

Note Changes by Court

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

COMMODITY FUTURES TRADING
COMMISSION, et al.,

Plaintiffs,

vs.

SAFEGUARD METALS LLC AND
JEFFREY SANTULAN a/k/a JEFFREY
HILL,

Defendants.

Case No. 2:22-cv-00691-JFW-SKx
Hon. John F. Walter Crtrm 7A

**STATEMENT OF DECISION
GRANTING PLAINTIFFS' MOTION
FOR RESTITUTION AND A CIVIL
MONETARY PENALTY AGAINST
DEFENDANTS**

1 Before the Court is Plaintiff Commodity Futures Trading Commission
2 (“CFTC”) and Plaintiffs Alabama Securities Commission (“State of Alabama”),
3 Arizona Corporation Commission (“State of Arizona”), Arkansas Securities
4 Department (“State of Arkansas”), California Department of Financial Protection &
5 Innovation (“State of California”), State of Connecticut Department of Banking
6 (“State of Connecticut”), State of Florida, Office of Financial Regulation (“State of
7 Florida”), State of Hawaii, Department of Commerce and Consumer Affairs (“State of
8 Hawaii”), Idaho Department of Finance (“State of Idaho”), Office of the Secretary of
9 State, Illinois Securities Department (“State of Illinois”), Indiana Securities Division
10 (“State of Indiana”), Iowa Insurance Commissioner Douglas M. Ommen (“State of
11 Iowa”), Kentucky Department of Financial Institutions (“Commonwealth of
12 Kentucky”), State of Maryland Ex Rel the Maryland Securities Commissioner (“State
13 of Maryland”), Attorney General Dana Nessel on Behalf of the People of the State of
14 Michigan (“People of the State of Michigan”), Mississippi Secretary of State (“State
15 of Mississippi”), Missouri Commissioner of Securities (“State of Missouri”),
16 Nebraska Department of Banking & Finance (“State of Nebraska”), Securities
17 Division New Mexico Regulation and Licensing Department (“State of New
18 Mexico”), The People of the State of New York by Letitia James, Attorney General of
19 the State of New York (“State of New York”), North Carolina Department of the
20 Secretary of State (“State of North Carolina”), Ohio Department of Commerce,
21 Division of Securities (“State of Ohio”), Oklahoma Department of Securities (“State

1 of Oklahoma”), State of Oregon, by and through its Department of Consumer and
2 Business Services and Attorney General Dan Rayfield (“State of Oregon”), State of
3 South Carolina, by and through Alan Wilson, South Carolina Attorney General (“State
4 of South Carolina”), South Dakota Department of Labor & Regulation (“State of
5 South Dakota”), Commissioner of the Tennessee Department of Commerce and
6 Insurance (“State of Tennessee”), Utah Division of Securities (“State of Utah”),
7 Vermont Department of Financial Regulation (“State of Vermont”), Washington State
8 Department of Financial Institutions (“State of Washington”), and the State of
9 Wisconsin’s (“State of Wisconsin”) (collectively “the States”) Motion for Restitution
10 and a Civil Monetary Penalty (“Motion”) Against Defendants Safeguard Metals LLC
11 (“Safeguard Metals”) and Jeffrey Ikahn (a/k/a Jeffrey S. Santulan and Jeff Hill)
12 (“Ikahn”) (collectively “Defendants”) (ECF 235). For the reasons set forth below,
13 Plaintiffs’ Motion is **GRANTED**.

14 **FACTUAL AND PROCEDURAL BACKGROUND**

15 On February 1, 2022, the CFTC and the States filed a Complaint alleging
16 Defendants engaged in a scheme to defraud people throughout the United States from
17 October 2017 through at least July 2021 (the “Relevant Period”).¹ The Complaint
18 alleged that Defendants engaged in a fraudulent and deceptive scheme that involved

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27 ¹ Plaintiffs filed a First Amended Complaint on May 5, 2022 (ECF 104), and a Second
28 Amended Complaint on September 6, 2023 (ECF 195), which along with the initial
Complaint (ECF 1), are collectively defined herein as the “Complaint”.

