



Herbert H. Slatery III Attorney General & Reporter

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TN ATTORNEY GENERAL, COMMERCE & INSURANCE JOIN CFTC TO STOP \$68 MILLION PRECIOUS METALS SCHEME

Nashville- The Tennessee Attorney General's Office and the Tennessee Department of Commerce & Insurance (TDCI) are participating in a consolidated enforcement action to stop a fraudulent precious metals scheme that resulted in solicitations exceeding \$68 million from at least 450 investors nationwide.

The Tennessee Attorney General's Office- on behalf of the TDCI- joined the U.S. Commodity Futures Trading Commission (CFTC), and 26 other state securities regulators to file a complaint in the United States District Court for the Central District of California alleging Safeguard Metals, LLC and Jeffrey Santulan, AKA Jeffrey Hill, solicited investors nationwide by touting precious metals at grossly inflated prices that were not disclosed.

The investors in this case were advised to liquidate their holdings at registered investment firms to fund investments in 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.

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 had liquidated to fund their purchase.

In Tennessee, nine investors were defrauded out of **\$2,123,014.70** in the execution of this national scheme. Many Tennessee investors liquidated their existing retirement accounts, which contained securities, to obtain funds to purchase the metals.

"Don't fall for this. It's another nationwide scheme that is causing many people- especially our seniors- to lose their retirement funds," said Tennessee Attorney General Herbert H. Slatery III. "Our Office will do whatever is necessary to enforce our securities laws and get funds like these back to victims."

"This is one of many large-scale precious metals investment schemes we've endeavored to stop since the pandemic began and we are investigating numerous more precious metals investment companies on similar allegations. To prevent any further damages, investors are advised 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," said TDCI Assistant Commissioner for the Securities Division Elizabeth Bowling. "As the market continues to fluctuate, we anticipate seeing more fraudsters capitalize on investors' uncertainty and use fear to manipulate good people out of their hard-earned money."

"In expectation of additional precious metals investment schemes, investors are advised to check the registration of all investment products and professionals, diligently research investments, ask tough questions about the fees, markups or spreads, risks, and potential returns," said Director of the Securities



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Division Financial Services Investigation Unit Michelle Stone. “If the answers seem too good to be true, or don’t make sense, protect your wallet by just walking away.”

To prevent any further loss, investors are advised to:

- Exercise caution when purchasing precious metals and to check for outrageously high commissions, spreads or markups as high as 30 to 70 percent.
- Verify the registration of all investment products and professionals, diligently research investments, ask tough questions about the fees, markups or spreads, risks, and potential returns.

The Tennessee Attorney General’s Office encourages investors who suspect they may have been targeted to contact the Securities Division Financial Services Investigations/Enforcement Section at (615) 741-5900.

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