

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

UNITED STATES OF AMERICA ) Civil Action No. 8:12-cv-2078-JMC  
)  
v. )  
)  
RONNIE GENE WILSON )  
ATLANTIC BULLION & COIN, INC., )  
)  
Defendants. )  
\_\_\_\_\_)  
)  
IN RE: RECEIVER FOR )  
RONNIE GENE WILSON AND )  
ATLANTIC BULLION & COINC, INC. )

**PETITION FOR A RULE TO SHOW CAUSE**

Counsel for the Receiver, Beattie B. Ashmore, appointed by this Court pursuant to a July 25, 2012 Order (“Court Order”) petitions the Court for a Rule to Show Cause why Small Farmer’s Journal, Inc. (“SFJ”), an Oregon corporation, should not be required to repay funds that represent ill gotten funds 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, Wilson and 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"). The Court Order requires the Receiver, among other things, to locate and manage assets previously acquired by and/or in the name/possession of AB&C. In addition, the Court Order directs the Receiver to take whatever actions necessary for the protection of investors, including, but not limited to, 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* July 25, 2012 Court Order at 2-3.

#### **FACTUAL BACKGROUND**

By way of background and as it relates to SFJ's connection to the funds of 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 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. In addition, some individuals received payments from AB&C for a variety of other reasons, many under the guise of "investment".

From a review of the records available to the Receiver at this time, SFJ received payments totaling at least \$586,400.00 from AB&C.<sup>1</sup> (Ex. A.) SFJ was not an investor but received money directly from AB&C. There are no legal writings, contracts or other binding written instruments that support the transfer of these funds. The Receiver has been unable to

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<sup>1</sup> From communications with counsel for SFJ, the total amount secured from AB&C is or may be as high as \$600,000.00, although the Receiver is only in possession of checks in the amount of \$586,400.00.

obtain any documentation establishing the legitimacy of the possession of these funds, despite multiple communications with SFJ directly and through their counsel.

### 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 (9<sup>th</sup> 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 (9<sup>th</sup> 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 (9<sup>th</sup> 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, SFJ is in possession of funds that flowed directly from the illegal activity that is the subject of the underlying criminal case. Specifically, AB&C paid

\$586,400.00 directly to SFJ and received nothing of value in return. As such, SFJ has no valid claim to these funds. Therefore, the Receiver asks the Court to issue a Rule to Show Cause why SFJ should not be required to repay the funds acquired from the fraudulent investment scheme and to submit to all necessary discovery required to effectuate the relief sought herein.

Respectfully submitted,

***THE TOLLISON LAW FIRM, P.A.***

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Fax: (864) 451-7591

**Attorneys for the Receiver**

August 31, 2012  
Greenville, South Carolina

Small Farmer's Journal Proceeds from AB&C Account

Bank	Account	Type	Date	Check No	Payee/Remitter	Money Out
Gvl First	ABC	Chk	26-Oct-09	11945	Small Farmers Journal	\$11,400.00
Gvl First	ABC	Chk	03-Dec-09	12038	Small Farmer Journal	\$25,000.00
Gvl First	ABC	Chk	12-Apr-10	12376	Small Farmer's Journal	\$50,000.00
Gvl First	ABC	Chk	31-May-10	12470	Small Farmer's Journal	\$50,000.00
Gvl First	ABC	Chk	23-Sep-10	12743	Small Farmer's Journal	\$150,000.00
Gvl First	ABC	Chk	07-Jan-11	13034	Small Farmers Journal	\$200,000.00
Gvl First	ABC	Chk	13-Dec-11	1646	Small Farmer's Journal	\$100,000.00
<b>Total</b>						<b>\$586,400.00</b>



Account Number: 16451  
Capture Date: October 28, 2009  
Item Number: 5250152885914  
Posted Date: October 28, 2009  
Posted Item Number: 1747  
Serial Number: 11945  
Amount: 11,400 00

ATLANTIC BULLION & COIN INC  
203 SILOAM ROAD  
EASLEY SC 29642

ATLANTIC BULLION & COIN, INC. 11945  
203 SILOAM ROAD PH 864-605-1000  
EASLEY, SC 29642

PAY TO THE ORDER OF *Small Farmers Journal* \$ 11,400.<sup>00</sup>  
*Eleven thousand four hundred dollars and no/100*

