

**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 February 14, 2013 Order (“Court Order”) petitions the Court for a Rule to Show Cause why Masterpiece Investments Corp. (“MPI”), an Oregon corporation, should not be required to produce documents related to the monies received from the fraudulent investment scheme orchestrated and carried out by Ronnie Gene Wilson (“Wilson”) and Atlantic Bullion & Coin, Inc.’s (“AB&C”) or be ordered to repay ill-gotten funds. 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* February 14, 2013 Court Order at 2-3.

### **FACTUAL BACKGROUND**

By way of background and as it relates to MPI'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".

On April 10, 2013, the Receiver wrote to Ken Kepp of MPI setting forth the Receiver's position with regard to the transfer of funds. *See* April 10, 2013 letter to Ken Kepp attached hereto as Exhibit A. From a review of the records available to the Receiver and produced to Mr. Kepp, MPI received payments totaling \$350,000.00 from AB&C.<sup>1</sup> *See* Transfer attached hereto as Exhibit B. MPI was not an investor but received money directly from AB&C. To date, the Receiver is in possession of insufficient legal writings, contracts

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<sup>1</sup> Although the Receiver's letter of April 10, 2013 indicates two transfers of stock for a total of \$500,000.00, the Receiver's records indicate that the second transfer was never completed and thus only \$350,000.00 was transferred to MPI from Wilson/AB&C.

or other binding written instruments that support the legitimate transfer of these funds. In response to the April 10, 2013 letter, MPI wrote to the Receiver on or about May 28, 2013 indicating that MPI was unwilling to repay the money. *See* Letter from MPI attached hereto as Exhibit C. The Receiver responded by letter requesting additional information to evaluate the positions articulated in the May 2013 letter. *See* July 2, 2013 letter to Ken Kepp attached hereto as Exhibit D. However, MPI failed to respond to the July 2, 2013 letter and thus the Receiver has been unable to obtain any documentation establishing the legitimacy of the possession of these funds.

### **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, MPI 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 \$350,000.00 directly to MPI and MPI has consciously failed to comply with the Receiver and produce sufficient documentation to determine whether anything of value was given in return. Therefore, the Receiver asks the Court to issue a Rule to Show Cause why MPI should not be required to produce those documents requested in the Receiver's July 2, 2013 letter. *See* Ex. D. In the event that MPI fails to comply with any Court Order requiring the documents to be produced, the Receiver asks that MPI be ordered 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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**Attorneys for the Receiver**

October 2, 2013  
Greenville, South Carolina