

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING) Order No.: S-14-1441-17-FO01
Whether there has been a violation of the)
Commodity Transaction Act of)
Washington by:) ENTRY OF FINDINGS OF FACT AND CONCLUSIONS
) OF LAW AND FINAL ORDER TO CEASE AND DESIST
NORTHWEST TERRITORIAL MINT, LLC; and) AND TO IMPOSE CIVIL PENALTIES AS TO BERNARD
BERNARD ROSS HANSEN a/k/a ROSS B.) ROSS HANSEN a/k/a ROSS B. HANSEN
HANSEN)
Respondents.)

On July 17, 2017, the Securities Administrator of the state of Washington issued Statement of Charges and Notice of Intent to Enter Order to Cease and Desist and to Impose Civil Penalties, Order No. S-14-1441-17-SC01, hereinafter referred to as “Statement of Charges.”

The Statement of Charges, together with a Notice of Opportunity to Defend and Opportunity for Hearing, hereinafter referred to as “Notice of Opportunity for Hearing” and an Application for Adjudicative Hearing, hereinafter referred to as “Application for Hearing,” were served on Respondent, Bernard Ross Hansen a/k/a Ross B. Hansen, on August 14, 2017. The Notice of Opportunity for Hearing advised Respondent, Bernard Ross Hansen a/k/a Ross B. Hansen, that a written application for an administrative hearing on the Statement of Charges must be received within twenty days from the date of receipt of the notice. Respondent, Bernard Ross Hansen a/k/a Ross B. Hansen, failed to request an administrative hearing within twenty days of receipt of the Statement of Charges and Notice of Opportunity for Hearing, either on the Application for Hearing provided, or otherwise.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Statement of Charges, and enter a final order against the Respondent to cease and desist from violations of the Commodity Transaction Act and to impose the civil penalties sought in the Statement of Charges.

**FINDINGS OF FACT
Respondents**

1. Northwest Territorial Mint, LLC (“NWTM”) is a Washington LLC that was formed in December 2002. Its principal place of business is in Federal Way, Washington, but it has offices and production facilities in five other

1 states. NWTM is in the business of selling coins and medallions, including custom minted items, and storing precious
2 metals for its customers in its vaults. Until it filed for Chapter 11 bankruptcy in April 2016 (see Paragraphs 8-9), NWTM
3 was also in the business of selling precious metals to the general public, primarily through its website, at its Federal
4 Way store, and over the telephone.

5 2. Bernard Ross Hansen a/k/a Ross B. Hansen (“Hansen”), a Washington resident, was NWTM’s only
6 owner and managing member. Hansen was also NWTM’s President and CEO at all times until his resignation in April
7 2016, shortly after NWTM filed for Chapter 11 bankruptcy.

8 **Nature of the Offering**

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

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

21 5. NWTM has had a long-standing and consistent practice of delaying the shipment of its customers’
22 precious metal orders and taking months to ship orders. NWTM’s practice of delayed shipments led, in part, to the filing
23 of a Consumer Protection Act complaint against it by the Washington Attorney General’s Office (“AGO”) in February
24 2008. The AGO and NWTM settled the matter in September 2008 by entering into a consent decree that required
25 NWTM to, among other things, provide updates and refund opportunities to their customers should their orders be

1 delayed. NWTM was also prohibited from making any misrepresentations about its business, including regarding
2 delivery dates.

3 6. After the consent decree, NWTM continued to delay the shipment of precious metal orders and make
4 shipping-related misrepresentations to its customers. Though it noted that shipping delays were possible due to
5 inventory and other unspecified issues, NWTM represented on its website that its “policy” was to ship orders “promptly”
6 after payment (<http://bullion.nwtmint.com/buyingbullion.php>, accessed February 13, 2015). At or around the time that
7 many customers placed their orders, NWTM also provided those customers with a shipping window, generally 8-10
8 weeks after their payments cleared.

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

15 *2016 Bankruptcy Filing*

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

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

25 //

REGISTRATION STATUS

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

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

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

CONCLUSIONS OF LAW

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

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

3. The offer and/or sale of said commodity, commodity contract, or commodity option violated RCW 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 contract was not exempt under RCW 21.30.040.

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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

6. The offer and/or sale of said commodities was made in violation of RCW 21.30.060 because Respondent, Bernard Ross Hansen a/k/a Ross B. Hansen, in connection with the 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.

FINAL ORDER

Based upon the foregoing:

IT IS HEREBY ORDERED that Respondent, Bernard Ross Hansen a/k/a Ross B. Hansen, and his agents and employees each shall each cease and desist from offering or selling commodities as defined in RCW 21.30.010(9) in a manner violating RCW 21.30.050, the registration section of the Commodity Transaction Act of Washington.

IT IS HEREBY ORDERED that Respondent, Bernard Ross Hansen a/k/a Ross B. Hansen, and his agents and employees shall each cease and desist from violating RCW 21.30.060, the anti-fraud section of the Commodity Transaction Act of Washington.

IT IS HEREBY ORDERED that Respondent, Bernard Ross Hansen a/k/a Ross B. Hansen, shall be liable for and pay a civil penalty of \$10,000 pursuant to RCW 21.30.120.

This Order is entered pursuant to RCW 21.30.120 and is subject to the provisions of Chapter 34.05 RCW.

**WILLFUL VIOLATION
OF THIS ORDER IS A CRIMINAL OFFENSE.**

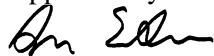
//
//
//
//

1 SIGNED and ENTERED this 28th day of September, 2017.
2
3

4 

5
6 _____
7 WILLIAM M. BEATTY
8 Securities Administrator

9 Approved by:

10 

11 _____
12 SUZANNE SARASON
13 Chief of Enforcement

14 Presented by:

15 

16 _____
17 HUONG LAM
18 Financial Legal Examiner

19 Reviewed by:

20 

21 _____
22 JACK MCCLELLAN
23 Financial Legal Examiner Supervisor