

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF SOUTH CAROLINA
ANDERSON/GREENWOOD DIVISION**

IN RE:RECEIVER FOR) Civil Action No. 8:12-cv-2078-JMC
RONNIE GENE WILSON AND)
ATLANTIC BULLION & COIN, INC.)

PETITION FOR A RULE TO SHOW CAUSE

Counsel for the Receiver, Beattie B. Ashmore, appointed by this Court most recently pursuant to a January 13, 2015 Order (“Court Order”) petitions the Court for a Rule to Show Cause why Carolina Farm Stewardship Association (“CFSA”) and/or Diana Vossbrinck (“Vossbrinck”) should not be ordered to repay funds that represent ill-gotten monies of the fraudulent investment scheme orchestrated and carried out by Ronnie Gene Wilson (“Wilson”) and Atlantic Bullion & Coin, Inc. (“AB&C”). Based upon the reasons set forth below, the Receiver submits that the Court should grant the Receiver’s Petition for a Rule to Show Cause.

PROCEDURAL BACKGROUND

On July 30, 2012, Ronnie Gene Wilson (“Wilson”) and Atlantic Bullion & Coin, Inc. (“AB&C”) pled guilty to two counts of mail fraud stemming from their involvement in a criminal Ponzi scheme involving hundreds of victims and millions of dollars. *See United States v. Ronnie Gene Wilson, et al*, 8:12-cr-320-JMC. Pursuant to the Court Order and related to the above noted criminal matter, the Receiver was tasked with assuming management and control over all the financial and business affairs for a number of

individuals and companies (collectively “AB&C Receivership Entities”). The Court Order requires the Receiver, among other things, to locate and manage assets previously acquired by and/or in the name/possession of the AB&C Receivership Entities. In addition, the Court Order directs the Receiver to take whatever actions necessary for the protection of investors, including, but not limited to, noticing depositions of certain individuals and initiating actions against individuals or companies to whom monies or assets were transferred that are directly traceable to the unlawful Ponzi scheme run by Wilson and AB&C. *See* January 13, 2015 Court Order at 2-3 & 7.

FACTUAL BACKGROUND

By way of background and as it relates to Vossbrink and CFSA’s connection to the fraudulent investment scheme orchestrated and effectuated by AB&C, the Receiver offers the following facts. As part of the fraudulent investment scheme, Wilson, through his company AB&C and other agents, recruited individuals to purportedly invest in the purchase and sale of silver holdings. Investors were promised high rates of returns on their investment. Some investors received substantial returns and profits through payments of ill-gotten gains from AB&C while other investors lost large sums of money. A review of the records in the possession of the Receiver demonstrates that Vossbrink and/or CFSA received \$234,620.00 in direct payments from Wilson and/or AB&C. (Ex. A, Spreadsheet.)

LEGAL DISCUSSION

“A Receiver may proceed summarily to recover money belonging to the receivership by petition to the appointing court for an order to show cause against a possessor not a party to the original action.” *United States v. Arizona Fuels Corp.*, 739 F.2d 455, 458 (9th Cir. 1984). “The district court has broad powers and wide discretion to determine the appropriate

relief in an equity receivership." *SEC v. Lincoln Thrift Ass'n*, 577 F.2d 600, 606 (9th Cir. 1978). "At common law, where property has been obtained by fraud, a court in equity has jurisdiction to reach the property either in the hands of the original wrongdoer, or in the hands of any subsequent holder and to convey that property to the one who is truly and equitably entitled to the same." *FTC v. Network Serv. Depot, Inc.*, 617 F.3d 1127, 1142 (9th Cir. 2010).

In *SEC v. Vassallo*, the United States District Court for the Eastern District of California discusses, albeit in an unpublished opinion, the concept of disgorgement in the context of a securities violation case. *See SEC v. Vassallo*, 2011 U.S. Dist. LEXIS 98418 (E.D. Ca. 2011). In so discussing, the court parallels the underlying common law equity principles that provide the foundation for disgorgement actions. Such a discussion is relevant to this petition in that the Receiver seeks to recover funds that flowed from a fraudulent investment scheme to non-parties and those non-parties have no legitimate claim to the funds. *See id.* at * 9.

As set forth above, Vossbrink and/or CFSA are in possession of funds that flowed directly from the illegal activity that is the subject of the underlying criminal case. Further, the records in the possession of the Receiver indicate that the monies were transferred to CFSA or Vossbrinck and that they gave nothing of value in return and thus have no legitimate claim to the funds. Therefore, the Receiver asks the Court to issue a Rule to Show Cause why CFSA and/or Vossbrink should not be required to transfer back to the custody of the Receiver those funds acquired from the fraudulent investment scheme, and to immediately submit to all necessary discovery, including a deposition, and production of all relevant records and tax returns required to effectuate the relief sought herein. Should the

Court order repayment of monies and such repayment is not made, the Receiver asks that its authority to conduct broad discovery remain in place until all monies are repaid.

Respectfully submitted,

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