

Division of Securities  
Utah Department of Commerce  
160 East 300 South, 2<sup>nd</sup> Floor  
Box 146760  
Salt Lake City, UT 84114-6760  
Telephone: (801) 530-6600  
FAX: (801)530-6980

**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

<p>IN THE MATTER OF:</p>  <p><b>RONALD DUANE WELLS,</b></p> <p>Respondent.</p>	<p>STIPULATION AND CONSENT ORDER WITH RESPONDENT RONALD DUANE WELLS</p> <p><b>Docket No. SD-23-0023</b></p>
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The Utah Division of Securities (“Division”), by and through its Chief of Enforcement, Elizabeth Blaylock, and respondent Ronald Duane Wells (“Wells” or “Respondent”) hereby stipulate and agree as follows:

1. Respondent has been the subject of an investigation by the Division into allegations that he violated the Utah Uniform Securities Act (“Act”), Utah Code Ann. §§ 61-1-1 (securities fraud), 61-1-3 (licensing), and 61-1-7 (registration).
2. On or about June 2, 2023, the Division initiated an administrative action against Respondent by filing an Order to Show Cause.
3. Respondent hereby agrees to settle this matter with the Division by way of this Stipulation and Consent Order (the “Order”). If entered, the Order will fully resolve all claims the Division has against Respondent pertaining to the Order to Show Cause.

4. Respondent admits that the Division has jurisdiction over him and over the subject matter of this action.
5. Respondent hereby waives any right to a hearing to challenge the Division's evidence and present evidence on his behalf.
6. Respondent has read this Order, understands its contents, and voluntarily agrees to the entry of the Order as set forth below. No promises or other agreements have been made by the Division, nor by any representative of the Division, to induce Respondent to enter into this Order, other than as described in this Order.
7. Respondent is aware that he may obtain counsel to represent him in this matter but has elected not to obtain counsel.

#### **FINDINGS OF FACT**

8. Wells resided in Utah during all times relevant to the allegations asserted herein. At no time was Wells licensed in the securities industry.
9. Rust Rare Coin, Inc. ("RRC"), is a Utah corporation with its principal office in Salt Lake City, Utah. It was founded in 1966 and was operated by Gaylen Dean Rust ("Rust"). RRC's retail store and website sells rare coins, collectible paper money, and precious metal bullion. RRC operated as a Ponzi scheme, and in March 2022, Rust was sentenced to nineteen years in federal prison by a U.S. District Court Judge after being convicted of conspiracy to commit wire fraud, conspiracy to commit money laundering, and securities fraud. Rust was ordered to pay over \$153 million dollars to the 568 victims of his criminal scheme, and an order of forfeiture in the same amount was entered against Rust for all money and assets owned by Rust and traceable to the criminal scheme.

10. The Division's investigation of this matter revealed that from October 1, 2018 through November 15, 2018, while residing in Utah, Wells offered and sold an investment opportunity in RRC to thirty-four investors. One of the investors, a Utah resident who invested \$6,500, cooperated with the Division's investigation.
11. The RRC investment opportunity Wells offered and sold was an investment contract. Investment contracts are securities as defined by Utah Code §61-1-13.
12. In connection with the offer and/or sale of securities, Wells, either directly or indirectly, made material omissions and/or misrepresentations of material facts.
13. In connection with the offer and or sale of securities, Wells acted as an unlicensed agent.
14. Wells offered and/or sold securities that were not registered with the Division, did not qualify for an exemption from registration, and were not federal-covered securities for which any notice filing was made.
15. The investor was paid back his principal investment from a parallel criminal matter against Respondent (*State of Utah v. Ronald D. Wells*, Case No. 211903229, Utah's Second District Court, Weber County).

#### **THE SOLICITATION**

16. On June 16, 2018, Wells met Utah resident D.T. for lunch and solicited D.T., in person, to invest in the RRC investment opportunity.
17. Wells also solicited D.T. to invest in RRC through text messages.
18. D.T. had no role in the investment opportunity other than providing investment funds.
19. During the solicitations, Wells made numerous statements and representations to D.T. regarding the investment opportunity in RRC, including, but not limited to, the following:
  - a. D.T. and Wells would open a joint checking account;

- b. Wells would combine D.T.'s investment funds with his own investment funds into a joint checking account to satisfy the minimum investment amount required by RRC to invest in RRC's special silver program<sup>1</sup>; and
  - c. Wells would transfer all investment funds to RRC to purchase 445 ounces of silver through RRC's silver program.
20. Between October 10 and October 12, 2018, based on Well's statements and representations, D.T. transferred approximately \$6,500 from his personal checking account to a joint checking account at US Bank (the "Joint Account").