1 material misrepresentations to target and persuade at least 450 mostly elderly or
2 retirement-aged persons to liquidate existing retirement accounts in order to invest
3 approximately \$68 million in vastly overpriced precious metals coins. (ECF 195, ¶¶
4 1-8). The Complaint charged Defendants with committing fraud in violation of
5 Section 6(c)(1) of the Commodity Exchange Act (“Act”), 7 U.S.C. § 9(1), and
6 Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(1)-(3) (2025) as well as various state
7 laws. (ECF 195, Count 1 ¶¶ 86-91, Counts 3 to 56 ¶¶ 97-399).

10 Pursuant to the Consent Order of Permanent Injunction and Other Statutory and
11 Equitable Relief Against Defendants (“Consent Order”) (ECF 201), the parties agreed,
12 and the Court ordered that Defendants are liable in this proceeding for all violations of
13 the Act, Regulations, and various state laws alleged in the Complaint. Specifically,
14 Defendants consented to liability for violations of Section 6(c)(1) of the Act, 7 U.S.C.
15 § 9(1), and Regulation 180.1(a)(1)-(3), 17 C.F.R. § 180.1(a)(1)-(3) (2025) and agreed
16 to findings entered by the Court that they:

17 in connection with a contract of sale of commodities in interstate
18 commerce, intentionally or recklessly: (1) used or employed, or
19 attempted to use or employ, manipulative devices, schemes, or artifices
20 to defraud; (2) made, or attempted to make, any untrue or misleading
21 statements of material fact or omissions of material fact; or (3) engaged,
22 or attempted to engage, in acts, practices, or courses of business, which
23 operated or would have operated as a fraud or deceit upon their
24 customers;

25 (ECF 201, ¶ 84), and violated various state laws prohibiting:

26 (1) unlicensed investment advice; (2) investment advisers from
27 employing a device, scheme or artifice to defraud or engaging in an act,
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1 practice, or course of business that operates or would operate as a fraud
2 or deceit; (3) making material misrepresentations or omissions in
3 connection with the offer, purchase, or sale of securities; (4) making
4 material misrepresentations or omissions in connection with the offer,
5 purchase, or sale of commodities; (5) employing any artifice, or scheme
6 to defraud in connection with the offer, purchase, or sale of commodities;
7 and (6) financial exploitation of the elderly.

8 (ECF 201, ¶ 87).

9 The Consent Order also permanently enjoined Defendants from, among other
10 things, violating the Act or Regulations and various state laws that were the subject of
11 the Complaint. (ECF 201, ¶¶ 91-98). The Consent Order reserved the issues of
12 necessary relief pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, as well as
13 pursuant to the applicable laws of the States, regarding restitution for Defendants'
14 defrauded investors and appropriate civil monetary penalties to be assessed against
15 Defendants for further determination by this Court upon motion of the CFTC or the
16 States. (ECF 201, ¶¶ 16, 100).

17 Defendants further agreed that in connection with any motion for restitution,
18 disgorgement and/or civil monetary penalties, and at any hearing held on such a
19 motion that the allegations of the Complaint and the Findings of Fact and Conclusions
20 of Law in the Consent Order shall be accepted as and deemed true by the Court, and
21 the Court may determine the issues raised in the motion on the basis of affidavits,
22 declarations, excerpts of sworn deposition or investigative testimony, witness
23 testimony, and documentary evidence, without regard to the standards for summary
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1 judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. (ECF 201,
2 ¶ 101).

