

1 JONATHAN S. POLISH (IL Bar No. 6237890)
2 JEDEDIAH B. FORKNER (IL Bar No. 6299787)
3 PRO HAC VICE APPLICATIONS PENDING
4 175 W. Jackson Blvd., Suite 1450
5 Chicago, Illinois 60604
6 Email: PolishJ@sec.gov
7 Telephone: (312) 353-7390
8 Facsimile: (312) 886-8514

9 LOCAL COUNSEL:
10 AMY J. LONGO (Cal. Bar. No. 198304)
11 444 S. Flower Street, Suite 900
12 Los Angeles, California 90071
13 Email: LongoA@sec.gov
14 Telephone: (323) 965-3998
15 Facsimile: (213) 443-1904

16 Attorneys for Plaintiff
17 Securities and Exchange Commission

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

20 SECURITIES AND EXCHANGE
21 COMMISSION,

22 Plaintiff,

23 vs.

24 SAFEGUARD METALS LLC AND
25 JEFFREY S. SANTULAN,

26 Defendants.

Case No.

COMPLAINT

DEMAND FOR JURY TRIAL

1 Plaintiff Securities and Exchange Commission (“Commission” or “SEC”), for
2 its Complaint against Defendants Safeguard Metals LLC and Jeffrey S. Santulan,
3 hereby alleges as follows:

4 JURISDICTION AND VENUE

5 1. The SEC brings this action pursuant to Sections 21(d) and 21(e) of the
6 Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§78u(d) and 78u(e)],
7 and Section 209(d) of the Investment Advisers Act of 1940 (“Advisers Act”) [15
8 U.S.C. § 80b-9(d)].

9 2. This Court has jurisdiction over this action pursuant to Section 27 of the
10 Exchange Act [15 U.S.C. § 78aa] and Section 214 of the Advisers Act [15 U.S.C. §
11 80b-14], and 28 U.S.C. § 1331.

12 3. Venue is proper in this Court pursuant to Section 27 of the Exchange Act
13 [15 U.S.C. § 78aa] and Section 214 of the Advisers Act [15 U.S.C. § 80b-14]. Acts,
14 practices and courses of business constituting violations alleged herein have occurred
15 within the jurisdiction of the United States District Court for the Central District of
16 California and elsewhere.

17 4. Defendants directly and indirectly made use of the means and
18 instrumentalities of interstate commerce and of the mails in connection with the acts,
19 practices, and courses of business alleged herein, and will continue to do so unless
20 enjoined.

21 SUMMARY

22 5. From December 2017 through at least July 2021, defendants Safeguard
23 Metals LLC, a California-based company that sells precious metals coins to retail
24 investors, and Jeffrey S. Santulan, its owner, acted as investment advisers and
25 persuaded investors to sell their existing securities, transfer the proceeds into self-
26 directed Individual Retirement Accounts (“SDIRAs”), and invest the proceeds in gold
27 and silver coins by making false and misleading statements about the safety and
28 liquidity of the investors’ securities investments, Safeguard’s business, and its

1 compensation.

2 6. Safeguard and Santulan targeted investors who were at or near
3 retirement age through Safeguard’s website, through online advertisements on sites
4 like Facebook and Google, and through direct calls. Santulan had authority over
5 Safeguard’s website, which during much of the relevant time period, falsely claimed
6 that the company had \$11 billion in assets under management and an office in
7 London. He also had authority over Safeguard’s LinkedIn page, which was
8 connected to fake profiles of prominent individuals in the securities industry showing
9 that they were associated with Safeguard.

10 7. Guided by scripts, some of which were prepared by Santulan, Safeguard
11 sales agents made false and misleading statements to investors about the purported
12 risks associated with the investors’ existing securities holdings at investment banks
13 and brokerage firms. For example, Safeguard’s sales agents stated that a “Money
14 Market Reform Law” allowed banks and brokerage firms to freeze retirement
15 accounts in the event of a market downturn; that top financial experts in the United
16 States were saying that another recession was coming very soon; and that when that
17 happened, the investors’ accounts would be frozen and they would not be able to get
18 any money out of their 401(k) plans or Individual Retirement Accounts (“IRAs”).
19 These statements were misleading because, among other things, the law that
20 Safeguard referenced applied only to money market funds in rare circumstances and
21 could not result in an individual’s entire account being frozen.

