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DFPI, CFTC, 29 State Regulators Reach Settlement with Safeguard Metals in $68 Million Fraud Targeting Elderly Adults

SACRAMENTO –The California Department of Financial Protection and Innovation (DFPI) today announced that, in partnership with the U.S. Commodity Futures Trading Commission (CFTC) and 29 other state regulators, the parties have reached a settlement with precious metals dealer Safeguard Metals, LLC and Jeffrey Ikahn in a federal lawsuit filed in February 2022, in the United States District Court for the Central District of California. The lawsuit alleged that Safeguard and Ikahn engaged in a $68 million fraudulent scheme that targeted the elderly.

A key finding in the Consent Order is that between October 2017 and July 2021, Safeguard and Ikahn deceived more than 450 customers nationwide into purchasing precious metals through false and misleading statements, including misrepresenting Safeguard's and Ikahn's credentials and the risk and safety of customer investments in traditional retirement accounts.

"Safeguard Metals engaged in fraudulent and deceptive practices to solicit millions of dollars primarily from elderly and retirement-aged individuals for profit. As a result, customers suffered substantial losses on their retirement investments," said DFPI Commissioner Clothilde V. Hewlett. "By joining this settlement, in partnership with the CFTC and other state regulators, DFPI continues its efforts to protect consumers by holding bad actors in the precious metals industry accountable for their actions."

The order also finds that the defendants charged an average markup of 51 to 71 percent on the precious metals, which was substantially more than the amounts the defendants represented in Safeguard Metals' customer agreements as "operating margins" of 23 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 and generated approximately $66 million for

The defendants consent to the use of the consent order's findings and conclusions in this action and any subsequent actions between the parties, but otherwise, neither admit nor deny the findings.

As part of the court approved settlement, Safeguard and Ikahn agreed to a permanent injunction that enjoins them from violating several federal and state laws including laws that prohibit commodities fraud, securities and investment adviser fraud, and providing unlicensed investment advice.

In addition, Ikahn agreed to an order barring him from any position of employment, management, or control of any investment adviser, broker-dealer, or commodity adviser in California. Further he agreed to orders barring him from the securities industry in other states, and to a federal commodity trading ban. In the next phase of the litigation, the appropriate amount of customer restitution and civil monetary penalties will be determined.

Safeguard and Ikahn also agreed to settle a federal lawsuit filed by the Securities and Exchange Commission (SEC) alleging violations of federal Securities Laws. The DFPI wishes to thank the CFTC, other state regulators, and the SEC for their assistance in this action.

The DFPI encourages consumers who have experienced fraudulent practices in connection with investment advisory services or the sale of commodities, and any unfair, unlawful, deceptive, and abusive practices from a financial service provider to submit a complaint with the Department online: dfpi.ca.gov/submit-a-complaint.

About the DFPI
The California Department of Financial Protection and Innovation (DFPI) protects consumers, regulates financial services, and fosters responsible innovation. The DFPI protects consumers by establishing and enforcing financial regulations that promote transparency and accountability. We empower all Californians to access a fair and equitable financial marketplace through education and preventing potential risks, fraud, and abuse. Learn more at dfpi.ca.gov.

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