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4 Pursuant to the Consent Order, Ikahn is liable as a control person of Safeguard
5 Metals for its violations of 7 U.S.C. § 9(1) and 17 C.F.R. 180.1(a)(1)-(3) (2025)
6 because Ikahn controlled Safeguard Metals, directly or indirectly, and did not act in
7 good faith or knowingly induced, directly or indirectly, the acts of Safeguard Metals
8 in violation of the Act and Regulations. (ECF 201 at ¶ 85). Safeguard Metals is liable
9 for Ikahn's acts, omissions, and failures in violation of 7 U.S.C. § 9(1) and 17 C.F.R.
10 180.1(a)(1)-(3) (2025) because Ikahn's acts, omissions, and failures occurred within
11 the scope of his employment, office, or agency with Safeguard Metals. (ECF 201 at ¶
12 86).

13 14 15 16 **DISCUSSION**

17 The Court may determine the appropriate amount of monetary relief without
18 holding a hearing and rely upon affidavits "if the amount claimed is a liquidated sum
19 or capable of mathematical calculation." *See HTS, Inc. v. Boley*, 954 F. Supp. 2d 927,
20 947 (D. Ariz. 2013) (determining appropriate monetary relief in default judgment
21 setting) (quoting *Davis v. Fendler*, 650 F.2d 1154, 1161 (9th Cir. 1981) ("Here, the
22 documentary evidence shows that the amount of the judgment was based on definite
23 figures.")); *see also Million v. Pindernation Holdings LLC*, 2023 WL 2813684, *5 (D.
24 Ariz. April 5, 2023) (finding that "the requested damages are capable of mathematical
25 calculation as they are comprised of hours worked by Million, the amount in pay he
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1 was entitled to receive, and statutory multipliers”). All monetary relief sought by
2 Plaintiffs has been substantiated and referenced in prior filings in this case as well as
3 in the Court’s May 2, 2025, Decision Granting Plaintiff’s Motion for Remedies
4 (“Decision on SEC Remedies”) entered in *SEC v. Safeguard Metals LLC and Jeffrey*
5 *Ikahn*, Case No. 2:22-cv-00693-JFW-SK (C.D. Cal.) (the “SEC Action”) (ECF 69 in
6 SEC Action).
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9 **A. Defendants Are Ordered to Pay Restitution.**

10 Section 6c(d)(3) of the Act, authorizes the Court to impose equitable remedies
11 for violations of the Act and Regulations, including “restitution to persons who have
12 sustained losses proximately caused by such violation (in the amount of such losses).”
13 7 U.S.C. § 13a-1(d)(3); *see also* 7 U.S.C. § 13a-2 (permitting “damages on behalf of
14 their residents, or to obtain such further and other relief as the court may deem
15 appropriate”).² “The purpose of restitution is to restore the status quo and return the
16 parties to the positions they occupied before the transactions at issue occurred.” *CFTC*
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21 ² Additionally, the Court may order restitution for Defendants’ violations of state
22 laws, *see e.g.*, Code of Alabama (1975), Ala. Code § 8-6-16(b); Arkansas Code Ann.
23 § 23-42-209(b)(4); Cal. Corp. Code §§ 25530 & 29540; Conn. Gen. Stat. §§ 36b-
24 27(b) and (c) & 36b-27(d)(1) and (2); Florida Statute § 517.191(3) and (4); Idaho
25 Code § 30-14-603(b)(2); Illinois Securities Law, 815 ILCS § 5/11(E)(4); Kentucky,
26 K.R.S. 292.500(14) and (18) & K.R.S. 292.470(2); Maryland Securities Act, Md.
27 Code, Corps. & Assn’s § 11-702(b); Mississippi Code Annotated § 75-71-604(a)(3);
28 Missouri Revised Statutes § 409.6-604(d); New Mexico Statute, NMSA 1978, § 58-
13C-603; North Carolina Securities Act, N.C.G.S. §§ 78A-47, 78C-28, and 78D-23;
Ohio Securities Act, O.R.C. §§ 1707.261 & 1707.26; South Carolina Code Ann. § 35-
1-603(b); Utah Code Ann. § 61-1-20; Vermont Statutes, 9 V.S.A. 5403(a) and
5404(a), 5501(1) and (2), & 5603(b)(2)(C).

