



Commonwealth of Kentucky
Public Protection Cabinet
Department of Financial Institutions

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PRECIOUS METALS SCHEME TARGETS ELDERLY
DEPARTMENT OF FINANCIAL INSTITUTIONS PARTNERS WITH CFTC AND 26
STATES TO STOP \$68 MILLION SCHEME

FRANKFORT, Ky. (Feb. 3, 2022) – The Kentucky Department of Financial Institutions (DFI) announced today that it has joined the Commodity Futures Trading Commission (CFTC) and 26 other states in a coordinated enforcement action. The agencies acted to stop a fraudulent precious metals scheme targeting elderly investors. Nationwide, at least 450 people invested more than \$68 million in the scheme.

“Nine Kentuckians lost \$616,248 to this scheme, including at least four retirees,” said Gov. Andy Beshear. “The victims thought they were investing their retirement funds to provide for future needs. In reality, they were caught up in yet another investment fraud, which have increased significantly during the pandemic.”

DFI, CFTC and other state securities regulators filed a complaint in the U.S. District Court for the Central District of California alleging Safeguard Metals LLC and Jeffrey Santulan, also known as Jeffrey Hill, solicited investors nationwide by touting precious metals at grossly inflated prices that were not disclosed.

“This is one of many large-scale precious metals investment schemes we’ve tried to stop since the pandemic began, and we are investigating other similar cases,” said Marni R. Gibson, director of DFI’s Division of Securities. “As the market continues to fluctuate, we expect to see more fraudsters attempting to capitalize on investors’ uncertainty and using fear to manipulate people out of their hard-earned money.”

Gibson advises investors to be particularly cautious when purchasing precious metals and to check for outrageously high commissions, spreads or markups as high as 30 to 70 percent.

The investors in this case were advised to liquidate their holdings at registered investment firms to buy precious metals, bullion, and bullion coins through self-directed individual retirement accounts. Self-directed IRAs should not be confused with traditional IRAs or other retirement vehicles.

“We expect to see more precious metals investment schemes,” said Chad K. Harlan, branch manager of DFI’s Securities Enforcement Branch. “Investors should check the registration of all investment products and professionals; diligently research investments; and ask tough questions about the fees, markups or spreads, risks, and potential returns. If the answers seem too good to be true or don’t make sense, protect your wallet by just walking away.”

The defendants are accused of failing to disclose the markup charge for their precious metals bullion products and that investors could lose most of their funds once a transaction was completed. In many cases, the market value of the precious metals sold to investors was substantially lower than the value of the securities and other retirement savings investors liquidated to buy them.

Investors should contact DFI’s Division of Securities if they suspect they have been targeted by similar precious metals investment schemes. Please contact the Enforcement Branch at 502-573-3390 or kfi@ky.gov.

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DFI, <http://kfi.ky.gov>, is an agency in the Public Protection Cabinet. For more than 100 years, it has supervised the financial services industry by examining, chartering, licensing and registering various financial institutions, securities firms and professionals operating in Kentucky. DFI’s mission is to serve Kentucky residents by promoting access to a stable financial industry, implementing effective and efficient regulatory oversight, enforcing consumer protections, encouraging economic opportunities and encouraging sound financial decisions through financial empowerment programs.