22 8. Safeguard and Santulan also misled investors about Safeguard’s
23 commissions and markups on the coins. Safeguard required investors to sign a
24 “Precious Metals Shipping and Account Agreement” that was created by Santulan,
25 and available on Safeguard’s website. During the relevant period, the form stated
26 that Safeguard’s “operating margin,” or mark up, was usually 4% to 23%, depending
27 on the type of coin or metal purchased (and 5% to 33% starting around January
28 2021). In reality, Safeguard charged an average markup of approximately 64% on its

1 sales of silver coins, which constituted over 97% of the total coins it sold investors.

2 9. Safeguard obtained approximately \$67 million from the sale of coins to
3 more than 450 mostly elderly, retail investors and kept approximately \$25.5 million
4 in markups on the price it paid to acquire the coins.

5 10. The SEC brings this lawsuit to protect the investing public and to hold
6 defendants accountable for their misconduct.

7 **DEFENDANTS**

8 11. Safeguard Metals LLC is a Wyoming Limited Liability Company with
9 an office located in Woodland Hills, California.

10 12. Jeffrey S. Santulan, age 41 is a resident of Tarzana, California. He is the
11 only member of Safeguard. He owns 100% of the company. Santulan controls
12 Safeguard and its operations, and has exclusive authority over its business decisions.
13 Santulan has used the pseudonym “Jeff Hill” while representing Safeguard to
14 investors.

15 **FACTS**

16 13. *Overview of Safeguard’s Fraud.* From the company’s inception in late
17 2017 through at least July 2021 – which is referred to here as the “relevant period” –
18 defendants engaged in a fraudulent scheme to induce investors to sell their existing
19 securities and buy silver and gold coins from Safeguard.

20 14. Safeguard and Santulan used high-pressure sales tactics and made
21 materially false and misleading statements to investors who were at or near retirement
22 age about the safety and liquidity of the investors’ current securities holdings,
23 Safeguard’s business, and the markups Safeguard charged on the coins. The goal was
24 to convince the investors to liquidate their securities holdings and transfer their
25 retirement money into a SDIRA with one of Safeguard’s preferred custodians to
26 purchase and hold the coins. Once the SDIRA was funded, Santulan caused
27 Safeguard to buy gold and silver coins from a precious metals wholesaler and sell
28 them to the investors at substantial, undisclosed markups.

1 15. At the beginning of the scheme, Santulan personally handled virtually all
2 aspects of Safeguard’s business, including finding sales leads and contacting potential
3 investors. Later, Santulan hired a number of sales agents to contact potential
4 investors for Safeguard. Santulan drafted sales scripts for the sales agents to follow,
5 provided training to certain of the sales agents, and established the commission rates
6 to be paid to the sales agents. Santulan continued to handle most other aspects of the
7 business himself, including buying the coins from the wholesaler and setting the
8 prices at which Safeguard sold the coins to investors.

9 16. Safeguard and Santulan targeted investors who were 59 years and older.
10 Many of the investors had limited investing experience in general, and virtually no
11 experience investing in precious metals. Safeguard’s sales agents – often using
12 pseudonyms – called potential investors, many who had clicked on Safeguard’s
13 online ads about “retirement funds being at risk.”

14 17. ***Lies about Safeguard’s Business.*** Throughout the scheme, Safeguard,
15 Santulan, and the sales agents lied to investors about all aspects of Safeguard’s
16 business –including its size, experience, services, employees, and sophistication – in
17 order to induce them to sell their securities and invest in Safeguard’s coins. Santulan
18 knew or was reckless in not knowing that these statements were false and misleading.

