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9
 10 **THE UNITED STATES DISTRICT COURT**
 11 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

12
 13 COMMODITY FUTURES
 14 TRADING COMMISSION et al.,

15 Plaintiffs,

16 v.

17 SAFEGUARD METALS LLC and
 18 JEFFREY IKAHN (a/k/a JEFFREY
 19 S. SANTULAN and JEFF HILL),

20 Defendants.

Civil No.: 2:22-cv-00691-JFW-SKx

21
 22 **CONSENT ORDER OF**
 23 **PERMANENT INJUNCTION AND**
 24 **OTHER STATUTORY AND**
 25 **EQUITABLE RELIEF AGAINST**
 26 **DEFENDANTS**

Hon. John F. Walter Crtrm 7A

Complaint Filed: February 1, 2022

FAC Filed: May 25, 2022

Trial Date: November 28, 2023

I. INTRODUCTION

1
2 On February 1, 2022, Plaintiffs Commodity Futures Trading Commission
3 (“CFTC”), Alabama Securities Commission (“State of Alabama”), Arizona
4 Corporation Commission (“State of Arizona”), Arkansas Securities Department
5 (“State of Arkansas”), California Department of Financial Protection & Innovation
6 (“State of California”), State of Connecticut Department of Banking (“State of
7 Connecticut”), State of Florida, Office of Financial Regulation (“State of Florida”),
8
9 State of Hawaii, Department of Commerce and Consumer Affairs (“State of
10 Hawaii”), Idaho Department of Finance (“State of Idaho”), Office of the Secretary of
11 State, Illinois Securities Department (“State of Illinois”), Indiana Securities Division
12 (“State of Indiana”), Iowa Insurance Commissioner Douglas M. Ommen (“State of
13 Iowa”), Kentucky Department of Financial Institutions (“Commonwealth of
14 Kentucky”), State of Maryland Ex Rel the Maryland Securities Commissioner (“State
15 of Maryland”), Attorney General Dana Nessel on Behalf of the People of the State of
16 Michigan (“People of the State of Michigan”), Mississippi Secretary of State (“State
17 of Mississippi”), Missouri Commissioner of Securities (“State of Missouri”),
18 Nebraska Department of Banking & Finance (“State of Nebraska”), Securities
19 Division New Mexico Regulation and Licensing Department (“State of New
20 Mexico”), The People of the State of New York by Letitia James, Attorney General
21 of the State of New York (“State of New York”), North Carolina Department of the
22 Secretary of State (“State of North Carolina”), Ohio Department of Commerce,
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1 Division of Securities (“State of Ohio”), Oklahoma Department of Securities (“State
2 of Oklahoma”), State of Oregon, by and through its Department of Consumer and
3 Business Services and Attorney General Ellen F. Rosenblum (“State of Oregon”),
4 State of South Carolina, by and through Alan Wilson, South Carolina Attorney
5 General, and Mark Hammond, South Carolina Secretary of State (“State of South
6 Carolina”), South Dakota Department of Labor & Regulation (“State of South
7 Dakota”), Commissioner of the Tennessee Department of Commerce and Insurance
8 (“State of Tennessee”), Utah Division of Securities (“State of Utah”), Vermont
9 Department of Financial Regulation (“State of Vermont”), Washington State
10 Department of Financial Institutions (“State of Washington”), and the State of
11 Wisconsin (“State of Wisconsin”) (collectively “the States”), filed a Complaint
12 against Defendants Safeguard Metals LLC (“Safeguard Metals”) and Jeffrey Ikahn
13 (a/k/a Jeffrey S. Santulan and Jeff Hill) (“Ikahn”) (collectively referred to as
14 “Defendants”) seeking injunctive and other equitable relief, as well as the imposition
15 of civil penalties, for violations of the Commodity Exchange Act (“Act”), 7 U.S.C. §§
16 1–26 and the Commission’s Regulations (“Regulations”) promulgated thereunder, 17
17 C.F.R. pts. 1–190 (2022), as well as violations of state laws.

23 **II. CONSENTS AND AGREEMENTS**

24 To effect partial settlement of the matters alleged in the Complaint, and all
25 amendments to the Complaint (collectively referred to as the “Complaint”), against
26 Defendants Safeguard Metals and Ikahn without a trial on the merits or any further
27

1 judicial proceedings, Defendants Safeguard Metals and Ikahn specifically
2 acknowledge the following:

3
4 **A. Injunctive Relief**

5 1. Consent to the entry of this Consent Order of Permanent Injunction and
6 Other Relief Against Defendants Safeguard Metals and Ikahn (“Consent Order”);

7 2. Affirm that they have read and agreed to this Consent Order voluntarily,
8 and that no promise, other than as specifically contained herein, or threat, has been
9 made by the CFTC, the States, or any member, officer, agent or representative
10 thereof, or by any other person, to induce consent to this Consent Order;

11 3. Acknowledge service of the original and amended Summons and
12 Complaints;

13 4. Admit to the jurisdiction of this Court over them and the subject matter
14 of this action pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1;

15 5. Admit to the jurisdiction of the CFTC and the States over the conduct
16 and transactions at issue in this action pursuant to the Act and the state law violations
17 alleged in the Complaint;

18 6. Admit that venue properly lies with this Court pursuant to Section 6c(e)
19 of the Act, 7 U.S.C. § 13a-1(e);

20 7. Waive:

21 (a) Any and all claims that Defendants may possess under the Equal
22 Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412,
23 and/or the rules promulgated by the CFTC in conformity
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1 therewith, Part 148 of the Regulations, 17 C.F.R. pt. 148 (2022),
2 relating to, or arising from, this action;

3 (b) Any and all claims that Defendants may possess under the Small
4 Business Regulatory Enforcement Fairness Act of 1996, Pub. L.
5 No. 104-121, tit. II, §§ 201–253, 110 Stat. 847, 857–74 (codified
6 as amended at 28 U.S.C. § 2412 and in scattered sections of 5
7 U.S.C and 15 U.S.C.), relating to, or arising from, this action;

8 (c) Any claim of Double Jeopardy based upon the institution of this
9 action or the entry in this action of any order imposing a civil
10 monetary penalty or any other relief, including this Consent
11 Order; and

12 (d) Any and all rights of appeal from this Consent Order;

13 8. Agree that the CFTC is the prevailing party in this action for purposes of
14 the waiver of any and all rights under the Equal Access to Justice Act and the Small
15 Business Regulatory Enforcement Fairness Act of 1996 specified in subparts (a) and
16 (b) of paragraph 7.

17 9. Consent to the continued jurisdiction of this Court over them for the
18 purpose of implementing and carrying out the terms and conditions of all orders and
19 decrees, including orders setting the appropriate amounts of restitution, disgorgement,
20 and civil monetary penalty that may be entered herein, to entertain any suitable
21 application or motion for additional relief within the jurisdiction of the Court, to
22 assure compliance with this Consent Order, and for any other purpose relevant to this
23 action, even if Defendants now or in the future reside outside the jurisdiction of this
24 Court;
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1 10. Agree that they will not oppose enforcement of this Consent Order by
2 alleging that it fails to comply with Rule 65(d) of the Federal Rules of Civil
3 Procedure and waive any objection based thereon;
4

5 11. Agree that neither Defendants nor any of their agents or employees
6 under their authority or control shall take any action or make any public statement
7 denying, directly or indirectly, any allegation in the Complaint or the Findings of Fact
8 or Conclusions of Law in this Consent Order, or creating or tending to create the
9 impression that the Complaint and/or this Consent Order is without a factual basis;
10 provided, however, that nothing in this provision shall affect the Defendants':
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12 (a) testimonial obligations, or (b) right to take legal positions in other proceedings to
13 which the CFTC and the States are not a party. Defendants shall comply with this
14 agreement, and shall undertake all steps necessary to ensure that all of their agents or
15 employees under their authority or control understand and comply with this
16 agreement; and
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19 12. Consent to the entry of this Consent Order without admitting or denying
20 the allegations of the Complaint or any findings or conclusions in this Consent Order,
21 except as to jurisdiction and venue, which they admit;
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23 13. Consent to the use of the findings and conclusions in this Consent Order
24 in this proceeding and in any other proceeding brought by the CFTC or to which the
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1 CFTC is a party or claimant, and agree that they shall be taken as true and correct and
2 be given preclusive effect therein, without further proof;

3 14. Consent to the use of the findings and conclusions in this Consent Order
4 in this proceeding and in any other civil or administrative proceeding brought by the
5 States or to which the States are a party or claimant, and agree that they shall be taken
6 as true and correct and be given preclusive effect therein, without further proof;
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8 15. Agree that no provision of this Consent Order shall in any way limit or
9 impair the ability of any other person or entity to seek any legal or equitable remedy
10 against Defendants in any other proceeding; and
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12 16. The issues of necessary relief pursuant to Section 6c of the Act, 7 U.S.C.
13 § 13a-1, as well as pursuant to the applicable laws from the States regarding
14 restitution, disgorgement, and appropriate civil monetary penalties to be assessed
15 against Defendants are still unresolved and are hereby reserved for further
16 determination by this Court upon motion of the CFTC and/or the States or by a
17 proposed consent order.
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21 **III. FINDINGS OF FACT AND CONCLUSIONS OF LAW**

22 17. The Court, being fully advised in the premises, finds that there is good
23 cause for the entry of this Consent Order and that there is no just reason for delay.
24 The Court therefore directs the entry of the following Findings of Fact, Conclusions
25 of Law, permanent injunction and equitable relief pursuant to Section 6c of the Act,
26 7 U.S.C. § 13a-1, as set forth herein.
27

1 **THE PARTIES AGREE AND THE COURT HEREBY FINDS:**

2 **A. Findings of Fact**

3 **1. The Parties to this Consent Order**

4 18. Plaintiff CFTC is an independent federal regulatory agency that is
5 charged by Congress with administering and enforcing the Act and the Regulations.
6

7 19. The State Plaintiffs are the attorneys general or state regulatory agencies
8 charged with administering and enforcing the commodities and securities laws and
9 regulations of their states. The State Plaintiffs join the claims asserted by the CFTC
10 and, for the State of Alabama, State of Arkansas, State of California, State of
11 Connecticut, State of Florida, State of Idaho, State of Illinois, State of Kentucky,
12 State of Maryland, State of Mississippi, State of Missouri, State of New Mexico,
13 State of North Carolina, State of Ohio, State of Oklahoma, State of South Carolina,
14 State of Utah, and State of Vermont, have asserted state-specific claims, within their
15 jurisdiction.
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19 20. Defendant Safeguard Metals initially registered as a Wyoming limited
20 liability company on October 13, 2017, with its principal office located at 30 N Gould
21 St., Suite R, Sheridan, Wyoming. Subsequently, on March 26, 2019, Safeguard
22 Metals registered as a California limited liability company with its principal place of
23 business located at 21550 Oxnard St., 3rd Floor, Woodland Hills, California.
24 Safeguard Metals has never been registered with the CFTC in any capacity.
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1 21. Defendant Jeffrey Ikahn (a/k/a Jeffrey S. Santulan and Jeff Hill) is the
2 sole owner and sole manager of Safeguard Metals. Ikahn is the only signatory on
3 Safeguard Metals' bank accounts. From at least October 2017 and continuing
4 through at least July 2021 ("Relevant Period"), Ikahn owned and controlled
5 Safeguard Metals, supervised (directly and indirectly) its employees and agents, and
6 made hiring and firing decisions on behalf of the company. Ikahn is a resident of
7 Tarzana, California, and has never been registered with the CFTC or any of the States
8 in any capacity. Ikahn used the pseudonym "Jeff Hill" while representing Safeguard
9 Metals to customers and potential customers. Ikahn's legal name was once Jeffrey
10 Santulan. In July 2021, his name was legally changed from Jeffrey Santulan to
11 Jeffrey Ikahn.
12

13 **2. Safeguard Metals' Operations**

14 22. Safeguard Metals is a company that marketed, promoted, and sold
15 precious metals, primarily consisting of gold and silver coins, that the company
16 marketed and classified as either bullion, semi-numismatic, and numismatic precious
17 metals (collectively "Precious Metals"), including, but not limited to, silver coins that
18 Safeguard Metals claimed possess semi-numismatic and numismatic value ("Silver
19 Coins"). The firm placed advertisements on financial media and websites, and
20 promoted its products on social media platforms and websites linked to media
21 personalities and financial gurus. Safeguard Metals also marketed and promoted
22 Precious Metals through its company website, <https://www.safeguardmetals.com/>.
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1 23. Safeguard Metals used the advertisements, social media platforms, and
2 websites to generate leads, which resulted in solicitations by telephone to potential
3 customers.