1 *v. Driver*, 877 F. Supp. 2d 968, 981 (C.D. Cal. 2012) (citing *Porter v. Warner Holding*
2 *Co.*, 328 U.S. 395, 402 (1946)), *aff'd*, 585 F. App'x 366 (9th Cir. 2014).

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4 Proof of an investor's individual reliance typically is required to obtain
5 restitution. *Id.* The Ninth Circuit, however, "has held that reliance may be presumed
6 in some enforcement cases of pervasive or widespread misrepresentation." *Id.* (citing
7 *FTC v. Figgie Intern., Inc.*, 994 F.2d 595, 606 (9th Cir. 1993)). In *Figgie*, the Ninth
8 Circuit explained that the statutes that government agencies enforce "serve[] a public
9 purpose by authorizing the Commission to seek redress on behalf of injured
10 consumers. Requiring proof of subjective reliance by each individual consumer
11 would thwart effective prosecutions of large consumer redress actions and frustrate
12 the statutory goals" of these remedial statutes. *Id.* (citations omitted); *see also CFTC*
13 *v. Hunter Wise Commodities, LLC*, 21 F. Supp. 3d 1317, 1352 (S.D. Fla. 2014)
14 (finding that the "systematic and pervasive nature of Hunter Wise's fraud necessitates
15 restitution not only for the retail customers who testified to those losses they sustained
16 due to Hunter Wise's scheme, but for all of Hunter Wise's customers as well"). Put
17 another way, to obtain restitution, the Commission need not show individualized
18 reliance as long as the "misrepresentations or omissions were of a kind that reasonable
19 and prudent purchasers rely on." *See, e.g., FTC v. Munoz*, 17 Fed. App'x 624, 626
20 (9th Cir. 2001); *see also FTC v. American Screening, LLC*, 105 F.4th 1098, 1103 (8th
21 Cir. 2024) (explaining that individualized reliance would "frustrate the public
22 purposes of the FTC action...").
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1 In this case, investor reliance is met because Defendants systematically and
2 widely disseminated material misrepresentations and failed to communicate material
3 facts to customers and systematically, fraudulently overcharged Safeguard Metals’
4 customers for the precious metals they sold. Moreover, the misrepresentations and
5 omissions here were of a kind that reasonably prudent persons would usually rely on.
6

7 For example, Defendants:
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- 9 • published false and misleading information on Safeguard Metals’ website
10 (ECF 201, ¶ 36);
- 11 • operated a call center staffed with sales representatives and those sales
12 representatives followed sales scripts when soliciting customers (ECF 201,
13 ¶¶ 24, 39, 40);
- 14 • instructed sales representatives to “employ fraudulent solicitations designed
15 to instill fear in elderly and retirement aged investors and other customers.”
16 (ECF 201, ¶¶ 35, 40);
- 17 • failed to disclose to customers the narrow circumstances in which their
18 money market accounts could be suspended and that, in those instances,
19 there is a process that allows investors to recover funds (ECF 201, ¶¶ 44-45);
- 20 • failed to disclose Safeguard Metals’ actual price markup and grossly
21 misrepresented the price markup they would charge customers in Safeguard
22 Metals’ standard customer agreements and during sales confirmation calls.
23 (ECF 201, ¶¶ 47, 49-57); and
- 24 • systematically misrepresented the amount of fees and sales commissions
25 Safeguard Metals charged customers. (ECF 201, ¶¶ 59, 60, 62).

26 In this case, restitution is calculated as the total amount of funds solicited from
27 victims of the fraud by Defendants, less the value of precious metal provided to
28 victims by Defendants at the time of sale. *See Driver*, 877 F. Supp. 2d at 981.