19 18. Safeguard held itself out as a full-service investment firm. A sales script
20 used by Safeguard’s sales agents falsely described Safeguard as “one of the largest
21 wealth protection firms in North America.” The sales agents described the company
22 to potential investors as a “full service firm.” Until sometime in 2020, Safeguard’s
23 website falsely claimed that the company had \$11 billion in assets under
24 management, and that Safeguard maintained an office in London. Safeguard’s sales
25 agents also boasted to investors about its offices in New York, New York and
26 Beverly Hills, California.

27 19. None of that information was true. Safeguard’s sole line of business was
28 selling precious metal coins. It only had one office – a small, leased space on the

1 third floor of a modest office building in Woodland Hills, California.

2 20. Until sometime in 2020, Safeguard's LinkedIn webpage connected to
3 several fake profiles showing links between people in the securities industry and
4 Safeguard. For example, one LinkedIn entry falsely identified the president of a
5 large, international investment bank as Safeguard's CFO. Another LinkedIn entry
6 falsely identified the general counsel of a large, registered broker-dealer as
7 Safeguard's in-house attorney. In reality, neither of those individuals had any
8 relationship with Safeguard.

9 21. Santulan was responsible for the creation of Safeguard's website and
10 LinkedIn page and had authority over them.

11 22. Safeguard's sales agents, in calls to potential investors, lied about their
12 investment experience and qualifications. For example, in a script provided to
13 Safeguard's sales agents, an "opener" sales agent was directed to introduce a "closer"
14 sales agent to the potential investor as a "senior representative [who] has been
15 helping retirees/conservatives protect their wealth for over 17 years now, including
16 back in '08. He actually specializes in 401k/IRAs and has far more expertise on your
17 particular situation." None of Safeguard's employees had experience remotely fitting
18 that description. Additionally, at least one Safeguard sales agent falsely represented
19 to investors that he held a Financial Industry Regulatory Authority Series 7 securities
20 license, even though he had never held any securities licenses.

21 23. ***Misleading Statements about the Safety and Liquidity of the Investors'***
22 ***Securities Holdings.*** Safeguard made false and misleading statements to investors
23 about the safety and liquidity of the investors' securities holdings, and employed
24 scare tactics to induce the investors to sell their existing securities holdings. Santulan
25 knew or was reckless in not knowing about this conduct, and about the false and
26 misleading statements made to potential investors.

27 24. Defendants supplied Safeguard's sales agents with scripts to use during
28 communications with investors, at least some of which were drafted by Santulan. A

1 primary theme of Safeguard’s sales agents’ communications with investors was that
2 investments in securities through traditional brokerage accounts were very risky, and
3 that investors should protect their assets by moving their funds into an SDIRA.

4 25. ***The Stock Market is Going to Crash.*** Safeguard sales agents told
5 investors that the United States was headed for a recession that would result in
6 significant losses in their existing securities holdings. One of Safeguard’s sales
7 scripts directed the sales agents to say, among other things:

8 (a) “The top financial echelons and economists in the US are saying this coming
9 recession is going to be *worse* than 2008.”¹

10 (b) “They’re saying the last recession is going to be a walk in the park compared to
11 what’s coming.”

12 (c) “[Y]ou’re just going to get wiped out *completely*, like most people did in ’08.”

13 (d) “[W]hy do you still have your life savings invested in the most expensive stock
14 market of all time, in the 11th year of the most inflated bull market in US history?”

15 (e) “You know what the definition of insanity is, right? It’s doing the same thing
16 over and over again expecting a different result. That’s exactly what you’re doing in
17 the stock market. You lost [amount] in the 2008 crash, and here you are about to lose
18 it all again.”

19 26. ***Retirement Funds will be Frozen.*** Defendants and their agents also
20 claimed that investors’ retirement money was at risk because Congress had recently
21 passed a new, unpublicized law at the behest of “big banks” that gave the banks and
22 brokerage firms the right to freeze retirement accounts in times of financial turmoil.

