

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING) Order No.: S-14-1441-17-SC01
5 Whether there has been a violation of the)
6 Commodity Transaction Act of Washington by:) STATEMENT OF CHARGES AND NOTICE OF INTENT
7) TO ENTER ORDER TO CEASE AND DESIST AND TO
8) IMPOSE CIVIL PENALTIES
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Respondents.

8 **THE STATE OF WASHINGTON TO:** **Northwest Territorial Mint, LLC; and**
9 **Bernard Ross Hansen a/k/a Ross B. Hansen**

10 **STATEMENT OF CHARGES**

11 Please take notice that the Securities Administrator of the state of Washington has reason to believe that
12 Respondents, Northwest Territorial Mint, LLC and Bernard Ross Hansen a/k/a Ross B. Hansen, have each violated the
13 Commodity Transaction Act of Washington and that their violations justify the entry of an order of the Securities
14 Administrator under RCW 21.30.120 to cease and desist from such violations and to impose civil penalties. The
15 Securities Administrator finds as follows:

16 **TENTATIVE FINDINGS OF FACT**

17 **Respondents**

18 1. Northwest Territorial Mint, LLC (“NWTM”) is a Washington LLC that was formed in December 2002.
19 Its principal place of business is in Federal Way, Washington, but it has offices and production facilities in five other
20 states. NWTM is in the business of selling coins and medallions, including custom minted items, and storing precious
21 metals for its customers in its vaults. Until it filed for Chapter 11 bankruptcy in April 2016 (see Paragraphs 8-9), NWTM
22 was also in the business of selling precious metals to the general public, primarily through its website, at its Federal
23 Way store, and over the telephone.

24 2. Bernard Ross Hansen a/k/a Ross B. Hansen (“Hansen”), a Washington resident, was NWTM’s only
25 owner and managing member. Hansen was also NWTM’s President and CEO at all times until his resignation in April

2016, shortly after NWTM filed for Chapter 11 bankruptcy.

Nature of the Offering

3. For much of its history, NWTM sold precious metals in the form gold, silver, platinum, and palladium coins and bullion to the general public. NWTM, through its bullion division, sold precious metals on its website, www.nwtmint.com, over the telephone, and at its showroom in Federal Way, Washington. NWTM represented itself as the largest private mint in the country and has claimed that it received over 10,000 bullion orders per year in recent years. Until his resignation as President and CEO in April 2016, Hansen had full control of NWTM. As NWTM's President, CEO, and sole owner and managing member, Hansen had control over its policies and business practices, as well as its sales personnel.

4. The Commodity Transactions Act of Washington (the "Act") regulates the offer and sale of commodities, such as precious metals, under commodity contracts. A commodity contract does not include any commodity transaction where the seller is required to deliver the commodity to the buyer within 28 days after the payment of good funds, and the seller actually does so. Any commodity transaction that takes longer than 28 days for delivery will fall under the Act unless an exemption applies.

5. NWTM has had a long-standing and consistent practice of delaying the shipment of its customers' precious metal orders and taking months to ship orders. NWTM's practice of delayed shipments led, in part, to the filing of a Consumer Protection Act complaint against it by the Washington Attorney General's Office ("AGO") in February 2008. The AGO and NWTM settled the matter in September 2008 by entering into a consent decree that required NWTM to, among other things, provide updates and refund opportunities to their customers should their orders be delayed. NWTM was also prohibited from making any misrepresentations about its business, including regarding delivery dates.

6. After the consent decree, NWTM continued to delay the shipment of precious metal orders and make shipping-related misrepresentations to its customers. Though it noted that shipping delays were possible due to inventory and other unspecified issues, NWTM represented on its website that its "policy" was to ship orders "promptly" after payment (<http://bullion.nwtmint.com/buyingbullion.php>, accessed February 13, 2015). At or around the time that

1 many customers placed their orders, NWTM also provided those customers with a shipping window, generally 8-10
2 weeks after their payments cleared.

3 7. NWTM made these representations about its shipping policy despite consistently experiencing
4 widespread shipping delays. A sample of precious metal orders from April to September 2014 illustrates how common
5 shipping delays were at NWTM. During that period, NWTM fulfilled roughly 3,470 precious metal orders from
6 customers across the country. Of those, NWTM shipped around 2,430 orders, or 70%, more than 10 weeks after
7 customer payments cleared. NWTM shipped most of the orders within 3 to 6 months, but took even longer to ship many
8 other orders.

9 *2016 Bankruptcy Filing*

10 8. On April 1, 2016, NWTM, at Hansen's direction, filed for Chapter 11 bankruptcy. NWTM filed for
11 bankruptcy a month after judgments for \$25.5 million and \$12.5 million were entered against Hansen and NWTM,
12 respectively, in a defamation lawsuit. On April 11, 2016, the bankruptcy court appointed a Chapter 11 trustee to oversee
13 NWTM. Hansen resigned as NWTM's CEO and President the next day. The Chapter 11 trustee eventually closed
14 NWTM's bullion division, though NWTM is still currently operating.