**FRAUDULENT CONDUCT: USE OF INVESTOR FUNDS**

21. On October 15, 2028, Wells transferred \$6,500 of D.T.'s investment funds from the Joint Account to his personal checking account at U.S. Bank.
22. Wells then informed D.T. he wired D.T.'s \$6,500 to RRC to purchase an additional 445 ounces of silver through D.T.'s silver trading account with RRC.
23. Wells utilized D.T.'s investment funds in a manner that was inconsistent with the representations he made to D.T. including, but not limited to, paying his own personal expenses and not remitting the investment funds to RRC to purchase silver bullion through the silver program.
24. After the RRC Ponzi collapse in November 2018, D.T. contacted Wells seeking a copy of the \$6,500 RRC receipt reflecting his October 2018 investment so that he could submit it to the federal receiver Jonathan O. Hafen, Esq. of Parr Brown Gee & Loveless.
25. In response, Wells informed D.T. that D.T.'s funds were in fact not transferred to RRC

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<sup>1</sup> On or about October 1, 2018, Gaylen Rust told Wells, D.T. and others that he was offering a special discounted silver rate because another silver account holder was seeking to close out their account. Wells offered to pool his investment funds with D.T. in order to meet the minimum threshold to participate in the special silver program.

but were instead placed in another account Wells used to hold smaller investments he was in the process of pooling.

26. On November 28, 2018, D.T. requested a return of his \$6,500 investment funds since they had not been sent to RRC, however Wells informed D.T. that the funds were no longer available and that Wells was considering filing for bankruptcy.

#### **MISSTATEMENTS AND OMISSIONS**

27. In connection with the offer and/or sale of securities, Wells made material misstatements to investors including, but not limited to, the following:
- a. Wells would pool his personal funds with D.T.'s to invest in the RRC's silver program at a discounted rate, when in fact, Wells did not.
  - b. D.T.'s \$6,500 investment was sent to RRC and used to purchase an additional 445 ounces of silver, when in fact, Well's did not send the funds to RRC.
28. In connection with the offer or sale of securities, Wells failed to disclose material information to investors including, but not limited to, the following:
- a. Wells would use D.T.'s funds to pay his personal expenses;
  - b. Wells would be compensated from D.T.'s investment;
  - c. Wells would keep no accounting of investment funds; and;
  - d. Some or all of the information typically provided in an offering circular or prospectus concerning RRC relevant to the investment opportunity, such as:
    - i. Business and operating history;
    - ii. Financial statements;
    - iii. Information regarding principals involved in the company;
    - iv. Conflicts of interest;

- v. Risk factors;
- vi. Suitability factors for investment; and
- vii. Whether the securities offered were registered in the state of Utah.

### **CONCLUSIONS OF LAW**

#### **Securities Fraud under § 61-1-1(2) of the Act**

29. As described herein, in connection with the offer and/or sale of securities, Wells directly or indirectly misrepresented material facts and/or omitted material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of Section 61-1-1(2) of the Act.

#### **Securities Fraud under § 61-1-1(3) of the Act**

30. As described herein, in connection with the offer and/or sale of securities, Wells directly or indirectly engaged in an act, practice, or course of business which operated as a fraud or deceit on investors, in violation of Section 61-1-1(3) of the Act, when he offered and sold securities to investors and misused investor funds for compensation and for Wells' personal use.

#### **Unlicensed Activity under § 61-1-3(1) of the Act**

31. It is unlawful for a person to transact business in this state as an agent unless the person is licensed under the Act.
32. As described herein, Wells was not licensed in the securities industry in any capacity when he offered and sold the RRC security to investors, and received compensation in connection therewith, in violation of Section 61-1-3(1) of the Act.

### **Sale of Unregistered Securities under § 61-1-7 of the Act**

33. It is unlawful for any person to offer or sell any security in this state unless it is registered, an exempted security or transaction, or is a federal covered security for which notice filing has been made.
34. As described herein, the investments offered and sold by Wells were not registered with the Division, do not qualify for an exemption from registration, and were not federal-covered securities for which any notice filing was made, in violation of Section 61-1-7 of the Act.

### **REMEDIAL ACTIONS / SANCTIONS**

35. Respondent admits the Division's Findings and Conclusions with respect to the securities fraud violations under Section 61-1-1 of the Act, and he neither admits nor denies the Division's Findings and Conclusions with respect to the licensing and registration violations under Sections 61-1-3 and 61-1-7, but he consents to the sanctions below being imposed by the Division.
36. Respondent agrees to cease and desist from violating the Utah Uniform Securities Act (Utah Code Ann. §§ 61-1-1 through 61-1-32) and to comply with the requirements of the Act in all future business in Utah.
37. Respondent agrees to be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah.
38. Pursuant to Utah Code Ann. Section 61-1-20 and in consideration of the factors contained in Utah Code Ann. Section 61-1-31, the Division imposes a fine of \$20,000 against

Respondent, to be paid within two years of entry of this Order by the Utah Securities Commission (the "Commission"). Respondent agrees to pay the fine in consecutive and equal monthly payments over the two-year period, with the first fine payment due to the Division within sixty (60) days of the Commission's approval of the Order.