23 27. Santulan led the charge on this front, sending an email to Safeguard’s
24 sales agents, instructing them to forward an email to investors stating, among other
25 things: “This applies to Fidelity along with all other major financial brokerages.
26 They will freeze your accounts by instituting redemption gates to limit these funds
27

28 ¹ The emphasized parts of the script in this complaint are as they appeared in Safeguard’s script for its sales force.

1 vulnerability to heavy withdrawals, during a financial crisis, for their benefit . . .
2 These are troubled times, financially and beyond . . . [t]he solution for many
3 conservative investors . . . is a no-fee, no tax Self-Directed IRA . . . It puts you back
4 in control because it cannot be leveraged, frozen or converted into a bond.” The
5 email concluded by directing investors to Safeguard’s website, stating: “Our goal is
6 to provide you with knowledgeable insight and help guide conservatives towards a
7 successful and sound retirement. At our website, SafeguardMetals.com we help
8 retirees and those preparing for retirement protect their retirement accounts.”

9 28. In addition, the Safeguard sales script instructed sales agents to say,
10 among other things:

11 (a) “[O]ne of the main concerns retirees have with their IRA/401ks is the passing
12 of the Money Market Reform Act and whether or not they’re going to have access to
13 their money at *all!*”

14 (b) “You need to see the law that allows your brokerage to legally freeze your
15 401k/IRA and how you can protect it.”

16 (c) “So when . . . all the largest financial institutions in the US are saying you’re
17 going to be *frozen* out of your retirement account, meaning you won’t have access to
18 *any* of your money in your 401k/IRA, that’s not concerning to you?”

19 (d) “So the top echelons of finance, Warren Buffet, Ray Dali, among others, are *all*
20 predicting a liquidity freeze. Meaning when the next stock market correction
21 happens, your account will be frozen and you won’t be able to get any money out of
22 your 401k/IRA. Are you saying you’re smarter than the top echelons in finance?”

23 29. In fact, there was no law that allowed banks and brokerage firms to
24 freeze investors’ retirement accounts. Nor were the “top echelons in finance”
25 predicting that their accounts would be frozen. In reality, the law referenced by
26 Safeguard and its sales agents applied only to money market fund investments, and it
27 allowed liquidity fees and redemption gates to be implemented for money market
28 investments temporarily under certain, rare circumstances.

1 30. ***Securities Investments are Not Insured.*** In calls and emails with
2 potential investors, Safeguard told investors that their securities investments were not
3 insured by the Federal Deposit Insurance Corporation. What they did not tell
4 investors was that the precious metal coins it sold investors also were not insured by
5 the FDIC. Nor did Safeguard tell them that, unlike the coins, many securities
6 investments held at broker-dealers are insured by the Securities Investor Protection
7 Corporation (“SIPC”). According to SIPC’s public website, sipc.org, “SIPC protects
8 against the loss of cash and securities – such as stocks and bonds – held by a
9 customer at a financially-troubled SIPC-member brokerage firm.” Safeguard’s coins
10 were not insured by SIPC.

11 31. ***Precious Metals Provide Protection.*** After going through the list of
12 purported risks associated with securities investments, Safeguard’s sales agents
13 regularly told investors that owning precious metals acted as a hedge against the risks
14 of owning securities. They recommended that investors place up to 20% of their
15 assets in physical precious metals. However, contrary to these representations,
16 Safeguard regularly invested 100% of the investors’ SDIRAs in gold and silver coins
17 without regard to the investors’ other assets.

18 32. ***Lies about How Safeguard Was Paid.*** Safeguard and Santulan misled
19 investors about the markups charged by Safeguard.

