

this action pursuant to 28 U.S.C. § 1367(a) as it seeks to accomplish the goals set forth in the action in which the Receiver was appointed.

4. Venue is proper in the District of South Carolina pursuant to 28 U.S.C. § 1391 and § 1692. Plaintiff resides in the District and a substantial part of the acts and/or admissions in reliance to these claims occurred in this District. Defendants have significant contacts with the District by virtue of doing business within the judicial district.

BACKGROUND

5. As a result of a criminal investigation into the fraudulent investment scheme orchestrated by Ronnie Gene Wilson (“Wilson”) and Atlantic Bullion & Coin, Inc. (“AB&C”) and the entry of a criminal information against Wilson and AB&C on April 11, 2012, an Order was entered, originally by text order on June 14, 2012 and as amended on July 25, 2012 and February 14, 2013 (“Court Order”), appointing Beattie B. Ashmore as the Receiver and setting forth the duties of the Receiver to include marshaling and safeguarding the assets of Wilson and AB&C and other so defined entities (hereinafter the “AB&C Receivership Entities”)

6. The Court Order, *inter alia*, includes the directive to bring suit for the disgorgement of profits, including specifically instituting legal proceedings against individuals who are in possession of monies that flow from the Ponzi scheme orchestrated by Wilson and AB&C. (See Court Order at 3-4.)

7. On July 30, 2012, Wilson and AB&C pled guilty to two counts of mail fraud.

8. On November 13, 2012, Wilson was sentenced to a 235 month term of imprisonment.

9. AB&C was sentenced to a five year term of probation and a fine was imposed.

10. Wilson and AB&C were ordered to pay restitution in the amount of \$57,401,009.00.

11. To effectuate the fraudulent investment scheme, Wilson, through other persons and his company AB&C, recruited individuals to invest in silver bullion with promises of high rates of return.

PARTIES

12. At all times relevant hereto, Defendant Masterpiece Investments Inc. (“Masterpiece”) was, upon information and belief, a corporation existing under the laws of the state of Oregon, with its principal place of business in the state of Oregon.

13. This action seeks damages and rescissions suffered by Plaintiff as the direct and proximate result of Defendant’s wrongful and improper sale of securities in transactions reaching to and relating to residents of the state of South Carolina.

14. Ronnie Gene Wilson and his wife, Cassie Wilson, purchased securities from Defendant with funds that flowed directly from AB&C accounts.

ALLEGATIONS

15. In February of 2011, Masterpiece began generally soliciting purchasers in an unregistered offering of its common stock pursuant to a private placement memorandum dated February 1, 2011 (the "PPM").

16. A representative of Masterpiece approached the Wilsons regarding an investment while the Wilsons were at a conference in the Bahamas.

17. Prior to the solicitation by Masterpiece, Ronnie and Cassie Wilson, as well as Mr. Wilson's company, AB&C, had no prior dealings or relationship with Masterpiece.

18. Based upon the general advertisement and solicitation, Masterpiece provided information to the Wilsons regarding purchase of securities regarding two stock offerings.

19. Masterpiece was offering shares of its common stock for \$0.30 per share.

20. Masterpiece proceeded to sell to Mr. Wilson 2 million shares of common stock of Masterpiece (the "March Shares") in exchange for \$350,000 (the "March Proceeds"), such sale being evidenced by Masterpiece stock certificate no. 91, dated March 24, 2011 (the "March Stock Certificate"), which was placed in the name of Ms. Wilson at the direction of Mr. Wilson.

21. Upon information and belief, Masterpiece's Board failed to issue a contemporaneous resolution authorizing the issuance of the March Shares.

22. Upon information and belief, the Wilsons did not execute a subscription agreement for the March Shares.

23. Approximately four months later, and after a decrease in the value of Masterpiece stock, Masterpiece sold to Mr. Wilson an additional 1 million shares of common stock of MPI (the "July Shares," and together with the March Shares, the "Shares") in exchange for \$150,000 (the "July Proceeds," and together with the March Proceeds, the "Proceeds"), such sale being evidenced by Masterpiece stock certificate no. 106, dated July 20, 2011 (the "July Stock Certificate," and together with the March Stock Certificate, the "Stock Certificates"), which was also placed in the name of Ms. Wilson at the direction of Mr. Wilson.

24. Upon information and belief, Masterpiece's Board failed to issue a contemporaneous resolution authorizing the issuance of the July Shares.

25. Upon information and belief, the Wilsons did not execute a subscription agreement for the July Shares.

26. Masterpiece represented to investors and potential investors that it intended to enter into a merger with a publicly traded company.

27. The representations regarding the merger were made to entice investors to invest in Masterpiece.

28. The common stock of Masterpiece offered and sold to the Wilsons does not fall within the categories of securities that are exempt from registration.

29. The transaction pursuant to which the common stock was issued does not fall within the categories of transactions that are exempt from registration.

30. The securities offered to and sold to the Wilsons and issued by Masterpiece were not registered with the U.S. Securities and Exchange Commission.

31. The securities offered to and sold to the Wilsons were not registered with the appropriate agency within the state of South Carolina.

