

**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 Allison and Charles Schaum, Ronnie Gene Wilson’s (“Wilson”) daughter and son-in-law (“Schaums”), should not be required to turn over to the Receiver: (1) a 2005 Toyota Prius, serial number JTDKB20U353122911 and (2) a black FORD F250 truck, serial number 1FTSW20PX5EA17388 both purchased with funds or gold coins derived directly from the fraudulent investment scheme orchestrated and carried out by Wilson and Atlantic Bullion & Coin, Inc. (“AB&C”).<sup>1</sup> 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.

<sup>1</sup> The Schaums have already agreed to turn over a red pickup truck and saddle horse that were obtained with money from AB&C Receivership Entities as defined in the Court Order. These two assets are not before the Court pursuant to this petition, but the petition will be amended if both are not produced.

**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 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 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 the funds of the fraudulent investment scheme orchestrated and effectuated by the AB&C Receivership Entities used to purchase the above listed assets, 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 purported 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 Receivership Entities while other investors lost large sums of money. In addition, some individuals received

payments or other assets of value from AB&C Receivership Entities 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, the Schaums received a number of assets from the AB&C Receivership Entities. At issue in this Petition are two particular assets. First, on May 2, 2011, a 2005 Toyota Prius was purchased from Auto Deals, LLC in Mableton, Georgia and paid for with gold coins which originated from Wilson. (*See* Affidavit of Drew Coleman and Bill of Sale attached hereto as Exhibits A.) Second, as evidenced by a check from AB&C to Benson Ford in Easley, SC, a Ford F250 was purchased for Charles Schaum. (*See* Copy of check demonstrating purchase of truck attached hereto as Exhibit C.) In addition, the Ford F250 truck was listed in the criminal Information.

The Schaums are still in possession of these two assets. Further, the Schaums were not investors but received the funds to purchase the assets directly from AB&C Receivership Entities. The Receiver has been unable to obtain any legal writings, contracts or other binding written instruments that support the legitimate possession of these assets.

### **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, the Schaums are in possession of assets that flowed directly from the illegal activity that is the subject of the underlying criminal case. Specifically, the AB&C Receivership Entities provided funds for and/or purchased a 2005 Toyota Prius, serial number JTDKB20U353122911 for Allison Schaum and a black FORD F250 truck, serial number 1FTSW20PX5EA17388 for Charles Schaum, for their use and enjoyment. Although the Ford F250 may have been used previously by Charles Schaum for the benefit of Live Oak Farms (another Ponzi acquired asset and subject to the Court’s Order of July 25, 2012), certainly that use and purpose no longer exists. As such, the Schaums have no valid claim to these assets. Therefore, the Receiver asks the Court to issue a Rule to Show Cause why the Schaums should not be required to turn over assets 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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Greenville, South Carolina