20 33. Safeguard’s sales agents generally did not mention Safeguard’s markups
21 to investors during their initial sales pitches. Instead, the sales agents told investors
22 that Safeguard would cover the recommended SDIRA custodian’s account fees and
23 any storage fees associated with holding the coins for the first year. Occasionally,
24 investors asked Safeguard sales agents how Safeguard made its money. On at least
25 several occasions, certain Safeguard sales agents falsely told potential investors on
26 recorded calls that the only way Safeguard made money was by taking a 1%
27 commission when customers sold their coins. In fact, as those sales agents knew,
28 Safeguard paid sales agents a total commission of 8% to 10% (split between the

1 opener and the closer) of the total amount charged to investors when the coins were
2 purchased.

3 34. Safeguard's website contained false information about the mark ups
4 charged by Safeguard. Each investor who purchased coins from Safeguard received
5 and signed a copy of Safeguard's "Precious Metals Shipping and Account
6 Agreement," which was created by Santulan and made available on Safeguard's
7 website during the relevant period. Until at least late 2020, this agreement stated that
8 Safeguard's operating margin, which it defined as the difference between Safeguard's
9 approximate acquiring cost of the coins and the price the investors paid, was usually
10 between 4% and 23%, depending on the type of coin sold. Later, defendants changed
11 the agreement to state that Safeguard's "current" operating margin was usually 5% to
12 33%. Both statements were false.

13 35. In fact, Safeguard was compensated through substantial markups on the
14 price of the silver coins, which constituted over 97% of the total coins it sold
15 investors during the relevant period. Safeguard charged an average markup of
16 approximately 64% on its sales of silver coins during the relevant period – with
17 markups ranging from approximately 30% to over 100%. The markups on silver
18 coins averaged 71% prior to 2021, and 52% during 2021.

19 36. Santulan purchased all of Safeguard's coins from a precious metals
20 wholesaler; determined the prices at which Safeguard sold the coins to investors; and
21 knew or was reckless in not knowing that the markups greatly exceeded the operating
22 margin listed in the "Precious Metals Shipping and Account Agreement" that he
23 created, which appeared on Safeguard's public website.

24 37. Safeguard's sales personnel, following Safeguard's sales scripts, told
25 investors that the account statements they would receive from their SDIRA
26 custodians would reflect the "melt value" of their coins rather than the actual value.
27 When investors questioned Safeguard about the values of their coins listed on their
28 account statements, which were substantially lower than what the investors paid

1 Safeguard for the coins, Safeguard's sales agents told them that the statements were
2 inaccurate. The actual value of the coins, Safeguard's sales agents assured the
3 investors, was far higher.

4 38. Defendants did not disclose the actual markups on the coins to
5 Safeguard's investors.

6 39. Defendants also did not disclose to investors that they paid Safeguard's
7 sales agents commissions of 8% to 10%.

8 40. *Safeguard and Santulan Acted as Investment Advisers.* When
9 persuading investors to sell their securities in order to invest in coins, Safeguard and
10 Santulan acted as investment advisers.

11 41. As discussed above, Safeguard engaged in the business of providing
12 investment advice. Its business model depended on sales personnel reaching out to
13 investors on a daily basis to convince them to sell their securities. Safeguard held
14 itself out as a full service investment firm, touted alleged relationships with securities
15 industry professionals, and received compensation from investors in the form of
16 markups on the coins that it sold. Safeguard's sales agents, relying on the sales
17 scripts and the on-the-job training they received from Santulan or others at Safeguard,
18 convinced investors to sell their existing securities holdings by providing advice
19 about the purported risks associated with their securities holdings; current and future
20 market trends, including the likelihood of another recession; and appropriate asset
21 allocation.

22 42. Santulan also acted as an investment adviser. Santulan founded
23 Safeguard, owned 100% of the company, and had total control over the company's
24 operations. Santulan devised Safeguard's business strategy of targeting elderly
25 investors to convince them to sell their securities and invest the proceeds in coins.
26 Initially, Santulan personally handled all aspects of Safeguard's business, including
27 personally contacting investors. Later, Santulan hired Safeguard's sales agents,
28 created Safeguard's initial sales pitch, drafted certain sales scripts, and personally

1 trained some of Safeguard's sales agents. As Safeguard's owner, Santulan received
2 compensation in the form of the mark ups Safeguard charged on the coins it sold to
3 investors.

