.

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