### **FINAL RESOLUTION**

39. Respondent and the Division acknowledge that this Order, upon approval by the Commission, shall be the final compromise and settlement of this matter. Respondent acknowledges that the Commission is not required to approve this Order, in which case the Order shall be null and void and have no force or effect. In the event the Commission does not approve this Order, however, Respondent expressly waives any claims of bias or prejudgment of the Commission, and such waiver shall survive any nullification.
40. If Respondent materially violates any term of this Order, after notice and an opportunity to be heard before an administrative judge solely as to the issue of a material violation, Respondent consents to entry of an order in which the total fine amount is increased by 20% and becomes immediately due and payable, less any payments already made. Notice of the violation will be provided to Respondent at his last known addresses, and to counsel for Respondent if he has obtained counsel. If Respondent fails to request a hearing or fails to cure any missed fine payment within ten (10) days following the notice, there will be no hearing and the order granting relief will be entered.
41. In addition, the Division may institute judicial proceedings against Respondent in any court of competent jurisdiction and take any other action authorized by the Act or under any other applicable law to collect monies owed by Respondent or to otherwise enforce the terms of this Order. Respondent further agrees to be liable for all reasonable



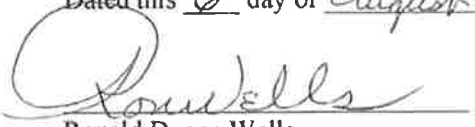
attorneys' fees and costs associated with any collection efforts pursued by the Division, plus the judgment rate of interest.

42. Respondent acknowledges that the Order does not affect any civil or arbitration causes of action that third parties may have against him arising in whole or in part from his actions, and that the Order does not affect any criminal causes of action that may arise as a result of the conduct referenced herein. Respondent also acknowledges that any civil, criminal, arbitration or other causes of actions brought by third parties against him have no effect on, and do not bar this administrative action by the Division against him.
43. This Order constitutes the entire agreement between the parties herein and supersedes and cancels all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or otherwise affect this Order in any way. Upon entry of the Order, any further scheduled hearings involving Respondent are canceled. The Order may be docketed in a court of competent jurisdiction.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2023.

\_\_\_\_\_  
Elizabeth Blaylock  
Chief of Enforcement  
Utah Division of Securities

Dated this 6 day of August 2023.

  
\_\_\_\_\_  
Ronald Duane Wells

Approved:

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Jennifer Korb  
Assistant Attorney General  
Utah Attorney General's Office  
*Counsel for the Division*

**ORDER**

**IT IS HEREBY ORDERED THAT:**

1. The Division's Findings and Conclusions, which Respondent admits in part and neither admits nor denies in part, are hereby entered.
2. Respondent shall cease and desist from violating the Act and comply with the requirements of the Act in all future business in the state of Utah.
3. Respondent shall be barred from associating with any broker-dealer or investment adviser licensed in Utah; from acting as an agent for any issuer soliciting investor funds in the state of Utah; and from being licensed in any capacity in the securities industry in Utah.
4. Pursuant to Utah Code Ann. §61-1-20, and in consideration of the factors set forth in Utah Code Ann. §61-1-31, Respondent shall pay a fine of \$20,000 to the Division pursuant to the terms set forth in paragraph 38.

**BY THE UTAH SECURITIES COMMISSION:**

DATED this 10<sup>th</sup> day of August 2023.

  
Lyndon L. Ricks

  
Lyle White

  
Mark Zimbelman

  
Dawn Dachenhausen

**CERTIFICATE OF SERVICE**

I certify that on the 11<sup>th</sup> day of August 2023, I sent a true and correct copy of the foregoing **Stipulation and Consent Order** to the following as indicated:

Ronald D. Wells  
4415 N 400 W  
Ogden, UT 84414

**And emailed to:**  
Ronald D. Wells  
rwellsimc5@gmail.com

Nathan Gallegos, Administrative Law Judge  
Su Chon, Administrative Law Judge  
Department of Commerce  
ngallegos@utah.gov  
schon@utah.gov  
*Via email*

Jennifer Korb, Assistant Attorney General  
Utah Attorney General's Office  
jkorband@agutah.gov  
*Via email*

Elizabeth Blaylock  
Chief of Enforcement  
Utah Division of Securities  
lblaylock@utah.gov  
*Via email*

  
\_\_\_\_\_  
Administrative Assistant