4 43. Safeguard also assisted investors with selling their existing securities.
5 Once an investor agreed to invest with Safeguard, the Safeguard sales agent helped
6 the investor to complete the SDIRA application; to contact their broker-dealer or
7 other asset custodian in order to initiate the liquidation of their current securities
8 holdings; and to transfer funds to an SDIRA. At times, Safeguard sales agents joined
9 investors on these calls to their broker-dealers or other asset custodians. Safeguard's
10 investors transferred cash into their new SDIRAs rather than transferring any existing
11 investments. Investors often sold mutual funds, annuities and other securities to raise
12 the money to fund the SDIRA. In almost all cases, the full amount of funds that were
13 moved into the SDIRA were used to purchase coins from Safeguard.

14 44. *Defendants' Gains.* During the relevant period, Safeguard obtained
15 approximately \$67 million from the sale of gold and silver coins to more than 450
16 mostly elderly, retail investors. Safeguard kept approximately \$25.5 million of the
17 approximately \$67 million paid by investors for itself in the form of markups on the
18 price Safeguard paid for the coins.

19 **FIRST CLAIM FOR RELIEF**

20 **Violations of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5** 21 **(Against Defendants Safeguard and Santulan)**

22 45. The SEC alleges and incorporates by reference paragraphs 1 through 44
23 above.

24 46. As more fully described in paragraphs 1 through 45 above, defendants
25 Safeguard and Santulan, in connection with the purchase and sale of securities, by the
26 use of the means and instrumentalities of interstate commerce and by the use of the
27 mails, directly and indirectly: used and employed devices, schemes and artifices to
28 defraud; made untrue statements of material fact and omitted to state material facts

1 necessary in order to make the statements made, in light of the circumstances under
2 which they were made, not misleading; and engaged in acts, practices and courses of
3 business which operated or would have operated as a fraud and deceit upon
4 purchasers and sellers and prospective purchasers and sellers of securities.

5 47. Safeguard and Santulan knew, or were reckless in not knowing, of the
6 facts and circumstances described in paragraphs 1 through 45 above.

7 48. By reason of the foregoing, Safeguard and Santulan violated Section
8 10(b) of the Exchange Act [15 U.S.C. §78j (b)] and Rule 10b-5 thereunder [17 C.F.R.
9 240.10b-5].

10 **SECOND CLAIM FOR RELIEF**

11 **Violations of Advisers Act Sections 206(1) and 206(2)**

12 **(Against Defendants Safeguard and Santulan)**

13 49. As more fully described in paragraphs 1 through 44 above, at all times
14 alleged in this complaint, defendants Safeguard and Santulan, while acting as
15 investment advisers, by use of the mails, and the means and instrumentalities of
16 interstate commerce, directly or indirectly, knowingly, willfully or recklessly: (i)
17 employed devices, schemes or artifices to defraud its clients or prospective clients;
18 and (ii) engaged in transactions, practices and courses of business which have
19 operated as a fraud or deceit upon its clients or prospective clients.

20 50. By reason of the foregoing, Safeguard and Santulan violated Sections
21 206(1) and 206(2) of the Advisers Act. [15 U.S.C. §§ 80b-6(1) and 80b-6(2)].

22 **THIRD CLAIM FOR RELIEF**

23 **Aiding & Abetting Violations of Section 10(b) of the Exchange Act,**

24 **And Exchange Act Rule 10b-5**

25 **(Against Defendant Santulan)**

26 51. The SEC alleges and incorporates by reference paragraphs 1 through 44
27 above.

28 52. Safeguard, in connection with the purchase and sale of securities, by the

1 use of the means and instrumentalities of interstate commerce and by the use of the
2 mails, directly and indirectly: used and employed devices, schemes and artifices to
3 defraud; made untrue statements of material fact and omitted to state material facts
4 necessary in order to make the statements made, in light of the circumstances under
5 which they were made, not misleading; and engaged in acts, practices and courses of
6 business which operated or would have operated as a fraud and deceit upon
7 purchasers and sellers and prospective purchasers and sellers of securities. Safeguard
8 knew, or was reckless in not knowing, of the facts and circumstances described in
9 paragraphs 1 through 45 above.