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5 24. Safeguard Metals operated a call center located in Woodland Hills,
6 California, staffed by sales representatives known as “Openers” and “Closers.”
7 Safeguard Metals distributed lists of potential customers to Openers and Closers,
8 which permitted the sales representatives to contact potential customers by telephone.
9 Using the leads, Openers marketed and promoted Precious Metals to potential
10 customers. Once an Opener confirmed a potential customer’s interest in purchasing
11 Precious Metals, the potential customer was transferred over to the Closer, and the
12 Closer executed the sale of Precious Metals with the customer.
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15 25. Safeguard Metals operated as an intermediary, essentially controlling all
16 buy and sell aspects of customer transactions to maximize its profits. Safeguard
17 Metals, by and through its sales representatives or other agents, recommended
18 customers form a self-directed individual retirement account (“SDIRA”) for the
19 purchase of Precious Metals (“SDIRA accounts”) and hold Precious Metals at a
20 depository instead of taking personal delivery of Precious Metals themselves.
21 Safeguard Metals told customers that storing Precious Metals in a depository was the
22 safest way to store Precious Metals and economically better because the depository
23 was purportedly federally insured.
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1 26. In reality, these representations disguised the way Safeguard Metals
2 controlled the transactions. Once a customer opened a SDIRA account, often through
3 a custodian and depository recommended by Safeguard Metals, Safeguard Metals
4 was initially the only party authorized to buy or sell the Precious Metals in the
5 customer's SDIRA. Unless a customer knew to remove Safeguard Metals as the
6 designated representative on their SDIRA account, the customer was required to use
7 Safeguard Metals to perform any future transactions, including if they chose to
8
9 liquidate their Precious Metals holdings.
10

11 27. Safeguard Metals' core strategy for profitability was to charge an
12 exorbitant markup on sales of Precious Metals, and in particular, on Silver Coins to
13 customers. Safeguard Metals purchased Precious Metals from a wholesale
14 distributor, and generated nearly all of its profits through what it represented, though
15 falsely, to customers as its "operating margins," which is the difference between
16 Safeguard Metals' cost of acquiring Precious Metals from a wholesale distributor and
17 the prices paid by customers, i.e., the markup.
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21 28. To benefit its own self-interest, Safeguard Metals directed the vast
22 majority of SDIRA funds into certain coins that Safeguard Metals marked up
23 excessively, notwithstanding the customer's individual investment needs. Safeguard
24 Metals accomplished this by pressuring customers to purchase coins that it claimed
25 had "numismatic" or "semi-numismatic" value.
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1 29. Numismatic Precious Metals are rare, of limited availability, and have
2 significant broad-based market demand and therefore have a value substantially more
3 than the prevailing market price of the precious metal contained in the bullion. Semi-
4 numismatic Precious Metals are bullion that are claimed to exhibit both bullion and
5 numismatic traits, such that the value is derived from the precious metal content,
6 limited circulation, and some recognized exclusive or collectible value.
7

8 30. Safeguard Metals offered coins with purported semi-numismatic or
9 numismatic value in addition to the bullion value and coins with only bullion value.
10 In particular, the 1.25 oz Silver Rose Crown Guinea was the individual coin most
11 frequently sold to customers. Safeguard Metals claimed the Silver Coins it sold to
12 customers, including the 1.25 oz Silver Rose Crown Guinea, had semi-numismatic or
13 numismatic value and sold them to customers at a premium far above Safeguard
14 Metals' acquisition cost and the melt value of the bullion.
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18 31. In regards to gold coins, Safeguard Metals, by and through its sales
19 representatives or other agents, most frequently sold the 0.1 oz Gold American Eagle
20 to customers. Contrary to Silver Coins, which Safeguard Metals claimed to have
21 semi-numismatic or numismatic value, most gold coins were sold as common bullion
22 products that lacked external value above and beyond their melt value.
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25 32. Consequently, Safeguard Metals pressured customers to purchase Silver
26 Coins and sold vastly more Silver Coins to customers than gold coins.
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1 Approximately 97%, or \$66 million of the \$68 million in total revenue Safeguard
2 Metals solicited from customers was used to purchase Silver Coins.

3 33. Safeguard Metals also levied transaction fees to liquidate the Precious
4 Metals held in SDIRA accounts. So after fraudulently overcharging customers on the
5 front end when the Precious Metals transaction was executed, Safeguard Metals also
6 imposed storage fees and commissions up to 10% exceeding the 1% to 3% in
7 liquidation fees quoted to customers as the only charges imposed on Precious Metals
8 transactions within SDIRA accounts, significantly contributing to customers' overall
9 transaction costs.
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13 **3. Defendants Defrauded Mostly Elderly Customers into**
14 **Establishing SDIRAs and Cash Accounts to Purchase Precious**
15 **Metals.**

16 34. Defendants targeted a vulnerable population of mostly elderly or
17 retirement-aged persons. Many of these individuals had little experience investing in
18 Precious Metals. Nonetheless, Defendants fraudulently solicited them to open
19 SDIRAs or cash and credit sales ("Cash Accounts") in order to purchase Precious
20 Metals.
21

22 35. Defendants instructed their sales representatives or other agents to
23 concentrate their fraudulent solicitations on elderly or retirement-aged persons in
24 order to gain access to their retirement savings, including but not limited to, money
25 market accounts and retirement savings held in tax advantaged accounts such as:
26 Individual Retirement Accounts; employer sponsored 401(k) and 457(b) plans; Thrift
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1 Savings Plans; annuities; and other long-term retirement savings vehicles
2 (collectively “Qualified Retirement Savings”).

3 36. As part of the scheme to gain access to customers’ retirement accounts
4 and other savings, Defendants published misinformation on Safeguard Metals’
5 website in 2019 and 2020. Defendants made numerous false and misleading
6 statements of material fact, omitted material facts necessary to make the statements
7 made not untrue or misleading, or made statements in reckless disregard about the
8 firm’s business activities on their website, including, but not limited to, the following:
9

- 11 a. Safeguard Metals is rated number one among wealth protection
12 firms (with no basis for this assertion);
- 13 b. Safeguard Metals oversees more than \$11 billion in assets under
14 its management (when, in reality, the firm had sold substantially
15 less than \$75 million in Precious Metals and Silver Coins since it
16 had been in business);
- 17 c. Safeguard Metals has been in business for more than twenty years
18 (when, in truth, the startup formed in 2017, but did not appear to
19 have significant operations until 2019);
- 20 d. the number and location of Safeguard Metals’ offices, including
21 office locations in London, England and Beverly Hills, California
22 (when in actuality, the firm only has offices in Woodland Hills,
23 California); and
- 24 e. the use of false and fictitious employee names, touting non-
25 existent employees on LinkedIn, misrepresenting employee job
26 titles, and exaggerating employee qualifications and years of
27 industry experience.

28 37. Defendants removed the foregoing statements and blatant website
misrepresentations in or about January 2021 after becoming informed of a law

1 enforcement investigation, and began to rely on other more nuanced
2 misrepresentations, half-truths, and omissions as part their solicitation scheme, as
3 discussed further below.

4
5 38. Safeguard Metals utilized fraudulent solicitations designed to build trust
6 with customers based on representations of political affinity and through references to
7 and statements from financial gurus.

8
9 39. In furtherance of the scheme, Ikahn personally solicited customers,
10 misrepresenting that Safeguard Metals was “the #1 name in precious metals and lead
11 [sic] the industry as the fastest growing house, offering the cheapest and purest
12 bullion in the country for the benefit of our clients and we hold all proper and full
13 accreditation from the state, federal government, and distributors alike,” with no basis
14 for these material misstatements, half-truths or omissions, and in reckless disregard
15 for the truth. Ikahn also created sales scripts that were used to solicit customers.
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18 40. Defendants instructed Safeguard Metals’ sales representatives or other
19 agents to employ fraudulent solicitations designed to instill fear in elderly and
20 retirement aged investors and other customers. To frighten those customers about the
21 risk and safety of their investments in Qualified Retirement Savings and traditional
22 accounts, Safeguard Metals made repeated material misrepresentations, half-truths,
23 and omissions regarding the Money Market Fund Reform regulation promulgated by
24 the Securities and Exchange Commission, Money Market Fund Reform Amendments
25 to Form PF, 70 Fed. Reg. 47,736 (Aug. 14, 2014), and more recently, the Orderly
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1 Liquidation Authority promulgated pursuant to Dodd Frank, 12 U.S.C. §§ 5381-5394.
2 Safeguard Metals played on the customers’ fears and materially misrepresented these
3 provisions, omitting to disclose which asset classes the Money Market Fund Reform
4 applies to, and making false and misleading statements about each law’s or
5 regulation’s effects, and the extent to which these and other investor protections
6 applied. For example, during fraudulent solicitations over the telephone, via email
7 and in its sales scripts, Safeguard Metals and/or Ikahn made the following
8 misrepresentations:
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- 11 a. financial institutions can “freeze you out of your retirement
12 accounts if there was ever a market crash or correction again,” and
13 either “confiscate” or freeze all of the holdings in your retirement
14 or investment accounts, particularly during either a liquidity or
15 financial crisis. “Banks then will use people’s money to bail
16 themselves out.”;
- 17 b. an investor is “just a beneficial owner” and “leases” securities and
18 funds held in Qualified Retirement Savings, and further, the
19 government “owns” the certificates on securities and funds held in
20 these accounts; and
- 21 c. “you’re pretty much in these [Qualified Retirement Savings]
22 accounts with no types of insurance,” but “the good news is that
23 there are loopholes within the law to help protect . . . from it”
24 through safe and conservative investments in Precious Metals
25 purchased through SDIRAs.

26 41. Defendants misrepresented that the Money Market Fund Reform and/or
27 the Orderly Liquidation Authority regulations apply to stocks and certain bonds held
28 in Qualified Retirement Savings. They do not.

1 42. Safeguard Metals misrepresented that the government, not the investor,
2 owns the certificates on securities and funds held in a Qualified Retirement Savings
3 account. This is false. The beneficial owner is the true owner of an asset or security
4 that is under a different legal name and the government does not own the certificates
5 on securities and funds held in these accounts.
6

7 43. Safeguard Metals misrepresented that Qualified Retirement Savings are
8 uninsured. In reality, investor protections and insurance are offered through the
9 Federal Deposit Insurance Corporation and the Securities Investor Protection
10 Corporation.
11

12 44. In 2021, Safeguard Metals misrepresented to customers that a change to
13 Rule 22e-3 under the Money Market Fund Reform permits financial institutions to
14 permanently freeze the liquidity in accounts, confiscate funds and will never pay
15 participants back if the market fails. Furthermore, Safeguard Metals maintained the
16 goal of investment firms is “to stop you from being able to redeem your shares, or
17 redeem the funds that you have in your retirement and stock accounts, by any means
18 necessary.”
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22 45. These and similar misrepresentations made by Safeguard Metals and/or
23 Ikahn are false and misleading because Defendants failed to disclose to customers the
24 narrow circumstances in which a money market fund can be permanently suspended,
25 and furthermore, that liquidation follows when redemptions are permanently
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1 suspended, thereby returning money to shareholders and allowing investors to
2 recover funds.

3 46. Defendants knew, or were reckless in not knowing, that their
4 communications with customers contained material misstatements, half-truths, and
5 omissions described above.
6

7 **4. Safeguard Metals Charged Exorbitant Price Markups on Silver**
8 **Coins That Bore No Relation to the Ranges Represented to**
9 **Customers.**

10 47. After the SDIRAs and Cash Accounts were opened under false and
11 fraudulent pretenses, Defendants executed their core strategy of selling customers
12 Silver Coins with enormous price markups, which Defendants referred to as
13 “operating margins” when they communicated with customers about the price
14 markups with customers. Safeguard Metals grossly misrepresented the “operating
15 margins” that they would charge customers in Shipping and Account Agreements
16 (“Customer Agreements”) and representations made during sales confirmation calls.
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19 48. The Customer Agreements purported to establish the terms and
20 conditions regarding sales of Precious Metals by Defendants to their customers.
21 During the Relevant Period, Safeguard Metals used at least two versions of the
22 Customer Agreements – one version prior to January 2021 and a revised version
23 following purported attempts to implement compliance measures at Safeguard
24 Metals. Safeguard Metals purportedly implemented those compliance measures
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1 beginning in or around January 2021 after Defendants received notice of an
2 investigation by law enforcement.