DATE *10/24/2009*

*[Signature]*

FOR DEPOSIT ONLY  
BANK OF THE CASCADIES  
SMALL FARMERS JOURNAL INC  
0401038

⑆011945⑆ ⑆053208011⑆ 0011451⑆

FOR DEPOSIT ONLY  
BANK OF THE CASCADIES  
SMALL FARMERS JOURNAL INC  
0401038



Account Number: 16451  
Capture Date: December 07, 2009  
Item Number: 5250158166206  
Posted Date: December 07, 2009  
Posted Item Number: 1761  
Serial Number: 12038  
Amount: \$25,000.00

ATLANTIC BULLION & COIN INC  
203 SILOAM ROAD  
EASLEY SC 29642

ATLANTIC BULLION & COIN, INC. 12038  
203 SILOAM ROAD PH 864-605-1000  
EASLEY, SC 29642

DATE 12/3/2009

PAY TO THE ORDER OF Small Business Journal \$ 25,000.00  
Twenty Five Thousand Dollars DOLLARS

FOR [Signature]

01012038 0532080 0016451

010036  
Small Business Journal  
Deposit Only







Account Number: 16451  
Capture Date: April 23, 2010  
Item Number: 5250177334751  
Posted Date: April 23, 2010  
Posted Item Number: 6404  
Serial Number: 12376  
Amount: 50,000.00

ATLANTIC BULLION & COIN INC  
203 SILOAM ROAD  
EASLEY SC 29642

ATLANTIC BULLION & COIN, INC.  
203 SILOAM ROAD PH 864-605-1000  
EASLEY, SC 29642

DATE 4/23/2010 12376

PAY TO THE ORDER OF Small Farmers Journal \$ 50,000.00  
Fifty thousand Dollars and 00/100 DOLLARS

FOR [Signature]

Grainville, SC  
FIRST

\*062376\* 053208011 0016451\*

1717015 042210 >123205973<

831 328 936  
Small Farmers Journal



Account Number: 16451  
Capture Date: June 08, 2010  
Item Number: 5250184032003  
Posted Date: June 08, 2010  
Posted Item Number: 7556  
Serial Number: 12470  
Amount: 50,000.00

ATLANTIC BULLION & COIN INC  
203 SILOAM ROAD  
EASLEY SC 29642

ATLANTIC BULLION & COIN, INC.  
203 SILOAM ROAD PH 864-605-1000  
EASLEY, SC 29642

DATE 6/31/2010 57-201/532

PAY TO THE ORDER OF Small Enthusiast's Journal \$ 50,000.00  
Fifty Thousand Dollars DOLLARS

FOR [Signature]

12470

1717656 660710 >123265973<

1717656 660710 >123265973<

Small Enthusiast's Journal  
CAPITAL ACCOUNT  
531328936



Account Number: 16451  
Capture Date: September 28, 2010  
Item Number: 5250200013304  
Posted Date: September 28, 2010  
Posted Item Number: 7285  
Serial Number: 12743  
Amount: 150,000.00

ATLANTIC BULLION & COIN INC  
203 SILOAM ROAD  
EASLEY SC 29642

ATLANTIC BULLION & COIN, INC.  
203 SILOAM ROAD PH 804-805-1000  
EASLEY, SC 29642

12743

DATE 9/23/2010 87 091632

PAY TO THE ORDER OF Small Farmers Journal \$ 150,000.00  
One hundred Fifty Thousand Dollars DOLLARS

*[Signature]*

FCB

⑈0⑆2743⑈ ⑆0532080⑆⑆⑆⑆ ⑆0⑆16⑆51⑈

1715512 092710 >133205973<

831328936  
Small Farmers Journal  
Capital account



Account Number: 16451  
Capture Date: January 12, 2011  
Item Number: 5250215272954  
Posted Date: January 12, 2011  
Posted Item Number: 4833  
Serial Number: 13034  
Amount: 200,000.00

ATLANTIC BULLION & COIN INC  
203 SILOAM ROAD  
EASLEY SC 29642

ATLANTIC BULLION & COIN, INC.  
203 SILOAM ROAD PH 864-806-1000  
EASLEY, SC 29642

13034

DATE 1/7/2011

PAY TO THE ORDER Small Business Journal \$ 200,000.00  
Two Hundred Thousand Dollars & No/100 DOLLARS

*[Signature]*

FOR Small Business Journal

⑆013034⑆ ⑆053208011⑆ 0016451⑆

Small Business Journal  
INC.

A 831328936

⑆013034⑆ ⑆053208011⑆ 0016451⑆