10 53. Santulan knowingly or recklessly provided substantial assistance to
11 safeguard in its violation of Sections 10(b) of the Exchange Act and Rule 10b-5
12 thereunder. Santulan provided substantial assistance in the violations by, among
13 other things, creating the scripts used by Safeguard's sale agents; creating the account
14 agreement that contained false information about Safeguard's markups; and
15 establishing the sales prices of the coins at a level that far exceeded the markups
16 disclosed to investors. Santulan knew or was reckless in not knowing that Safeguard
17 was committing violations, and he had a role in furthering them.

18 54. By engaging in the conduct described above, Santulan aided and abetted
19 violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j (b)], and Rule 10b-5
20 thereunder [17 C.F.R. § 240.10b-5(a) and (c)].

21 **FOURTH CLAIM FOR RELIEF**

22 **Aiding & Abetting Violations of Advisers Act Sections 206(1) and 206(2)** 23 **(against Defendant Santulan)**

24 55. The SEC realleges and incorporates by reference paragraphs 1 through
25 44 above.

26 56. As more fully described in paragraphs 1 through 44 above, at all times
27 alleged in this complaint, defendant Safeguard, while acting as an investment adviser,
28 by use of the mails, and the means and instrumentalities of interstate commerce,

1 directly or indirectly, knowingly, willfully or recklessly: (i) employed devices,
2 schemes or artifices to defraud its clients or prospective clients; and (ii) engaged in
3 transactions, practices and courses of business which have operated as a fraud or
4 deceit upon its clients or prospective clients. By reason of the foregoing, Safeguard
5 has violated Sections 206(1) and 206(2) of the Advisers Act. [15 U.S.C. §§ 80b-6(1)
6 and 80b-6(2)].

7 57. Santulan knowingly or recklessly provided substantial assistance to
8 Safeguard in its violation of Sections 10(b) of the Exchange Act and Rule 10b-5
9 thereunder.

10 58. By engaging in the conduct described above, Santulan aided and abetted
11 violations of Sections 206(1) and 206(2) of the Advisers Act. [15 U.S.C. §§ 80b-6(1)
12 and 80b-6(2)].

13 **FIFTH CLAIM FOR RELIEF**

14 **Control Person Liability for Violations of Section 10(b) of the Exchange Act and** 15 **Exchange Act Rule 10b-5** 16 **(against Defendant Santulan)**

17 59. The SEC realleges and incorporates by reference paragraphs 1 through
18 44 above.

19 60. Safeguard, in connection with the purchase and sale of securities, by the
20 use of the means and instrumentalities of interstate commerce and by the use of the
21 mails, directly and indirectly: used and employed devices, schemes and artifices to
22 defraud; made untrue statements of material fact and omitted to state material facts
23 necessary in order to make the statements made, in light of the circumstances under
24 which they were made, not misleading; and engaged in acts, practices and courses of
25 business which operated or would have operated as a fraud and deceit upon
26 purchasers and sellers and prospective purchasers and sellers of securities. Safeguard
27 knew, or was reckless in not knowing, of the facts and circumstances described in
28 paragraphs 1 through 45 above.

1 **III.**

2 Order defendants to pay civil penalties pursuant to Section 21(d)(3) of the
3 Exchange Act [15 U.S.C. § 78u(d)(3)], and Section 209(e) of the Advisers Act [15
4 U.S.C. § 80b-9(e)].

5 **JURY DEMAND**

6 The Commission hereby requests a trial by jury.

7
8 Dated: February 1, 2022

9 /s/ Amy J. Longo

10 Amy J. Longo

11 Attorney for Plaintiff

12 Securities and Exchange Commission
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28