Defendants fraudulently solicited and received \$66,948,960 from customers to sell them fraudulently overpriced precious metals. *See* Decision on SEC Remedies (ECF 69, p.11, in SEC Action). Defendants purchased \$41,379,657 in precious metals from a precious metals wholesaler and transferred custody or control of those metals to Safeguard Metals' customers. *Id.* The difference between those amounts—\$25,569,303—represents Safeguard Metals' customers' losses caused by Defendants' fraudulent scheme and is the correct measure of restitution. *See id.* Defendants shall be jointly and severally liable for this restitution, as each defendant is liable for the acts of the other.³

B. Defendants Are Ordered to Pay a Civil Monetary Penalty.

Conduct that violates core provisions of the Act and Regulations and “where customers have been defrauded of a substantial amount of money,” like Defendants' fraud here, justify high civil monetary penalties. *See e.g., Driver*, 877 F. Supp. 2d at 982-83 (imposing a civil monetary penalty of \$31.8 million on defendants for operating a commodity pool *Ponzi* scheme that led to over \$9 million in investor losses); *Hunter Wise Commodities, LLC*, 21 F. Supp. 3d at 1336, 1353 (imposing a

³ Ikahn is liable as a control person of Safeguard Metals for its violations of 7 U.S.C. § 9(1) and 17 C.F.R. 180.1(a)(1)-(3) (2025) because Ikahn controlled Safeguard Metals, directly or indirectly, and did not act in good faith or knowingly induced, directly or indirectly, the acts of Safeguard Metals in violation of the Act and Regulations. (ECF 201 at ¶ 85). Safeguard Metals is liable for Ikahn's acts, omissions, and failures in violation of 7 U.S.C. § 9(1) and 17 C.F.R. 180.1(a)(1)-(3) (2025) because Ikahn's acts, omissions, and failures occurred within the scope of his employment, office, or agency with Safeguard Metals. (ECF 201 at ¶ 86).

1 civil monetary penalty of \$55.4 million on defendants for operating a fraudulent
2 scheme involving precious metals that led to over \$52 million in customer losses).
3 The CFTC has stated that civil monetary penalties “signify the importance of
4 particular provisions of the Act and the Commission’s rules... and act to vindicate
5 these provisions in individual cases particularly where the [defendant] has committed
6 the violations intentionally.” *In re GNP Commodities, Inc.*, [1990–
7 1992 *983 Transfer Binder] Comm. Fut. L. Rep. (CCH) ¶ 25,360 at 39,222, 1992 WL
8 201158, at *23 (CFTC Aug. 11, 1992) (internal citation omitted). “Civil monetary
9 penalties are also exemplary; they remind both the recipient of the penalty and other
10 persons subject to the Act that noncompliance carries a cost.” *Id.*

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12 Here, the Defendants’ fraud was egregious in nature. Defendants primarily
13 targeted elderly retirees, often defrauding them of significant portions of their
14 retirement savings by grossly misrepresenting the amount of commissions, fees, and
15 price markups the victims paid when purchasing precious metals. Defendants
16 engaged in pervasive misrepresentations on Safeguard Metals’ website, via high
17 pressure calls, and in written disclosures to trick its customers into purchasing grossly
18 overpriced precious metals.

19
20 Under Section 6c(d)(1) of the Act, 7 U.S.C. § 13a-1(d)(1), and Regulation
21 143.8(b)(1), 17 C.F.R. § 143.8(b)(1) (2025), for claims brought by the CFTC, the
22 Court may impose a civil monetary penalty of up to triple Defendants’ monetary gain
23 for each violation of the Act or Regulations, or \$227,220 per violation, whichever is

greater. Under Section 6d(1) of the Act, 7 U.S.C. § 13a-2(1), for claims brought by the States under the Act, the Court may impose “damages on behalf of their residents, or . . . such further and other relief as the court may deem appropriate.”⁴ While considering that framework, the Court ultimately has the authority and discretion to determine the appropriate amounts of monetary relief, including civil monetary penalty. *See CFTC v. Capitalstreet Fin., LLC*, No. 3:09-CV-387, 2012 WL 79758, at *15 (W.D.N.C. Jan. 11, 2012) (“The Court is free to fashion a civil monetary penalty appropriate to the gravity of the offense and sufficient to act as a deterrent.”) (citing *Miller v. CFTC*, 197 F.3d 1227, 1236 (9th Cir. 1999)).