3 49. Prior to January 2021, Safeguard Metals' Customer Agreements
4 represented, in pertinent part, the following relating to Safeguard Metals' "operating
5 margins" on Precious Metals:
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- 7 a. "The operating margin is the difference between Safeguard's
8 approximate acquiring cost of the Precious Metals and the price
9 the Client pays."
10 b. "Safeguard's operating margin quoted to the Client for most
11 common bullion products . . . is typically four percent (4%) for
12 cash, and seven percent (7%) for IRA purchases."
13 c. "Operating margin on coins with semi-numismatic or numismatic
14 value are rare coins . . . is usually twenty percent (20%) and for
15 Proof products is twenty-three percent (23%)."

16 50. Despite these representations, Safeguard Metals actually sold Silver
17 Coins to customers at average "operating margins" of 71%. This vastly exceeded the
18 maximum "operating margin" of 23% disclosed in Safeguard Metals' Customer
19 Agreement. These overcharges were material misrepresentations and omissions.
20 Further, Ikahn admitted to establishing the price of these exorbitantly priced Precious
21 Metals during Safeguard Metals' initial period of operation.
22

23 51. During purported implementation of compliance measures in or about
24 January 2021, Safeguard Metals revised its sales confirmation scripts, and its
25 Customer Agreements to provide new representations about its "operating margins"
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1 for Precious Metals. While Safeguard Metals’ representations about its “operating
2 margins” varied between the sales confirmation scripts and Customer Agreements,
3 the actual “operating margins” charged by the firm still far exceeded either
4 representation.
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6 52. After January 2021, Safeguard Metals represented the following
7 “operating margins” to customers during sales confirmation calls:
8

9 SAFEGUARD METAL’S OPERATING MARGIN IS
10 USUALLY 1% - 23%[.] THIS MAY VARY AND EXCEED
11 40% BASED ON MARKET CONDITIONS.

12 53. After January 2021, Safeguard Metals’ Customer Agreements
13 represented to customers the following relating to “operating margins”:
14

15 Current operating margins on coins with semi-numismatic
16 or numismatic value . . . is usually 23% - 33% The
17 actual operating margin on any particular transaction can be
18 any amount usually within, but also could be outside this
19 range, but not exceeding 42%.

20 54. Following the purported implementation of compliance measures in
21 January 2021, Safeguard Metals’ actual “operating margin” on Silver Coins routinely
22 exceeded 40% and averaged about 51%. Consequently, despite the inconsistent
23 disclosures between sales confirmations and Customer Agreements, the “operating
24 margin” on Silver Coins represented in sales confirmations rarely, if ever, fell within
25 the “usual” and customary ranges disclosed to customers and averaged greater than
26 the maximum “operating margin” represented in Customer Agreements. These
27 overcharges were material misrepresentations and omissions.
28

1 55. Safeguard Metals also provided inconsistent and misleading disclosures
2 to customers during the sales confirmation process. In at least one instance, an
3 Opener falsely represented to at least one customer that the specified “operating
4 margins” only applied to investments exceeding \$1 million and were therefore
5 inapplicable to that customer’s transaction because his investment fell under the
6 threshold. Later, in contrast, a Closer stated during the sales confirmation call that
7 specified “operating margins” do in fact apply because the customer is an accredited
8 investor, resulting in ambiguous and conflicting disclosures.
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11 56. Safeguard Metals’ core strategy of selling fraudulently overpriced Silver
12 Coins to customers was designed to maximize its profits through “operating margins”
13 and commissions and resulted in substantial and nearly immediate customer losses.
14 Silver Coin purchases were more than 97%, or \$66 million of the \$68 million in total
15 revenue fraudulently solicited from customers, of the purchases by Safeguard Metals
16 on behalf of its customers. The purchase of Silver Coins had significantly higher
17 “operating margins” compared to gold coins.
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21 57. Safeguard Metals knowingly or recklessly failed to inform customers of
22 the material fact that the exorbitant “operating margins” charged on Silver Coins bore
23 no relation to the figures represented in the Customer Agreements, or otherwise
24 stated to customers. This had the effect of substantially and immediately depleting
25 the values of investments held in customers’ SDIRAs and Cash Accounts.
26
27 Nonetheless, Safeguard Metals continued to misrepresent to prospective and current
28

1 SDIRA and Cash Account customers that Precious Metals were a safe and
2 conservative investment.

3 **5. Safeguard Metals Misrepresented to Customers How It Earned**
4 **Profits and Lulled Customers by Making Misrepresentations**
5 **About the Value of Customers' Precious Metals.**

6 58. As part of the scheme, Safeguard Metals misrepresented and omitted
7 material facts regarding how Safeguard Metals earned profits from Precious Metals
8 transactions.
9

10 59. During telephone sales calls, Safeguard Metals repeatedly misstated that
11 its earnings arose solely from a 1% fee, and later in 2021, a 1% to 3% fee, that
12 applied only when customers liquidated investments in Precious Metals. During a
13 sales solicitation call with a prospective customer, a Safeguard Metals employee
14 stated, in pertinent part, that “We take 1 percent of what we liquidate It’s our
15 only way we make money,” leaving customers with the impression that Safeguard
16 Metals did not profit in other respects from their Precious Metals transactions.
17
18

19 60. In reality, Safeguard Metals was paying its sales representatives
20 commissions that far exceeded 1% to 3%, including commissions upwards of 10%,
21 all while misinforming customers that a liquidation fee was the only fee charged.
22

23 61. Also, as discussed above, Safeguard Metals also made money from
24 charging excessive premiums on Silver Coins. For instance, Safeguard Metals earned
25 an estimated 71% “operating margin” on Silver Coins during the 2019 to 2020
26 timeframe—about 48% more than the maximum permitted pursuant to the Customer
27
28

1 Agreement. In 2021, Safeguard Metals earned an estimated 51% “operating margin”
2 on Silver Coins, about 9% more than the maximum permitted pursuant to the revised
3 Customer Agreement.

4
5 62. Safeguard Metals also falsely asserted “[i]f our clients are making
6 money, that’s when we make money.” In fact, Safeguard Metals made money on
7 Precious Metals notwithstanding whether its customers made money, and customers
8 incurred additional transactional costs far greater than a 1% to 3% liquidation fee.
9 Safeguard Metals failed to disclose the true and accurate transaction costs or provide
10 accurate “operating margins” even when customers specifically inquired.
11
12

13 63. As part of the scheme to defraud, Safeguard Metals also deceived
14 customers and concealed its fraud by hiding that customers significantly overpaid for
15 their investments. Instead, Safeguard Metals made further misrepresentations about
16 the value of the Precious Metals in customer accounts to placate and calm investors
17 who were upset about the losses shown on their SDIRA statements.
18

19 64. Customers received account statements from their SDIRA custodians
20 showing account values significantly below the values originally paid to Safeguard
21 Metals. The account statements were significantly lower because the SDIRA
22 custodians assigned asset values to the coins held based on the melt value of the coin,
23 ignoring any purported numismatic or semi-numismatic value. When customers
24 confronted Safeguard Metals’ sales representatives about the disparity between their
25 original investment and the value assigned by SDIRA custodians, the sales
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28

1 representatives rejected lower valuations and misrepresented to customers that values
2 did not accurately reflect the resale value of the Precious Metals and Silver Coins.
3 Instead, they misrepresented that the actual resale value of their investments was
4 much higher than that reported by the SDIRA custodians.
5

6 65. Safeguard Metals, however, knew or recklessly disregarded that the
7 resale price of the Silver Coins that it marketed and promoted was much lower than
8 the amount customers paid for the Silver Coins.
9

10 66. To further obfuscate customers' true account values, Safeguard Metals
11 also lulled customers by telling them to wait or give it at least six months, or in some
12 instances, three to five years, to allow their SDIRA accounts to make money.
13

14 67. Due to the acts, omissions, and failures of Safeguard Metals, at least two
15 SDIRA custodians terminated their business relationships with Safeguard Metals and
16 no longer conducted business with the company.
17

18 68. In terminating its contract with Safeguard Metals, one custodian stated,
19 in pertinent part, that:
20

21 It has come to our attention that certain trades made in
22 accounts represented by Safeguard Metals appear to not be
23 in the best interest of the IRA owner as the values of the
24 accounts were significantly less after the trade activity than
25 the values of the accounts prior to the trades.
26
27
28

1 **6. Ikahn Controlled the Operations of Safeguard Metals and Is**
2 **Therefore Liable for Its Actions.**

3 69. During the Relevant Period, Ikahn was the controlling person of
4 Safeguard Metals and held 100% ownership of the company and held exclusive
5 authority over the company’s business decisions.
6

7 70. Ikahn was the sole member of the limited liability company, and no one
8 else has ever served as a member. He executed the limited liability company
9 registration using the title of “Principal.”
10

11 71. As the controlling person, Ikahn initially handled all aspects of
12 Safeguard Metals’ operations and made all significant business decisions. Ikahn was
13 responsible for the creation of Safeguard Metals’ website and had authority over it,
14 and the website contained numerous false statements. Ikahn initially hired and
15 trained sales representatives, and was authorized to make personnel decisions
16 regarding the hiring and firing of employees. Ikahn initially provided training,
17 created a sales script, and prepared email templates for sales representatives to use,
18 and created the account agreement that Safeguard Metals entered into with customers
19 that contained false information. Among other things, Ikahn emailed sales
20 representatives and instructed them to provide the false information to potential
21 customers that big banks or brokerage firms can freeze retirement accounts in times
22 of financial turmoil. Ikahn determined and set the prices at which Safeguard Metals
23 sold Precious Metals and Silver Coins to the public.
24
25
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1 72. For the entirety of the Relevant Period, Ikahn was the only signatory on
2 Safeguard Metals' bank accounts and served as the only person authorized to enter
3 into financial transactions on behalf of the company.
4

5 **7. Defendants Acted in the States as Unregistered Investment**
6 **Advisers or Investment Adviser Representatives and Engaged**
7 **in Fraud**

8 73. The Laws of the States govern the registration of Investment Advisers
9 (“IAs”) and Investment Adviser Representatives (“IARs”) (collectively, “IAs &
10 IARs”).