15 9. To date, over 3,000 creditor claims totaling nearly \$72.5 million have been filed against NWTM in the
16 bankruptcy matter. A large number of the creditor claims, if not a majority, were filed by NWTM precious metal
17 customers who have not received the precious metals that they paid for. Many of these customers placed their orders in
18 the summer and fall of 2015, several months before the bankruptcy filing.

19 **REGISTRATION STATUS**

20 10. NWTM is not currently registered with the Commodity Futures Trading Commission as a futures
21 commission merchant or as a leverage transaction merchant, and is not currently registered with the Department of
22 Financial Institutions as a commodities broker-dealer or commodities sales representative under the Commodity
23 Transactions Act, and has not previously been so registered.

24 11. Hansen is not currently registered with the Commodity Futures Trading Commission as a futures
25 commission merchant or as a leverage transaction merchant, and is not currently registered with the Department of

1 Financial Institutions as a commodities broker-dealer or commodities sales representative under the Commodity
2 Transactions Act, and has not previously been so registered.

3 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

4 **CONCLUSIONS OF LAW**

5 1. Precious metals in the form of silver, gold, platinum and palladium coins and bullion of the kind sold
6 by Northwest Territorial Mint, LLC are a commodity as defined in RCW 21.30.010(9) and (17).

7 2. The offer and or sale of the precious metals, as described above, constitutes the offer and/or sale of a
8 commodity, commodity contract, or commodity option in the state of Washington as defined in RCW 21.30.010(10),
9 (11), (14) and (15).

10 3. The offer and/or sale of said commodity, commodity contract, or commodity option violated RCW
11 21.30.020 because the offer and/or sale was made by a person not exempt under RCW 21.30.030 and the transaction or
12 contract was not exempt under RCW 21.30.040.

13 4. Respondent Bernard Ross Hansen a/k/a Ross B. Hansen controlled Northwest Territorial Mint, LLC
14 and its employees in his role as Northwest Territorial Mint, LLC's President, CEO, and sole owner and managing
15 member. Pursuant to RCW 21.30.070, Bernard Ross Hansen a/k/a Ross B. Hansen is therefore liable for any violation
16 of the Commodity Transactions Act committed by Northwest Territorial Mint, LLC and its employees, to the same
17 extent as Northwest Territorial Mint, LLC or its employees.

18 5. Respondents, Northwest Territorial Mint, LLC and Bernard Ross Hansen a/k/a Ross B. Hansen, each
19 violated RCW 21.30.050 by offering or selling said commodities, commodities contract, or commodities option while
20 not registered under the Commodity Futures Trading Commission as a futures commission merchant or as a leverage
21 transaction merchant, and while not registered as a commodities broker-dealer or commodities sales representative with
22 the Department of Financial Institutions under the Commodity Transactions Act.

23 6. The offer and/or sale of said commodities was made in violation of RCW 21.30.060 because
24 Respondents, Northwest Territorial Mint, LLC and Bernard Ross Hansen a/k/a Ross B. Hansen, in connection with the
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offer and sale of a commodity, made untrue statements of material fact and/or omitted to state material facts necessary in order to make the statements made, in light the circumstance under which they were made, not misleading.

NOTICE OF INTENT TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.30.120, that Respondents, Northwest Territorial Mint, LLC and Bernard Ross Hansen a/k/a Ross B. Hansen, each permanently cease and desist from violating RCW 21.30.050 and RCW 21.30.060.

NOTICE OF INTENT TO IMPOSE CIVIL PENALTIES

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.30.120, that Respondent Northwest Territorial Mint, LLC shall be liable for and pay a civil penalty of \$10,000.

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order, pursuant to RCW 21.30.120, that Respondent Bernard Ross Hansen a/k/a Ross B. Hansen shall be liable for and pay a civil penalty of \$10,000.

AUTHORITY AND PROCEDURE

This Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and To Impose Civil Penalties is entered pursuant to the provisions of RCW 21.30.120, and is subject to the provisions of Chapter 34.05 RCW. The Respondents, Northwest Territorial Mint, LLC and Bernard Ross Hansen a/k/a Ross B. Hansen, may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order. If a Respondent fails to request a hearing within the allowed time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent cease and desist order and order to impose civil penalties against that Respondent.

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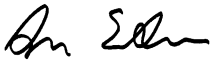
Signed and Entered this 17th day of July, 2017.

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WILLIAM M. BEATTY
Securities Administrator

Approved by:



SUZANNE SARASON
Chief of Enforcement

Presented by:



HUONG LAM
Financial Legal Examiner

Reviewed by:



JACK MCCLELLAN
Financial Legal Examiner Supervisor