32. The securities issued by Masterpiece and offered to and sold to the Wilsons involved a public offering.

33. Neither Ronnie Wilson nor Cassie Wilson were an "accredited investor" as defined in the South Carolina or federal securities laws because the Wilsons' assets used in the transaction did not belong to them and the assets and income of AB&C were obtained through fraud and theft.

34. Masterpiece did not secure an investor questionnaire or subscription agreement from Wilson indicating Wilson was accredited.

35. Masterpiece sold the securities to non-accredited investors, engaged in general solicitation and advertising, and failed to provide non-accredited investors with the types of information and disclosures generally required to be provided to them under securities laws.

36. Upon information and belief, over 35 non-accredited investors were solicited and sold to by the issuer in each of these offerings.

37. Masterpiece used the mails and interstate commerce in the sale of these securities from Oregon to the Wilsons in South Carolina.

38. Upon information and belief, the investors in the Masterpiece stock come from all walks of life, are located in multiple states, and are often unsophisticated investors.

39. The Proceeds of \$500,000.00 submitted by the Wilsons for the Shares was money from AB&C.

40. Masterpiece knew or should have known that the funds used to purchase the securities were funds from AB&C.

41. Masterpiece failed to make necessary filings with the SEC and the state of South Carolina, including but not limited to filings reporting the sale of securities at the federal and state level.

42. Upon information and belief, commissions or other remunerations were paid or given directly or indirectly to a person or persons other than a registered broker-dealer.

43. The securities sold to the Wilsons were not registered under the laws of the United States or the laws of South Carolina.

COUNT ONE

(Unregistered Offer and Sale of Securities; Violation of §5 of the Securities Act)

44. Plaintiff realleges and reasserts each and every allegation provided above and incorporates by reference the prior paragraphs to the extent not inconsistent herewith.

45. Masterpiece, by engaging in the conduct described above, directly or indirectly, made use of means of instruments of transportation or communication of interstate commerce or of the mails to offer a sale or to sell securities, or to cause such securities to be carried through the mails or interstate commerce for the purpose of sale or for delivery after sale.

46. No registration statement has been filed with the SEC or has been in effect with respect to the any of offerings or securities alleged herein.

47. By engaging in conduct described above, Masterpiece violated Section 5 of the Securities Act and there is no type of exemption from registration based upon the facts of this matter.

48. As a result of the violations of securities laws, Plaintiff is entitled to rescission of the investment and return of all investment capital plus accrued interest.

COUNT TWO
(Violation of South Carolina Securities Laws)

49. Plaintiff realleges and reasserts each and every allegation provided above to the extent not inconsistent herewith.

50. Masterpiece, by engaging in the conduct described above, directly or indirectly, offered and sold securities in the state of South Carolina which were not federally covered securities, not exempted from registration, and not registered pursuant to South Carolina law in violation of S.C. Code Ann. §35-1-301.

51. As a result of the violations of South Carolina securities laws, Plaintiff is entitled to rescission of the investment and return of all investment capital plus accrued interest.

COUNT THREE
(Violation of Section 10(b) of the Exchange Act and Rule 10b-5)

52. Plaintiff realleges and reasserts each and every allegation provided above to the extent not inconsistent herewith.

53. Masterpiece made material misrepresentations and omissions to investors regarding the nature and value of the investments at issue.

54. Masterpiece falsely represented that it would enter into a merger to take the company

public.

55. Masterpiece improperly omitted from potential and actual investors that certain of its officers had criminal histories.

56. The false representations were made by Masterpiece when they knew or should have known that they were false.

57. The representations and omissions were material to potential investors and actual investors.

58. Masterpiece by engaging in the conduct described above, directly and indirectly, in connection with the purchase and sale of securities, by use of means or instrumentalities of interstate commerce or of the mails, with scienter:

- a. Employed devices, schemes, or artifices to defraud;
- b. Made untrue statements of a material fact or omitted a material fact necessary in order to make statements made, in light of the circumstances under which they were made, not misleading; or
- c. Engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

59. By engaging in the conduct described herein, Plaintiff violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

COUNT FOUR
(Rescission)

60. Plaintiff realleges and reasserts each and every allegation provided above to the extent not inconsistent herewith.

61. Plaintiff entered into the investments in Masterpiece described herein in the good faith belief that the representations by Masterpiece regarding the investment were true and accurate.

62. Masterpiece's failure to accurately state the information regarding the investment substantially defeated the purpose of the transaction.

63. Masterpiece's failure to have proper authorization for the transactions make the transactions void or voidable.

64. Masterpiece's failure to properly document the transactions make the transactions void or voidable.

65. Plaintiff can be returned to the status quo prior to entering into the investment through the return of consideration and rescission of the transactions.

66. Plaintiff is entitled to rescission of the transactions as a whole.

67. Plaintiff is entitled to the return of Plaintiff's consideration paid in the investments and all additional sums necessary to restore Plaintiff to the position prior to entering into the investments.

WHEREFORE, Plaintiff prays for rescission of the securities investments and an award of actual damages in the amount of \$500,000.00 plus interest as allowed by law, consequential and incidental damages in amounts to be determined by the trier of fact, and for its costs, reasonable attorneys' fees, and such other and further relief as the Court may deem just and proper.

Respectfully submitted,

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