11 74. Collectively, the Laws of the States prohibit (1) fraud in connection with
12 investment advisory services; (2) fraud in connection with the offer, purchase, or sale
13 of securities; (3) fraud in connection with the offer, purchase, or sale of commodities;
14 and (4) financial exploitation of the elderly.
15
16

17 **i. Defendants Acted in the States as Unregistered Investment**
18 **Advisers or Investment Adviser Representatives**

19 75. Defendants, either directly or by and through their sales representatives
20 or other agents, offered and provided investment advice to investors for
21 compensation.
22

23 76. Defendants, either directly or by and through their sales representatives
24 or other agents, acted as IAs & IARs, because Defendants, for compensation,
25 engaged in the business of advising another, either directly or through publications or
26
27
28

1 writings, as to the value of securities or as to the advisability of investing in,
2 purchasing, or selling securities, including, but not limited to:

- 3
- 4 a. Safeguard Metals held itself out as a full-service investment firm,
5 claimed that it was rated number one among wealth protection
6 firms, touted alleged relationships with securities industry
7 professionals, and claimed years of industry experience;
- 8 b. Defendants, either directly or by and through their sales
9 representatives or other agents, solicited investors and provided
10 investment advice to investors with respect to the value of
11 securities or to the advisability of selling currently held securities,
12 and encouraged investors to liquidate their Qualified Retirement
13 Savings and existing securities holdings;
- 14 c. Defendants, either directly or by and through their sales
15 representatives sent victims emails highlighting articles that would
16 induce fear in the investors about securities held in preexisting
17 Qualified Retirement Savings;
- 18 d. Safeguard Metals, either directly or by and through their sales
19 representatives or other agents, aided investors in setting up
20 SDIRAs, including but not limited to, provided assistance with
21 SDIRA applications and facilitating contact with the custodians of
22 their Qualified Retirement Savings to initiate the liquidation and
23 transfer of funds to the SDIRA;
- 24 e. Defendants, either directly or by and through their sales
25 representatives or other agents, advised about market trends,
26 specifically emphasizing the volatility of the stock market and
27 suggesting that the stock market could crash;
- 28

- 1 f. Defendants, either directly or by and through their sales
2 representatives or other agents, advised about advantages of
3 investing in securities versus other types of investments,
4 specifically advising that precious metals would be a better or
5 safer investment vehicle than Qualified Retirement Savings;
- 6 g. Defendants, either directly or by and through their sales
7 representative or other agents, provided advice about asset
8 allocation, including advising investors that up to 20% of their
9 assets should be in physical Precious Metals;
- 10 h. Defendants, either directly or by and through their sales
11 representative or other agents, provided further advice about asset
12 allocation, and selected the type of metals on behalf of the
13 investors, primarily the 1.25 oz Silver Rose Crown Guinea, which
14 constituted over 97% of the total coins sold to investors;
- 15 i. Ikahn was a controlling person of Safeguard Metals during the
16 Relevant Period, owned 100% of the company, and was the sole
17 member and Principal of the limited liability company. Prior to
18 October 2020, Ikahn created sales scripts and email templates and
19 distributed customer leads and provided training to sales
20 representatives at Safeguard Metals, and set the prices at which
21 Safeguard Metals sold Precious Metals and Silver Coins to the
22 public.

23 77. Defendants, either directly or by and through their sales representatives
24 or other agents, received compensation from investors in the form of substantial
25 markups on the coins that were sold. For example, for the 1.25 oz Silver Rose Crown
26 Guinea which constituted over 97% of the total coins sold to investors, Safeguard
27
28

1 Metals charged an average markup of 71% prior to 2021, and about 51% during
2 2021. During the Relevant Period, Safeguard Metals obtained approximately \$67
3 million from the sale of gold and silver coins to more than 450 mostly elderly, retail
4 investors. Safeguard Metals kept approximately \$25.5 million of the approximately
5 \$67 million paid by investors for itself in the form of markups on the price Safeguard
6 Metals paid for the coins. Ikahn personally received compensation in the form of
7 markups charged on the Precious Metals sold to customers.
8
9

10 78. By way of example, Defendants, either directly or by and through their
11 sales representatives or other agents, provided investment advice to the following
12 investors:
13

- 14 a. Alabama Investor #1, aged 61, was contacted by a Safeguard Metals
15 sales representative and pressured to liquidate her and her husband's
16 IRA accounts, which contained securities. The investor was told that the
17 government could seize her securities at any time and that the stock
18 market was about to crash. Alabama Investor #1 made 2 purchases with
19 Safeguard Metals in April of 2020. Another purchase was made in the
20 name of her husband in May of 2020. The purchases were placed into
21 SDIRAs that a Safeguard Metals sales representative helped her set up,
22 including being on a three-way call with the investor and her brokerage
23 firm. The Alabama Investor #1 was also told that her purchases would
24 be insured and was never told about the high-risk nature of precious
25 metals investments. At no time was the investor given the opportunity to
26 choose which metals she was buying or the diversification of the metals
27 she bought. At no time was she told that Safeguard Metals was
28 collecting a 55% mark-up on the silver coins she bought. Alabama
Investor #1 was unaware of the mark-up until an investigator from the
Alabama Securities Commission met with her in August, 2021.
- b. Alabama Investor #2, aged 65, wanted to purchase both silver and gold
in equal amounts. To do so, he liquidated a Thrift Savings Plan that held
securities into cash, \$89,997.96. Despite his stated desire to split his

1 investment equally between gold and silver, Safeguard Metals sold
2 Alabama Investor #2 two thousand twenty-eight (2,028) 1¼ ounce Silver
3 Rose Crown Guineas for \$87,467.64 and twelve (12) 1/10 ounce Gold
4 American Eagles for \$2,530.32. The melt price for silver on the date of
5 the sale, April 13, 2020, was \$27.47 per ounce. The melt price for gold
6 on the same date was \$1,717.72 per ounce. Thus, Alabama Investor #2
7 incurred a 54% loss upon the purchase of the Silver Guineas. This loss
8 was not disclosed to him at any time.

9
10 c. Arkansas Investor #1 (“AR1”) was a retiree and senior citizen that had
11 approximately \$1,000,000.00 in bonds in his IRA accounts. A sales
12 representative from Safeguard Metals stated that precious metals were a
13 safe way to preserve and grow his wealth. He was advised by the sales
14 representative that the stock market was in for a major correction and
15 was overvalued. The sales representative also told AR1 how the Federal
16 Reserve was devaluing the dollar by excessive printing and how the rise
17 of inflation was going to make precious metals more valuable. AR1 was
18 advised to invest his entire retirement portfolio in silver numismatic
19 coins. The sales representative told AR1 that the purchase price would
20 be market value for the coins, and the only commission charged would
21 be about 5% at the time of liquidation. AR1 from October 2019 through
22 August 2020 liquidated all his retirement accounts around \$1,000,000 in
23 bonds, and purchased precious metals.

24 d. Arkansas Investor #2 (“AR2”) was age 66 at the time of the transactions
25 and was semi-retired. She was contacted by a sales representative for
26 Safeguard Metals and liquidated her only retirement account to buy
27 silver numismatic coins. AR2 was told that those coins were increasing
28 in value and that they would be a good investment. The sales
representative never disclosed to AR2 the manner or amount of
compensation the representative or Safeguard Metals would receive on
the transaction AR2 liquidated her entire retirement account and invested
it into precious metals the sales representative recommended.

e. California Investor #1 was advised by his sales representative that
precious metals were a more stable investment that would hold its value,
as opposed to securities held in traditional retirement accounts as the
value of the dollar was declining. California Investor #1 had little
experience in investing in metals and coins, and the sales associate
assisted in liquidating approximately \$111,000 from his traditional IRA,
invested in securities, to roll over to a SDIRA account to purchase

1 metals. California Investor #1 asked the sales representative to select the
2 metals for best value, and the sales associate purchased a little under
\$100,000 in 1.25 oz. Silver Rose Crown Guineas on his behalf.

3
4 f. California Investor #2 was advised by a sales representative that she
5 could be frozen out of her traditional IRA account that was invested in
6 securities, emphasized the volatility of the stock market, and advised her
7 that 25 to 50 percent of the money held in her traditional IRA account
8 should be put into precious metals instead. Although California Investor
#2 was primarily interested in purchasing gold, her sales representative
advised her that the market was better for silver, and convinced her to
purchase primarily Silver Coins.

9
10 g. Connecticut Investor #1 was 71 years old and retired when he
11 purchased precious metals from Safeguard Metals. A Safeguard
12 Metals sales representative advised him that precious metals are
13 stable unlike the investments he had in his Qualified Retirement
14 Savings account and that the stock market was about to crash.
15 The sales representative also told him his Qualified Retirement
16 Savings account was uninsured and that he could get frozen out
17 of it if there was a market crash. The sales representative advised
18 him to sell everything in the account and buy precious metals.
19 Connecticut Investor #1 had no prior experience or knowledge in
20 investments. The sales representative assisted him with selling
21 approximately \$114,000 worth of investments from his Qualified
22 Retirement Savings account which included securities, setting up
a SDIRA, and then purchasing precious metals from Safeguard
Metals with these funds. The sales representative never told him
anything about fees or costs associated with this transaction, and
although Connecticut Investor #1 asked for only gold, the sales
representative invested almost all of the funds in Silver Rose
Crown Guinea coins and told him after the fact this was a better
investment for him.

23
24 h. Connecticut Investor #2 was 62 years old and planning for retirement
25 when she purchased precious metals from Safeguard Metals. A
26 Safeguard Metals sales representative told her the economy was going to
27 crash and that she could lose everything in her Qualified Retirement
28 Savings account. The sales representative advised her to liquidate the
account and invest in precious metals which are stable. Other Safeguard
Metals sales representatives kept calling her and telling her to “hurry up”

1 and “make a decision” because time was running out. Connecticut
2 Investor #2 had no prior experience or knowledge in investments. A
3 Safeguard Metals sales representative assisted her with selling
4 approximately \$130,000 worth of investments from her Qualified
5 Retirement Savings account which included securities, setting up a
6 SDIRA, and then purchasing precious metals with these funds from
7 Safeguard Metals. The sales representative never told her anything
8 about fees or costs associated with this transaction, and although
9 Connecticut Investor #2 asked for only gold, the sales representative
10 invested almost all of the funds in Silver Rose Crown Guinea coins.

- 11
- 12 i. Florida Investor #1 was over 65 years old when she purchased precious
13 metals from Safeguard Metals. She told the sales representative that she
14 needed more income because of her age. The sales representative
15 assisted her in selling securities she owned to obtain the money she used
16 to purchase precious metals. The sales representative facilitated or
17 assisted Florida Investor #1 in opening a SDIRA and moving money into
18 the SDIRA which she then used to purchase precious metals. Florida
19 Investor #1 relied on the sales representative’s advice when she
20 purchased precious metals.
- 21 j. Florida Investor #2 was over 65 years old when she purchased precious
22 metals from Safeguard Metals. She told her sales representative that she
23 did not want to lose any value in her investment. The sales
24 representative gave her a chart that showed that metals had outperformed
25 the “S&P”. The sales representative told her that precious metals were
26 secure and low risk. He also said that she would get a high return on
27 metals because “the market” would crash. With the assistance of her
28 sales representative, Florida Investor #2 sold securities she owned to
obtain the money she used to purchase precious metals. The sales
representative also facilitated or assisted Florida Investor #2 in opening a
SDIRA which she then used to purchase precious metals. Florida
Investor #2 relied on the sales representative’s advice when she
purchased precious metals.
- k. Florida Investor #3 was over 65 years old when she purchased precious
metals from Safeguard Metals. The sales representative told her that
precious metals were better and safer than stocks and leaving her money
in a 401(k) plan. He also told her that she would make plenty of money
through the purchase of precious metals. The sales representative
facilitated or assisted Florida Investor #3 in selling the securities she

1 owned to obtain the money to purchase precious metals. He also
2 facilitated or assisted her in opening a SDIRA which she used to
3 purchase precious metals. Florida Investor #3 relied on the sales
4 representative's advice when she purchased precious metals.

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1. Idaho Investor #1, age 62, was advised by a Safeguard Metals sales representative that the Biden presidency was giving money away and that the dollar would soon be worthless. The Safeguard Metals representative also stated that her 401(k) retirement funds actually belonged to her former employer, an airline company, and could be taken, like the way that Delta took their pilots' pensions years ago. The Safeguard Metals representative recommended that she put most of retirement funds into silver and a little bit of gold. Based on the advice of the Safeguard Metals representative, Idaho Investor #1 liquidated her entire 401(k) account totaling more than \$592,000 to purchase precious metals from Safeguard Metals. Safeguard Metals charged Idaho Investor #1 \$567,273.57 for 9,953 1.25 oz. Silver Rose Crown Guinea coins and 52 1/10 oz Gold American Eagle coins. However, these coins were transferred the same day to the investor's Equity Trust account at a value of only \$326,402.83. This represents a markup of \$241,385.75 or 74%.
 - m. Illinois Investor #1 is a senior citizen and had a traditional IRA with Fidelity. The sales representative at Safeguard Metals advised Investor #1 to invest in gold and silver coins because they were more stable than the stock market. Investor #1 is not an accredited investor and did not have a working knowledge of or experience concerning securities, precious metal bullion, or numismatic coins, investments prior to investing through Safeguard Metals. The sales representative also recommended investing in Safeguard Metals over Fidelity because it had a higher BBB rating and that Investor #1 would have more control over his investment. Investor #1 wired \$105,000 from his Fidelity IRA account to his Entrust SDIRA in May of 2021. The sales representative did not inform Investor #1 of any fees or mark-ups associated with investing in precious metals and coins. Safeguard Metals charged Investor #1 \$99,540.81 for 2,181 1.25 oz. Silver Rose Crown Guineas. However, these 2,181 silver coins were transferred the same day to the investor's Entrust account at a value of only \$57,578.40. This represents a markup of \$41,962.41 or 73%.

