

Name: Alert ID: TMML2024039624291 SALT LAKE CITY — A federal judge has frozen the assets of a Utah rare coin dealer after the Utah Department of Commerce and others accused the business and its owner of defrauding at least 200 people of more than \$170 million since 2013. A federal complaint was filed Thursday in Utah by the Securities and Exchange Commission against Rust Rare Coin, Inc. and owner Gaylen Dean Rust. The Utah Department of Commerce says the company and Rust have defrauded customers in Utah and 16 other states, including receiving "at least \$42 million from investors in a pool that purportedly bought and sold silver," according to a press release issued Friday by the Commerce Department in conjunction with the Commodity Futures Trading Commission and Division of Securities. On Thursday, U.S. District Judge Tena Campbell issued a restraining order freezing the assets of Rust Rare Coin and allowing state and federal officials to "inspect all relevant records," according to the statement. The company is accused of tricking investors since 2008 into believing it was "pooling investor money for the purpose of entering into contracts of sale for silver. ... (Rust Rare Coin) told investors and prospective investors that they would sell silver held in the pool as market prices rose and buy silver for the pool as market prices fell; thereby increasing the amount of silver held in the 'Silver Pool,' as well as the value of each investor's share in that pool," the statement said. The Silver Pool, however, was a "sham," according to the statement. Rust Rare Coin, however, "generated extraordinarily high profits, averaging 20 to 25 percent per year and sometimes as high as 40 percent per year or more. The defendants provided investors with false account statements." "As alleged, for at least a decade, the defendants defrauded their friends, customers, and business associates out of more than \$170 million. The defendants allegedly concealed their fraud with false account statements and Ponzi payments," Director of Enforcement James McDonald said in a prepared statement. Rust Rare Coin "misappropriated investor funds and used these funds to make payments to other investors in the manner of a Ponzi scheme, transfer money to other companies owned by Rust, and pay personal expenses," according to the statement.