The Court has already determined that a civil monetary penalty of \$25,569,303 is appropriate for Defendants’ misconduct in the SEC Action—the same underlying misconduct that violated the Act, Regulations, and State laws at issue in this action. (ECF 69, p. 13, in SEC Action). Accordingly, the Court imposes a civil penalty of \$25,569,303, jointly and severally, on Defendants.

⁴ Additionally, the Court may order penalties and costs for Defendants’ violations of state laws, *see e.g.*, Code of Alabama (1975), Ala. Code § 8-6-16(b); Arkansas Code Ann. § 23-42-209(b)(4); Cal. Corp. Code §§ 25535 & 29544; Conn. Gen. Stat. §§ 36b-27(b) and (c) & 36b-27(d)(1) and (2); Florida Statute § 517.191(3) and (4); Idaho Code § 30-14-603(b)(2); Illinois Securities Law, 815 ILCS § 5/11(E)(4); Kentucky, K.R.S. 292.500(14) and (18) & K.R.S. 292.470(2); Maryland Securities Act, Md. Code, Corps. & Assn’s § 11-702(b); Mississippi Code Annotated § 75-71-604(a)(3); Missouri Revised Statutes § 409.6-604(d); New Mexico Statute, NMSA 1978, § 58-13C-603; North Carolina Securities Act, N.C.G.S. §§ 78A-47, 78C-28 and 78D-23(a)(2); Ohio Securities Act, O.R.C. §§ 1707.261 & 1707.26; South Carolina Code Ann. § 35-1-603(b); Utah Code Ann. § 61-1-20; Vermont Statutes, 9 V.S.A. 5403(a) and 5404(a), 5501(1) and (2), & 5603(b)(2)(C).

C. Setoffs for Judgments Entered in the Parallel SEC Matter.

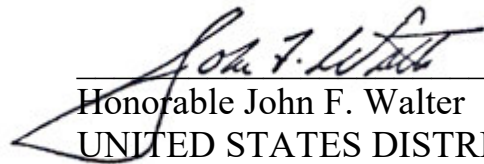
On February 1, 2022, the SEC filed a parallel action against Safeguard Metals and Ikahn based on the same underlying conduct. *SEC v. Safeguard Metals LLC and Jeffrey Ikahn*, Case No. 2:22-cv-00693-JFW-SK (C.D. Cal.). On June 14, 2023, the SEC, Safeguard Metals, and Ikahn reached a “Stipulation for Entry of Judgment” (ECF 57 in SEC Action) wherein Safeguard Metals and Ikahn consented to entry of an order which, among other things, subjected them to permanent injunctive relief and prohibited them from engaging in future violations of the Securities Exchange Act. As in this matter, the SEC and Defendants agreed to address monetary relief separately.

On May 2, 2025, the Court entered its Decision on SEC Remedies in the SEC Action. In that order, the Court included an offset against the proposed disgorgement and civil monetary penalty ordered in the SEC Action for any amounts that Defendants pay in restitution and civil monetary penalty to the CFTC in this action. The Court also ordered that any order in this action would include corresponding offsets to restitution and civil monetary penalty. Thus, the Final Judgment the Court will enter contemporaneously herewith includes an offset against restitution ordered for any amounts that Defendants pay in disgorgement in the SEC Action, and an offset against the civil monetary penalty ordered for any amounts that Defendants pay in civil monetary penalties in the SEC Action.

CONCLUSION

For all the foregoing reasons, the Court **GRANTS** Plaintiffs' Motion for Restitution and a Civil Monetary Penalty Against Defendants.

IT IS SO ORDERED on this 30th day of September 2025.


Honorable John F. Walter
UNITED STATES DISTRICT JUDGE