- 1 n. Illinois Investor #2 is a senior citizen and had a 401(k) with Sentry
2 which included mutual funds. Investor #2 is not an accredited investor.
3 The sales representative recommended that Investor #2 invest in metals
4 to protect against large swings in the market. The sales representative
5 recommended that Investor #2 open up a SDIRA account with Equity
6 Trust. In April of 2021, Investor #2 transferred \$64,000 to Equity Trust.
7 The value of his 401(k) account was approximately \$80,000 at the time
8 of the transfer. Based on the recommendation of the sales
9 representative, Investor #2 purchased 1,015 Silver Coins. Safeguard
10 Metals charged Investor #2 \$59,976.35 for 1,015 1.25 oz. Silver Rose
11 Crown Guineas. However, these 1,015 Silver Coins were transferred the
12 same day to the investor's Entrust account at a value of only \$38,235.05.
13 This represents a markup of \$21,741.30 or 57%.
- 14 o. Kentucky Investor #1 is a 63-year-old Kentucky resident. On or around
15 May 2020, Kentucky Investor #1 watched a cable news talk show
16 discussing alternative investments. The commentator insinuated that the
17 stock market was going to crash and advertised for Safeguard Metals.
18 Kentucky Investor #1 filled out a form on the Safeguard Metals website
19 and soon received a call from an account executive at Safeguard Metals.
20 The account executive told Kentucky Investor #1 that investing in
21 precious metals was better than investing in the stock market. Kentucky
22 Investor #1 told the account executive that he had a 401(k) at Edward
23 Jones and a Thrift Savings Plan. The account executive told Kentucky
24 Investor #1 that precious metals were a much safer investment and
25 advised him to roll over the money he had in stocks into a SDIRA
26 invested in precious metals. Based on the advice of Safeguard Metals,
27 Kentucky Investor #1 decided to purchase \$50,148.88 in metals and, on
28 May 1, 2020, rolled over his stock account with Edward Jones to a
SDIRA account at Equity Trust. Safeguard Metals failed to disclose
how the precious metals were valued and how the valuations could differ
significantly. In January 2022, Kentucky Investor #1's metals, which he
believed to be worth approximately \$50,000, were only valued at the
melt value of \$18,000.
- p. Kentucky Investor #2 is a 67-year-old Kentucky resident, who on
December 2019 was listening to a radio financial program and heard an
advertisement for Safeguard Metals. Kentucky Investor #2 called the
number for Safeguard Metals and spoke to a sales representative with
Safeguard Metals. Kentucky Investor #2 told the sales representative

1 that she was concerned about the safety of her 401(k) and wanted a
2 short-term investment with a good return because she and her husband
3 would need to buy a new home in the next few years. The sales
4 representative told Kentucky Investor #2 that she would make six times
5 what she currently had by investing in precious metals, and that she
6 would not make any money under her current 401(k) and that Safeguard
7 Metals would buy back her metals if she ever needed the money.
8 Kentucky Investor #2 invested as the sales representative advised. The
9 sales representative informed Kentucky Investor #2 that he was opening
10 a SDIRA for her invested in precious metals, and initiated a three-way
11 call with Fidelity, where Kentucky Investor #2's 401(k) was located, and
12 assisted with the rollover of the 401(k) to Equity Trust. On December
13 23, 2019, Kentucky Investor #2 invested \$26,604.21 into a SDIRA
14 backed by precious metals through Safeguard Metals. Safeguard Metals
15 did not disclose to Kentucky Investor #2 how precious metals were
16 valued and how the valuations could differ significantly. In June 2019,
17 she discovered that the metals she purchased after liquidating the
18 \$26,604.21 from her 401(k) were only worth the melt value of
19 \$19,614.78.

20 q. Maryland Investor #1 was advised by a sales representative claiming
21 extensive experience dealing with precious metals that the investor's
22 money would be safer in precious metals than the stock market; in fact,
23 that the crash of the market was inevitable because the economy is being
24 flooded with printed money. Though Maryland Investor #1 was not
25 interested in coins, he was told that he could only purchase coins and
26 was recommended the 1.25 oz. Silver Rose Crown Guineas as the sales
27 representative advised the coins were limited edition and would
28 appreciate in value quickly. Maryland Investor #1 subsequently decided
to liquidate securities and transfer his entire IRA – roughly \$240,000 –
to invest with Safeguard Metals. These funds represented the entirety of
his anticipated retirement savings.

r. Mississippi Investor #1 was advised by a Safeguard Metals sales
representative to purchase metals immediately as prices were going up
and the securities market was unstable and about to “blow up.” The
Safeguard Metals representative told Mississippi Investor #1 that if the
economy collapses, the government could come in and take over the
banks and credits unions. Defendants advised Mississippi Investor #1 to
get out of the market completely and move all his money to precious
metals. The representative called every day. With Safeguard Metals

1 facilitating, Mississippi Investor #1 rolled 401(k)s and Roth IRAs, all of
2 which contained securities, valued at approximately \$737,000 to a
3 SDIRA at Equity Trust. Mississippi Investor #1 was never informed of
4 any risks of liquidating his securities accounts, was never told of any
5 spread or markup, or informed that precious metals were a long-term
investment. The first account statement showed the precious metals
valued at less than half his original investment.

- 6 s. Mississippi Investor #2 was contacted by a representative at
7 Safeguard Metals who stated that Mississippi Investor #2 had
8 requested a call from Safeguard Metals (she had not). The
9 representative stated that the market was about to crash again,
10 sending articles to her about a pending market crash. The
11 representative told Mississippi Investor #2 that precious metals
12 would always be safe and the representative did not want to see
13 her lose her “life savings if [she] left it where it was.” The
14 representative called multiple times a day. With Safeguard
15 Metals facilitating, Mississippi Investor #2 liquidated the
16 securities in her 401(k), approximately \$29,500, and moved her
17 money to a SDIRA at Equity Trust Company. Mississippi
18 Investor #2 was not told of any fees, spread, markup, or
19 commissions. Account statements showed the precious metals
20 valued at \$17,500.
- 21 t. Mississippi Investor #3 communicated with Safeguard Metals almost
22 every day, sometimes multiple times a day. The representative told
23 Mississippi Investor #3 that the stock market was going to crash and it
24 was the time to invest in gold and silver as they were about to go up.
25 The representative stated that Safeguard Metals would double the
26 investment in 12 months. Mississippi Investor #3 was advised to invest
27 in silver because it had the best return. With Safeguard Metals
28 facilitating, Mississippi Investor #3 rolled his 401(k), with
approximately \$152,000 in the account, to a SDIRA at Equity Trust.
Account statements showed the precious metals valued at approximately
\$97,000.
- u. Missouri Resident #1 (“MR1”), at the age of 61 and while disabled
following a stroke, was contacted by a Safeguard Metals sales
representative that identified himself as Michael Roeder (“Roeder”) and
advised that she should liquidate 100% of her retirement savings of an
IRA she had inherited held at Fidelity with the promise that her \$85,000

1 would grow to \$100,000 in a very short period of time. Roeder also
2 made disparaging comments that Fidelity was “shady” to further induce
3 MR1’s investment through Safeguard Metals. Roeder convinced MR1
4 that metals investments offered by Safeguard Metals were easier to
5 protect from government confiscation and based his arguments on pro-
6 Republican platform statements. Roeder facilitated the transfer of the
7 funds from Fidelity Investments to Equity Trust and instructed MR1 to
8 remain silent during the call initiating the liquidation and transfer from
9 Fidelity to Equity. Despite investing \$85,179.69 in 9 Gold American
Eagles and 1,241 Silver Rose Crown Guineas, MR1 lost \$15,882.88
when she sold 598 Silver Rose Crown Guineas and has a current
estimated value of only \$20,000 in the remaining precious metals she
purchased through Safeguard Metals.

- 10 v. Missouri Resident #2 (“MR2”), at the age of 64, received a cold call
11 from someone at Safeguard Metals identifying themselves as Lyn Chase
12 (“Chase”) and convinced MR2 to liquidate and invest nearly \$50,000 in
13 precious metals while aware that said amount constituted the entirety of
14 MR2’s retirement savings. Chase assisted MR2 with the transfer from
15 her Thrift Savings Plan to a SDIRA at Equity. Despite investing
\$46,169.67 in 3 American Gold Eagles and 760 Silver Rose Crown
guineas, MR2 lost \$17,742.34 after selling all the coins.
- 16 w. Missouri Resident #3 (“MR3”), at the age of 72, received a call from
17 Roeder after she left her contact information over the phone after she
18 heard a radio announcement about Safeguard Metals during a Rush
19 Limbaugh show in February, 2021. Roeder used high pressure sales
20 tactics according to MR3 and fear tactics related to claims of
21 government freezes and seizures. Knowing that MR3 only had \$74,800
22 representing the entirety of MR3’s retirement assets, Roeder convinced
23 MR3 to invest in precious metals through Safeguard Metals and sent
24 MR3 the paperwork necessary to effectuate the liquidation of MR3’s
25 401(k) and opening of a SDIRA at Equity. Despite investing \$76,691.73
in 4 Gold American Eagles and 1,557 Silver Rose Crown Guinea coins,
MR3 lost \$1,671.88 when MR3 sold 98 Silver Rose Crown Guinea coins
and has a current estimated value of only \$52,800 in remaining precious
metals purchased through Safeguard Metals.
- 26 x. Fifteen other Missouri investors purchased precious metals
27 through similar transactions with Safeguard Metals for a total
28 amount of \$1,682,463.62. At least half of the Missouri investors

1 liquidated or sold securities in order to make the purchases
2 recommended by Safeguard Metals. Given the high markup and
3 commissions earned on the sales of the precious metals offered
4 by Safeguard Metals, none of the 18 Missouri residents recorded
5 a profit on their precious metals investments. Interviews
6 conducted with the other fifteen Missouri investors confirmed
7 that the same or similar tactics were used to induce their
8 investments in precious metals through Safeguard Metals.

- 9 y. New Mexico Investor #1 was never advised by his sales representative
10 of the risks of investing the entirety his 401(k)'s holdings into precious
11 metals. New Mexico Investor #1 was never advised by his sales
12 representative that his first SDIRA statement would indicate that New
13 Mexico Investor # 1's initial \$33,000 investment into precious metals
14 would decrease in value with the sales representative's only explanation
15 that this decrease was due to "melt value" with no further explanation.
16 New Mexico Investor #1 was advised by his sales representative to
17 invest the entirety of his 401(k)'s holdings into precious metals. New
18 Mexico Investor #1 was advised by his sales representative that Investor
19 #1's 401(k)'s holdings "were in trouble" and Investor #1 needed to
20 transfer his 401(k)'s holdings into precious metals because gold holds its
21 power, gold holds its worth, gold will have gains and "the government is
22 fixing to screw your 401(k)."
- 23 z. North Carolina Investor #1, age 69, was advised by a Safeguard Metals
24 sales representative that 401(k) laws were changing and to not invest in
25 securities via an IRA account, but instead to open an SDIRA, established
26 by Safeguard Metals and purchase gold and silver coins. The Safeguard
27 Metals sales representative advised North Carolina Investor #1 that
28 silver was going to double in value, the metals in her account would
increase in value and thus would cover future storage fees for her metals.
A Safeguard Metals sales representative persuaded North Carolina
Investor #1, who had no prior knowledge nor experience investing in
metals, to liquidate \$65,966 from her IRA that held securities, and open
an SDIRA. The Safeguard Metals sales representative, on the investor's
behalf, invested 99.5% of available funds in 1.25-oz Silver Rose Crown
Guinea coins.
- aa. North Carolina Investor #2, aged 60, was advised by a Safeguard Metals
sales representative that due to stock market fluctuation, silver was a
better opportunity to increase her investment value over the purchase of

1 gold. North Carolina Investor #2 was interested in purchasing gold and
2 silver, but had no prior knowledge or experience in precious metals or
3 with a SDIRA. A Safeguard Metals sales representative called
4 frequently prior to the investment and advised the investment in precious
5 metals would retain the value of the original investment. North Carolina
6 Investor #2 was persuaded to liquidate \$101,182 from her traditional
7 IRA account which held securities, and purchase precious metals
8 through a SDIRA account established by Safeguard Metals on her
9 behalf. A Safeguard Metals sales representative invested 97.6% of the
10 investor's available funds in 1.25 oz. Silver Rose Crown Guinea coins.

11 bb. North Carolina Investor #3, aged 69, was advised by a Safeguard Metals
12 sales representative to liquidate his traditional IRA account because of a
13 pending stock market crash in Spring 2021 and instead purchase
14 precious metals, specifically silver, as a safe investment against a
15 declining stock market and government confiscation of IRAs. North
16 Carolina Investor #3 had no prior knowledge or experience in metals or
17 with a SDIRA, but was persuaded by a Safeguard Metals sales
18 representative to liquidate \$95,485 from his traditional IRA account
19 which held securities; and purchase precious metals through a SDIRA
20 account established by Safeguard Metals on his behalf. The Safeguard
21 Metals sales representative invested 98% of the investor's available
22 funds in 1.25-oz Silver Rose Crown Guinea coins.

23 cc. Ohio Investor #1, age 66, was cold-called by a Safeguard Metals sales
24 representative and advised that his retirement accounts at Fidelity were
25 not safe and that he needed to move his retirement out of the stock
26 market. Ohio Investor #1 told the Safeguard Metals sales representative
27 that the Fidelity accounts were all the retirement that he had, and the
28 representative advised him to liquidate the whole account except for
\$4,000. The sales representative was on the phone with Fidelity and
Ohio Investor #1 when the request to liquidate \$111,000 was made. The
sales representative used high pressure tactics and independently chose
the coins which were purchased, and continuously told the investor that
he was "getting a good deal" and that he would "make a lot of money."
The sales representative also assisted in setting up a SDIRA account
with Equity Trust Company to maintain the investment in a tax-deferred
account.

dd. Ohio Investor #2, age 63, was cold-called by Safeguard Metals sales
representative who told him that the markets were going up and down

1 and that precious metals are expected to only go up. The sales
2 representative advised Ohio Investor #2 to liquidate his IRA account in
3 full and invest the whole amount, \$250,000.00 and roughly two-thirds of
4 the investor's entire net worth, into metals. The sales representative
5 helped the investor set up a SDIRA account at Equity Trust and was also
6 on a 3-way call with TD Ameritrade to liquidate the entire IRA account
7 of Ohio Investor #2. Although the investment amount was \$250,000.00,
8 the value on the initial statement from Equity Trust was less than
9 \$140,000.00. Upon inquiry by the investor, the sales representative
10 advised the investor that "it takes time to balance out."

11 ee. Safeguard Metals advised Oklahoma Investor #1, age 67, that she should
12 transfer her 401(k) assets into a precious-metals SDIRA because, in part,
13 the securities market was unstable and near collapse; that her assets
14 would then be untouchable from the federal government's alleged plan
15 to implement policies allowing a government takeover of 401(k) plans;
16 that Safeguard Metals would ensure she would not be charged any fees
17 by her SDIRA custodian; and that her assets would increase in value. In
18 actuality, the precious-metals SDIRA custodian valued Safeguard
19 Metal's recommended and executed purchases at 49% of Oklahoma
20 Investor #1's purchase price and she was, in fact, charged custodian fees
21 by the SDIRA custodian.

22 ff. South Carolina Investor #1 ("SC1"), at the age of 64, wanted to boost
23 her savings by investing in precious metals. SC1's experience regarding
24 securities was limited to a guaranteed annuity and a 401(k) retirement
25 account. SC1 contacted Safeguard Metals after seeing an advertisement
26 on a politically conservative television program and reviewing the
27 Safeguard Metals website. Subsequently, SC1 had several telephone
28 conversations with Safeguard Metals sales representative "Alex Fisher"
who talked with her about the conservative television program and their
shared home state of New York. SC1 told the Safeguard Metals sales
representative that she needed additional income in order to help defer
costs associated with her cancer treatment, and her husband's
Alzheimer's disease treatments. The Safeguard Metals sales
representative advised SC1 to invest in gold and silver and promised
(i) that SC1's investments would reach \$750,000 in value in five years;
(ii) that there were IRS tax advantages to purchasing the precious metals;
and (iii) that gold and silver were "recession proof." The Safeguard
Metals sales representatives wanted her to "hurry up" and asked her
rhetorically whether she wanted to have her money in "better

1 investments” or whether she wanted to be a “burden to [her] family” in
2 her retirement. In November 2019, a Safeguard Metals sales
3 representative assisted SC1 in (i) liquidating \$208,000, approximately
4 \$33,000 from a traditional IRA and \$175,000 from a variable annuity;
5 (ii) opening a SDIRA; and (iii) purchasing gold and silver coins.
6 Safeguard Metals sales representatives never disclosed to SC1 the costs
7 and fees associated with purchasing gold and silver through Safeguard
8 Metal. When SC1 received her first account statement from the SDIRA
9 custodian, SC1 learned that almost 90% of her account was invested in
10 1.25-oz Silver Rose Crown Guinea coins and that she had
11 instantaneously lost over \$97,000 of her \$208,000 investment.

12 gg. South Carolina Investor #2 (SC2), at the age of 62, contacted Safeguard
13 Metals in the fall of 2019, after seeing an advertisement on a politically
14 conservative television program. Safeguard Metals sales representative
15 “Alex Fisher” advised SC2 to act quickly to invest his retirement in gold
16 and silver because of the uncertainty of the economy. The Safeguard
17 Metals sales representative told SC2 that the value of gold was going to
18 “go way up.” When SC2 expressed concern about the SDIRA account,
19 Safeguard Metals sales representative “Adam Pressley” assured SC2 that
20 Safeguard Metals was “going to take care of you.” SC2 was promised
21 that he would only be “charged a 3% fee when there was a transaction,”
22 and was not informed about other fees or commissions that might be
23 charged. Despite SC2’s hesitance, Safeguard Metals continued its high-
24 pressure sales strategy, involving multiple calls with at least five
25 different Safeguard Metals sales representatives. SC2 finally relented
26 and liquidated his traditional IRA and rolled it into a SDIRA in order to
27 invest in Safeguard Metal’s gold and silver. A Safeguard Metals sales
28 representative joined the telephone call when SC2 liquidated his
traditional IRA and moved his retirement money into a SDIRA. SC2
and the Safeguard Metals sales representatives discussed diversifying his
money by investing in both gold and silver. However, Safeguard Metals
invested 97% of his \$261,342.72 in 1.25-oz Silver Rose Crown Guinea
coins. SC2 paid the alleged numismatic value of the coins. SC2’s first
SDIRA account statement revealed that the value of his account was
about \$100,000 less than he invested. When he contacted Safeguard
Metals about the discrepancy, SC2 was told that the “real value of [his]
account [was] \$300,000” and that “the IRA custodian used metal values
and not the actual value of the coin.” SC2 states that he would not have
invested with Safeguard Metals if he was informed that the fees and
other casts purchasing the precious metals was higher than 3% or if he

1 was informed that the value calculated in the SDIRA account was
2 different than the value Safeguard Metals assigned to the silver and gold
3 coins.

4 hh. Vermont Investor #1, age 73, was contacted by a Safeguard Metals sales
5 representative and advised that he and Vermont Investor #2 should
6 liquidate their IRA accounts, both of which contained securities, and buy
7 precious metals, because the stock market was volatile and the metals
8 market more stable, thus transferring their investment to precious metals
9 would result in financial gain. The Safeguard Metals representative held
10 out Safeguard Metals as an investment adviser. Vermont Investors #1
11 and #2 were persuaded to liquidate their entire IRA accounts to buy
12 precious metals.

13 ii. Utah Investor #1 was contacted by Safeguard Metals sales
14 representatives who told him that metals were a good hedge in
15 the event the dollar decreased, that metals were a great place to
16 store assets away from government overreach, that his silver
17 would be held at Delaware Depository, and that the only money
18 made by Safeguard Metals was a 1% sales fee when the investor
19 later sold his silver. The Safeguard Metals sales representative
20 assisted Utah Investor #1 in transferring his thrift savings plan
21 retirement account which contained \$200,000 in securities, to
22 third-party administrator Equity Trust.

23 79. Safeguard Metals has never been registered as an IA, nor have its agents
24 or Ikahn been registered as IARs, as required under state and/or federal law.

25 Defendants never submitted a notice filing with the appropriate state regulator as an
26 IA or IAR, nor are they exempt from state registration as an IA or IAR.

27 **ii. As Investment Advisers or Investment Adviser Representatives,
28 Defendants Engaged in Fraud.**

80. Defendants, either directly or by and through their sales representatives
or other agents, in acting as IAs and IARs, employed a device, scheme, or artifice to
defraud their clients and prospective clients, and/or engaged in transactions, practices,

1 or courses of business operating as a fraud or deceit upon those clients or prospective
2 clients in providing investment advice to investors to transfer their Qualified
3 Retirement Savings, including divesting themselves of securities, to purchase
4 precious metals from Safeguard Metals, including making material
5 misrepresentations and material omissions which included, but were not limited to,
6 the following:
7

- 8
- 9 a. Misrepresenting that Safeguard Metals is a full-service investment
10 firm, rated number one among wealth protection firms, has \$11
11 billion in assets under management, with offices in London,
12 England, and Beverly Hills, California, and used false and
13 fictitious employee names, touting non-existent employees on
14 LinkedIn, misrepresenting employee job titles, and exaggerating
15 employee qualifications and years of industry experience—all are
16 false;
17
 - 18 b. Misrepresenting the safety and liquidity of investors’ securities
19 holdings and Qualified Retirement Accounts and employing scare
20 tactics to induce investors to sell their existing securities holdings;
21
 - 22 c. Misrepresenting to investors that the United States stock market is
23 headed for an economic recession or crash, that would result in
24 significant losses to existing Qualified Retirement Accounts;
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- 1 d. Misrepresenting that investors’ Qualified Retirement Accounts
2 were at risk because financial institutions could freeze investors
3 out of their retirement accounts if a market crash or correction
4 were to occur, and that the financial institution could confiscate or
5 freeze all of the holdings in the retirement or investment
6 accounts—this is false;
7
8 e. Misrepresenting the effect of certain laws, such as stating that the
9 Money Market Fund Reform would allow the government to
10 freeze the liquidity in Qualified Retirement Accounts, confiscate
11 funds, and never pay participants back if the market fails;
12
13 f. Misrepresenting that the government, not the investor, owns the
14 certificates on securities and funds held in a Qualified Retirement
15 Savings account—it does not;
16
17 g. Misrepresenting that Qualified Retirement Savings are uninsured,
18 when in reality investor protections and insurance are offered
19 through the Federal Deposit Insurance Corporation and the
20 Securities Investor Protection Corporation;
21
22 h. Misrepresenting how Safeguard Metals and its sales
23 representatives and agents were compensated by misrepresenting
24 to investors that the only compensation received by Safeguard
25 Metals was by taking a small commission when customers sold
26
27
28

1 their coins, when in fact Safeguard Metals charged high markups
2 on the coins it sold to investors;

- 3 i. Failing to disclose the actual markup to investors—more
4 specifically, stating in Customer Agreements a maximum
5 “operating margin” of 23% prior to 2021, and more recently up to
6 42% during 2021, when in fact Safeguard Metals charged an
7 average markup of 71% prior to 2021, and about 51% during
8 2021;
- 9 j. Misrepresenting to certain investors that Safeguard Metals would
10 invest funds only in gold coins when in fact Safeguard Metals
11 invested most of the victims’ funds in Silver Rose Crown Guinea
12 coins, and then misrepresented to these victims that this was a
13 better investment for them than gold;
- 14 k. Misrepresenting and/or omitting that Safeguard Metals charged
15 fees and/or commissions at every stage of the investment process
16 when setting up the SDIRA, when purchasing gold and silver
17 coins, when processing the precious metals, and when selling
18 and/or liquidating the precious metals held in the SDIRA
19 accounts.
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1 **B. Conclusions of Law**

2 **1. Jurisdiction and Venue**

3 81. This Court has jurisdiction over this action pursuant to Section 6c of the
4 Act, 7 U.S.C. § 13a-1, which provides that whenever it shall appear to the
5 Commission/CFTC that any person has engaged, is engaging, or is about to engage in
6 any act or practice constituting a violation of any provision of the Act or any rule,
7 regulation, or order promulgated thereunder, the Commission/CFTC may bring an
8 action in the proper district court of the United States against such person to enjoin
9 such act or practice, or to enforce compliance with the Act, or any rule, regulation or
10 order thereunder.
11
12

13
14 82. Section 6d(1) of the Act, 7 U.S.C. § 13a-2(1), authorizes the States to
15 bring a suit in the district courts of the United States to seek injunctive and other
16 relief against any person whenever it appears to the Attorneys General and/or
17 Securities Administrator of a State, or such other official that a State may designate,
18 that the interests of the residents of the State have been, are being, or may be
19 threatened or adversely affected because of violations of the Act or CFTC
20 Regulations.
21
22

23 83. Venue properly lies with this Court pursuant to Section 6c(e) of the Act,
24 7 U.S.C. § 13a-1(e), because the Defendants reside in this jurisdiction and the acts
25 and practices in violation of the Act occurred within this District.
26
27
28

1 **2. Violations of Section 6(c)(1) of the Act, 7 U.S.C. § 9(1), and**
2 **CFTC Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(1)-(3)**
3 **(2022)**

4 84. By the conduct described above, Defendants in connection with a
5 contract of sale of commodities in interstate commerce, intentionally or recklessly:
6 (1) used or employed, or attempted to use or employ, manipulative devices, schemes,
7 or artifices to defraud; (2) made, or attempted to make, any untrue or misleading
8 statements of material fact or omissions of material fact; or (3) engaged, or attempted
9 to engage, in acts, practices, or courses of business, which operated or would have
10 operated as a fraud or deceit upon their customers in violation of 7 U.S.C. § 9(1) and
11 17 C.F.R. 180.1(a)(1)-(3) (2022).
12

13
14 85. Ikahn controlled Safeguard Metals, directly or indirectly, and did not act
15 in good faith or knowingly induced, directly or indirectly, Defendant Safeguard
16 Metals' act or acts in violation of the Act and/or Regulations; therefore, pursuant to
17 Section 13(b) of the Act, 7 U.S.C. § 13c(b), Ikahn is liable for Defendant Safeguard
18 Metals' violations of 7 U.S.C. § 9(1) and 17 C.F.R. 180.1(a)(1)-(3) (2022).
19
20

21 86. The foregoing acts, omissions, and failures of Ikahn occurred within the
22 scope of his employment, office, or agency with Defendant Safeguard Metals;
23 therefore, pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B), and
24 Regulation 1.2, 17 C.F.R. § 1.2 (2022), Defendant Safeguard Metals is liable for
25 Ikahn's acts, omissions, and failures in violation of 7 U.S.C. § 9(1) and 17 C.F.R.
26 180.1(a)(1)-(3) (2022).
27
28

3. State Law Violations

1
2 87. By the conduct described above, Defendants violated various State laws
3 prohibiting: (1) unlicensed investment advice; (2) investment advisers from
4 employing a device, scheme or artifice to defraud or engaging in an act, practice, or
5 course of business that operates or would operate as a fraud or deceit; (3) making
6 material misrepresentations or omissions in connection with the offer, purchase, or
7 sale of securities; (4) making material misrepresentations or omissions in connection
8 with the offer, purchase, or sale of commodities; (5) employing any artifice, or
9 scheme to defraud in connection with the offer, purchase, or sale of commodities; and
10 (6) financial exploitation of the elderly in violation of the following:

- 14 a. Ala. Code §§ 8-6-3(b) and (c), 8-6-17(b)(2), 8-6-17(a)(2), and
15 13A-6-195 (1975);
- 17 b. Ark. Code Ann. §§ 23-42-301 and 23-42-307(a)(2);
- 18 c. Cal. Corp. Code §§ 25230, 25235, and 29536;
- 20 d. Conn. Gen. Stat. §§ 36b-6(c)(1), 36b-6(c)(2), 36b-5(a), 36b-5(f),
21 and 36b-4(a);
- 22 e. Fla. Stat. §§ 517.275 and 517.12(4);
- 24 f. Idaho Code §§ 30-14-403, 30-14-502, and 30-1506;
- 25 g. 815 ILCS 5, § 8.A, 12.C and 12.D, 815 ILCS 5, § 12.J;
- 26 h. Ky. Rev. Stat. § 292.330(8);

- 1 i. Md. Code, Corps. & Assn’s §§ 11-401(b)(1), 11-402(b)(1), 11-
2 301, 11-302 and COMAR 02.02.05.03;
- 3 j. Miss. Code Ann. §§ 75-71-403 to 75-71-404, 75-71-501(1)-(3)
4 and § 75-71-502(a), and 75-89-13;
- 5 k. Mo. Rev. Stat. §§ 409.4-403 and 409.810;
- 6 l. N.M. Stat. Ann. § 58-13C-502(A)(2) (1978), NMAC Rules
7 12.11.7.13(A)(L)(Q) & (R);
- 8 m. N.C. Gen. Stat. §§ 78A-8, 78C-16, and 78C-8;
- 9 n. Ohio Rev. Code Ann. §§ 1707.44(A)(1), 1707.44(G),
10 1707.44(B)(4), 1707.44(B)(4);
- 11 o. Okla. Stat. tit. Sess. 71, §§ 1-403(A), 1-403(D), 1-501, and 1-
12 502(A);
- 13 p. S.C. Code Ann. §§ 35-1-403 to 35-1-404, 35-1-501(1)-(3) and
14 § 35-1-502(a), 39-73-20, 39-73-60(1)-(4);
- 15 q. Utah Code Ann. §§ 61-1-1 and 61-1-2, and 61-1-3(3); and
- 16 r. 9 V.S.A. §§ 5403, 5404, 5501(1), 5501(2), and 5603(b)(2)(C)
17 (collectively, the “State Laws and Regulations”)

18 88. The facts, misrepresentations, and omissions described above are
19 material because there is a substantial likelihood that a reasonable investor would
20 consider them important in deciding whether to sell securities and/or invest in the
21 coins sold by Safeguard Metals.
22

1 89. By the conduct described above, Ikahn controlled Safeguard Metals,
2 directly or indirectly, and substantially assisted Safeguard Metals’ act or acts in
3 violation of the various State Laws and Regulations; this conduct was not undertaken
4 in good faith or was willful, or was knowing. Therefore, Ikahn is liable for Safeguard
5 Metals’ violations of the State Laws and Regulations.
6

7 90. Unless restrained and enjoined by this Court, there is a reasonable
8 likelihood that Defendants will continue to engage in the acts and practices alleged in
9 the Complaint and in similar acts and practices in violation of the Act and
10 Regulations and the State Laws and Regulations.
11

12 **PERMANENT INJUNCTION**
13

14 **IT IS HEREBY ORDERED THAT:**

15 91. Based upon and in connection with the foregoing conduct, pursuant to
16 Section 6c of the Act, 7 U.S.C. § 13a-1, Defendants are permanently restrained,
17 enjoined and prohibited from directly or indirectly:
18

- 19 a. in connection with any contract of sale of any commodity in interstate
20 commerce, intentionally or recklessly: (1) using or employing, or
21 attempting to use or employ, manipulative devices, schemes, or artifices
22 to defraud; (2) making, or attempting to make, any untrue or misleading
23 statements of material fact or omissions of material fact; or (3) engaging,
24 or attempting to engage, in acts, practices, or courses of business, which
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1 operate or would operate as a fraud or deceit upon any person, in
2 violation of 7 U.S.C. § 9(1) and 17 C.F.R. 180.1(a)(1)-(3) (2022).

3 92. Based upon and in connection with the foregoing conduct, pursuant to
4 the laws of the States, Defendants are also permanently restrained, enjoined and
5 prohibited from directly or indirectly engaging in any conduct in violation of the
6 State Laws and Regulations described in paragraph 87.

7
8 93. Defendants are also permanently restrained, enjoined and prohibited
9 from directly or indirectly:

- 10
11 a. Trading on or subject to the rules of any registered entity (as that term is
12 defined in Section 1a(40) of the Act, 7 U.S.C. § 1a(40));
- 13
14 b. Entering into any transactions involving “commodity interests” (as that
15 term is defined in Regulation 1.3, 17 C.F.R. § 1.3 (2022), or Precious
16 Metals that are commodities (as that term is defined herein), for accounts
17 held in the name of any Defendant or for any account in which any
18 Defendant has a direct or indirect interest;
- 19
20 c. Having any commodity interests, or Precious Metals that are
21 commodities, traded on any Defendant’s behalf;
- 22
23 d. Controlling or directing the trading for or on behalf of any other person
24 or entity, whether by power of attorney or otherwise, in any account
25 involving commodity interests or Precious Metals that are commodities;
- 26
27
28

- 1 e. Soliciting, receiving or accepting any funds from any person for the
- 2 purpose of purchasing or selling any commodity interests or Precious
- 3 Metals that are commodities;
- 4
- 5 f. Applying for registration or claiming exemption from registration with
- 6 the CFTC in any capacity, and engaging in any activity requiring such
- 7 registration or exemption from registration with the CFTC, except as
- 8 provided for in Regulation 4.14(a)(9), 17 C.F.R. § 4.14(a)(9) (2022);
- 9 and/or
- 10
- 11 g. Acting as a principal (as that term is defined in Regulation 3.1(a),
- 12 17 C.F.R. § 3.1(a) (2022)), agent or any other officer or employee of any
- 13 person (as that term is defined in 7 U.S.C. § 1a(38)), registered,
- 14 exempted from registration or required to be registered with the CFTC
- 15 except as provided for in 17 C.F.R. § 4.14(a)(9).
- 16
- 17

18 **STATE BAR ORDERS**

19 94. Defendants consent, without admitting or denying the allegations to be

20 contained therein, to the publication of this Consent Order or to the entry of an

21 administrative order by the States that ban or bar Defendants from participation in the

22 commodities or securities industries, including, but not limited to, any position of

23 employment, management, or control of any broker dealer, investment advisor, or

24 commodity advisor.

25

26

27 95. With respect to the States of Alabama, Arizona, California, Connecticut,

28

1 Florida, Idaho, Illinois, Kentucky, Maryland, Mississippi, Missouri, North Carolina,
2 Ohio, Oklahoma, Utah, and Vermont, the Defendants consent and agree to the
3 issuance of administrative bar orders in the form set forth in Attachment 1 to this
4 Order.
5

6 96. With respect to the States of Arkansas, New York, and South Carolina:

- 7
- 8 a. IT IS HEREBY ORDERED THAT in the State of Arkansas, pursuant to Ark.
9 Code Ann. § 23-42-209(c), cease and desist from further violations of the
10 Arkansas Securities Act and Rules of the Arkansas Securities Commissioner;
11 waive rights to apply and, consequently, agree to never apply for registration
12 in Arkansas with the Arkansas Securities Department in any capacity,
13 including, but not limited to, as an investment adviser, investment adviser
14 representative, broker-dealer, broker-dealer agent, or agent of an issuer, and
15 to never serve in a position of employment, management, or control with or
16 for any investment adviser, broker-dealer, issuer, or commodity adviser
17 pursuant to the Act.
- 18 b. IT IS HEREBY ORDERED THAT in the State of New York, Defendants are
19 permanently enjoined from engaging in any business related to the offer,
20 issuance, exchange, purchase, sale, promotion, negotiation, advertisement,
21 investment advice or distribution of securities or commodities, including any
22 cryptocurrencies or digital assets, within or from New York State; and that
23 Defendant Ikahn is permanently enjoined from serving as an officer or
24 director of any company doing business in New York State.
- 25 c. IT IS HEREBY ORDERED THAT in the State of South Carolina,
26 Defendants are barred from acting as an IA, and IAR, broker dealer, or agent
27 in the connection with the offer, sale, or purchase of any security, directly or
28 indirectly; and barred from selling commodities when not registered with the
CFTC as a futures commission merchant or as a leverage transaction
merchant, the Securities and Exchange Commission (“SEC”) as a broker-
dealer, or as an otherwise exempt entity.

97. Defendants consent to waive the right to any notice or hearings, and to
any reconsideration, appeal, or other right to review which may be afforded by the

1 applicable laws of the States, with full knowledge of their rights, voluntarily waive
2 the right to an adjudicative hearing in accordance with applicable state laws, as well
3 as any other appeal rights found therein. Defendants waive the issuance, lawful
4 service and receipt of any notice of allegations and charges against Defendants and
5 stipulate to the jurisdiction of the state securities regulators in Alabama, Arizona,
6 Arkansas, California, Connecticut, Florida, Idaho, Illinois, Kentucky, Maryland,
7 Mississippi, Missouri, New York, North Carolina, Ohio, Oklahoma, South Carolina,
8 Utah, and Vermont.

11 98. After being fully and adequately apprised of the right to appeal as set
12 forth in applicable state laws, Defendants knowingly and voluntarily consent to waive
13 the right to any notice or hearings, and to any reconsideration, appeal, or other right
14 to review which may be afforded by the applicable laws of Alabama, Arizona,
15 Arkansas, California, Connecticut, Florida, Idaho, Illinois, Kentucky, Maryland,
16 Mississippi, Missouri, New York, North Carolina, Ohio, Oklahoma, South Carolina,
17 Utah, and/or Vermont. Defendants expressly waive any requirement for the filing of a
18 pleading or accusation. By waiving such rights, Defendants consent to the
19 administrative orders filed by the States that are states referenced in this and the
20 preceding paragraph becoming final.

25 **STATUTORY AND EQUITABLE RELIEF**

26 99. The Defendants, CFTC, and the States do not currently seek other
27 specific statutory and equitable relief herein aside from the Permanent Injunctive
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1 Relief and State Bar Orders described above. Rather, the Defendants, CFTC, and the
2 States consent to the following future procedures regarding the calculation of such
3 other statutory and equitable relief.
4

5 100. Upon motion by the CFTC or the States to either: (1) confirm an
6 agreement reached between the Defendants, the CFTC, and the States regarding
7 restitution, disgorgement, and civil monetary penalty to be paid by Defendants; or
8 (2) request the Court to determine the restitution, disgorgement, and civil monetary
9 penalty to be paid by Defendants, the Court shall set a hearing to determine the
10 amount of restitution, disgorgement, and/or civil monetary penalties as well as set
11 forth the procedures for payment and distribution of these monetary sanctions by
12
13 further order.
14

15 101. In connection with any motion filed by the CFTC and/or the States for
16 restitution, disgorgement and/or civil monetary penalties, and at any hearing held on
17 such a motion: (a) Defendants will be precluded from arguing that they did not
18 violate the federal and state laws as alleged in the Complaint; (b) Defendants may not
19 challenge the validity of their consents and agreements herein or this Consent Order;
20 (c) for the purposes of such motion, the allegations of the Complaint and the Findings
21 of Fact and Conclusions of Law in this Consent Order shall be accepted as and
22 deemed true by the Court; and (d) the Court may determine the issues raised in the
23 motion on the basis of affidavits, declarations, excerpts of sworn deposition or
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25 investigative testimony, witness testimony, and documentary evidence, without
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1 regard to the standards for summary judgment contained in Rule 56(c) of the Federal
2 Rules of Civil Procedure. In connection with a motion filed by the CFTC and/or the
3 States for restitution, disgorgement and/or civil monetary penalties, the parties may
4 take discovery, including discovery from appropriate non-parties.
5

6 102. Defendants shall cooperate fully and expeditiously with the CFTC
7 and/or the States, including the CFTC's Division of Enforcement, in this action, and
8 in any current or future investigation by the CFTC or the States related to the subject
9 matter of this action. As part of such cooperation, Defendants shall comply, to the
10 full extent of their abilities, promptly and truthfully with any inquiries or requests for
11 information including but not limited to, requests for production of documents and
12 authentication of documents; and shall provide assistance at any trial, proceeding, or
13 investigation related to the subject matter of this action, including but not limited to,
14 requests for testimony, depositions, and/or interviews. Should the CFTC or the States
15 file any additional action(s) related to the subject matter of this action, Defendants are
16 directed to appear in the judicial district in which such action(s) is pending, or in a
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1 suitable judicial district agreed to by the parties, to provide deposition testimony and
2 trial testimony should such testimony be necessary.

3 103. Defendants shall also cooperate in any investigation, civil litigation, or
4 administrative matter related to, or arising from, this action.
5

6 **MISCELLANEOUS PROVISIONS**

7 104. Until such time as Defendants satisfy in full their restitution,
8 disgorgement, and/or civil monetary penalty obligations that may be imposed in this
9 action, upon the commencement by or against Defendants of insolvency, receivership
10 or bankruptcy proceedings or any other proceedings for the settlement of Defendants'
11 debts, all notices to creditors required to be furnished to the CFTC under Title 11 of
12 the United States Code or other applicable law with respect to such insolvency,
13 receivership, bankruptcy or other proceedings, shall be sent to the address below:
14
15

16 Secretary of the Commission
17 Legal Division
18 Commodity Futures Trading Commission
19 Three Lafayette Centre
20 1155 21st Street N.W.
21 Washington, DC 20581

22 All notices required to be sent to the States shall be sent to their counsel of
23 record in these proceedings.

24 105. Notice: All notices required to be given by any provision in this Consent
25 Order, except as set forth in the preceding paragraph, shall be sent certified mail, return
26 receipt requested, as follows:
27

1 a. Notice to CFTC, which shall reference the name and docket
2 number of this action:

3 Charles Marvine
4 Deputy Director
5 2600 Grand Boulevard, Suite 210
6 Kansas City, MO 64108

7 b. Notice to States is required to be sent to the respective counsel of
8 record for the States in these proceedings.

9 c. Notice to Defendants Safeguard Metals and Ikahn:

10 Paul A. Rigali
11 Larson LLP
12 555 S. Flower Street, Suite 4400
13 Los Angeles, California 90071

14
15 106. Entire Agreement and Amendments: This Consent Order incorporates
16 all of the terms and conditions of the settlement among the parties hereto to date.

17 Nothing shall serve to amend or modify this Consent Order in any respect
18 whatsoever, unless: (a) reduced to writing; (b) signed by all parties hereto; and
19 (c) approved by order of this Court.

20
21 107. Invalidation: If any provision of this Consent Order or if the application
22 of any provision or circumstance is held invalid, then the remainder of this Consent
23

1 Order and the application of the provision to any other person or circumstance shall
2 not be affected by the holding.

3 108. Waiver: The failure of any party to this Consent Order or of any
4 customer at any time to require performance of any provision of this Consent Order
5 shall in no manner affect the right of the party or customer at a later time to enforce
6 the same or any other provision of this Consent Order. No waiver in one or more
7 instances of the breach of any provision contained in this Consent Order shall be
8 deemed to be or construed as a further or continuing waiver of such breach or waiver
9 of the breach of any other provision of this Consent Order.
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12 109. Continuing Jurisdiction of this Court: This Court shall retain jurisdiction
13 of this action in order to implement and carry out the terms of all orders and decrees,
14 including orders setting the appropriate amounts of restitution, disgorgement, and
15 civil monetary penalty, that may be entered herein, to entertain any suitable
16 application or motion for additional relief within the jurisdiction of the Court, to
17 assure compliance with this Consent Order and for all other purposes relevant to this
18 action, including any motion by Defendants to modify or for relief from the terms of
19 this Consent Order.
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22 110. Injunctive and Equitable Relief Provisions: The injunctive and equitable
23 relief provisions of this Consent Order shall be binding upon the following persons
24 who receive actual notice of this Consent Order, by personal service or otherwise:
25 (1) Defendants; (2) any officer, agent, servant, employee, or attorney of the
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1 Defendants; and (3) any other persons who are in active concert or participation with
2 any persons described in subsections (1) and (2) above.

3 111. Authority: Defendant Ikahn hereby warrants that he is the owner of
4 Defendant Safeguard Metals, that this Consent Order has been duly authorized by
5 Defendant Safeguard Metals, and he has been duly empowered to sign and submit
6 this Consent Order on behalf of Defendant Safeguard Metals.
7

8 112. Counterparts and Facsimile Execution: This Consent Order may be
9 executed in two or more counterparts, all of which shall be considered one and the
10 same agreement and shall become effective when one or more counterparts have been
11 signed by each of the parties hereto and delivered (by facsimile, e-mail, or otherwise)
12 to the other party, it being understood that all parties need not sign the same
13 counterpart. Any counterpart or other signature to this Consent Order that is
14 delivered by any means shall be deemed for all purposes as constituting good and
15 valid execution and delivery by such party of this Consent Order.
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18 113. Enforceability: This Consent Order shall be binding upon Defendants,
19 their parents and affiliates, and their respective successors and assigns with respect to
20 the provisions above and all future obligations, responsibilities, undertakings,
21 commitments, limitations, restrictions, events, and conditions.
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24 114. Defendants agree that, for the purposes of exceptions to discharge set
25 forth in Sections 523, 1141(d)(6), and 1192 of the Bankruptcy Code, 11 U.S.C.
26 §§ 523; 1141(d)(6); 1192, the findings in this Consent Order are true and admitted
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1 and any debt for disgorgement, prejudgment interest, civil penalty, or any other
2 amounts due by Defendants under this Consent Order or any other judgment, order,
3 consent order, decree, or settlement agreement entered in connection with this
4 proceeding, is a debt for violation of state securities laws, including but not limited to
5 securities fraud, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C.
6 §523(a)(19), and Section 523(a)(2) of the Bankruptcy Code, 11 U.S.C. §523(a)(2),
7 and incorporated by reference under Section 1192 of the Bankruptcy Code, 11 U.S.C.
8 § 1192.

11 115. Defendants understand that the terms of the Consent Order are
12 enforceable through contempt proceedings, and that, in any such proceedings, they
13 may not challenge the validity of this Consent Order.

15 116. Agreements and Undertakings: Defendants shall comply with all of the
16 undertakings and agreements set forth in this Consent Order.

18 There being no just reason for delay, the Clerk of the Court is hereby directed
19 to enter this *Consent Order of Permanent Injunction and Other Statutory and*
20 *Equitable Relief Against Defendants*.

23 **IT IS SO ORDERED** on this 20th day of October 2023.

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26 **John F. Walter,**
27 **UNITED STATES DISTRICT JUDGE**

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CONSENTED TO AND APPROVED BY:



Safeguard Metals LLC
By: Jeffrey Ikahn

Date: 7/25/2023



Jeffrey Ikahn (a/k/a Jeffrey S. Santulan
and Jeff Hill), individually
Date: 7/25/2023

/s/ Paul M. Flucke
Jeffrey Le Riche – Chief Trial Attorney
Paul M. Flucke – Trial Attorney
Commodity Futures Trading
Commission
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Facsimile: (816) 960-7751
jleriche@cftc.gov
pflucke@cftc.gov

Date: 10/16/2023

Approved as to form:



Larson LLP

Paul A. Rigali

1 Jerry A. Behnke
2 Catherine S. Owens
3 Chloe N. Coleman

4 Date: 7/26/2023

5 *Attorneys for Defendants Safeguard*
6 *Metals LLC and Jeffrey Ikahn*

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/s/ Kelly Suk
Kelly Suk

Date: 8/14/2023

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- State of Florida*
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- State of Iowa*
- Commonwealth of Kentucky*
- State of Missouri*
- State of New Mexico*
- State of Oklahoma*
- State of South Carolina*
- State of South Dakota*
- State of Tennessee*
- State of Utah*
- State of Vermont*
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FOR THE STATE OF NORTH CAROLINA

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*Counsel for Ohio Department of Commerce,
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FOR THE STATE OF OREGON

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Department of Consumer and Business
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By: /s/ TK Keen
TK Keen, Administrator
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Certification Pursuant to Local Rule 5-4.3.4(a)(2)(i)

Pursuant to Local Rule 5-4.3.4(a)(2)(i), signatories hereby do attest that all signatories listed, and on whose behalf the filing is submitted, concur in the filing’s content and have authorized the filing.

Dated: October 16, 2023

COMMODITY FUTURES TRADING
COMMISSION

By: /s/ Paul M. Flucke
Paul M. Flucke

Attorney for Plaintiff
COMMODITY FUTURES TRADING
COMMISSION