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33515-A/GM

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE DEPARTMENT OF COMMERCE

In the Matter of the Bullion Coin Dealer
Registration of Midas Resources, Inc.,
No. 40389320,

**STIPULATION AND
CONSENT ORDER**

and,

In the Matter of the Bullion Coin
Representative Registrations of Theodore
Anderson and John C. Huebner
Nos. 40389579 and 40389474.

Commissioner of Commerce Mike Rothman ("Commissioner") has determined as follows:

1. Pursuant to Minn. Stat. §§ 45.027, subd. 7, and 80G.10, subd. 4 (2014), on September 11, 2015, the Commissioner commenced action against Midas Resources, Inc. ("MRI"), by issuing an Order to Show Cause and Order for Summary Suspension, and an action against Theodore Anderson and John C. Huebner by issuing an Order To Show Cause. The Commissioner alleged as follows:

A. MRI, Anderson and Huebner engaged in acts and practices that demonstrate they are incompetent, financially irresponsible, and otherwise unqualified to act under the authority of the Commissioner in violation of Minn. Stat. §§ 45.027, subd. 7(a)(4), and 80G.03, subd. 1(5);

B. MRI regularly misappropriated money received in the course of buying, selling, soliciting, or marketing bullion coins or investments in bullion coins to consumers in violation of Minn. Stat. §§ 80G.03, subd. 1(5), and 80G.07, subd. 1(13);

C. MRI routinely failed without prior agreement to deliver bullion coins to its customers within 30 days of payment and otherwise misrepresented to consumers the terms of sale and delivery date of bullion coins in violation of Minn. Stat. §§ 80G.03, subd. 1(5), and 80G.07, subd. 1(2), (5), (14); and,

D. Anderson and Huebner misappropriated a customer's money and otherwise misrepresented terms of sale and delivery dates in violation of Minn. Stat. §§ 80G.03, subd. 1(5), and 80G.07, subd. 1(5), (13), (14).

2. MRI, Anderson, and Huebner (collectively "Respondents") acknowledge that they were advised of their right to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing. Respondents hereby expressly waive those rights. Respondents further acknowledge that they were advised of their right to be represented by legal counsel and that they were represented by Mark R. Miller, Esq.

3. Respondents have agreed to an informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 and Minn. Rule 1400.5900.

4. For purposes of Minn. Stat. § 16D.17(1), Respondents expressly waive their right to any notice or opportunity for a hearing on the civil penalties imposed by this Stipulation and Consent Order.

5. Respondents acknowledge that any civil penalties or judgments arising from this Stipulation and Consent Order are non-dischargeable in any bankruptcy proceeding. *See* 11 U.S.C. § 523(a)(7) ("A discharge under section 727, 1141, 1228(a), 1228(b), or 1328(b) of this title does not discharge an individual debtor from any debt . . . to the extent such debt is for a fine, penalty, or forfeiture payable to and for the benefit of a governmental unit, and is not compensation for actual pecuniary loss, other than a tax penalty . . .").

6. The following order is in the public interest.

IT IS HEREBY STIPULATED AND ORDERED, pursuant to Minn. Stat. §§ 45.027, and 80G.10, as follows:

A. The Order to Show Cause and Order for Summary Suspension issued against MRI on September 11, 2015, is vacated.

B. The Order to Show Cause issued against Theodore Anderson and John C. Huebner on September 11, 2015, is vacated.

C. Theodore Anderson's bullion coin representative registration, No. 40389579, is revoked. Further, Theodore Anderson is prohibited from being an owner, officer, member, or shareholder of any entity that holds a bullion coin dealer registration in the State of Minnesota for two years.

D. John C. Huebner's bullion coin representative registration, No. 40389474, is suspended for 6 months.

E. MRI's bullion coin dealer registration, No. 40389320, is revoked and MRI shall immediately cease and desist from acting or holding itself out as a bullion coin dealer in Minnesota.

F. MRI shall pay full restitution to all customers within 12 months from the date of this Stipulation and Consent Order, including customers from whom it has accepted money and not delivered bullion coins or precious metals or to whom it has issued credit memoranda. Prior to the execution of this Stipulation and Consent Order, MRI shall submit for the Commissioner's approval a plan to liquidate MRI's bullion coin and precious metals inventory and repay MRI's customers on a pro rata basis. All restitution to customers shall be paid in accordance with the plan developed by MRI and approved by the Commissioner. MRI shall make an initial \$310,000

restitution payment on a pro rata basis and shall thereafter strive to pay at least \$60,000 every month toward restitution; however, at a minimum, MRI shall pay at least \$10,000 in restitution to its customers every month over the next 12 months until full restitution has been paid. MRI shall make monthly reports to the Commissioner regarding MRI's restitution payments and, in addition, shall respond in writing to any requests from the Commissioner within 3 business days.

G. MRI shall pay a \$100,000 civil penalty to the State of Minnesota; however, that \$100,000 civil penalty shall be stayed for 12 months from the date of this Stipulation and Consent Order so long as MRI complies with this Stipulation and Consent Order, including making the initial \$310,000 restitution payment followed by minimum monthly payments of at least \$10,000. If MRI pays full restitution to its customers within 12 months from the date of this Stipulation and Consent Order in accordance with the plan developed by MRI and approved by the Commissioner, the \$100,000 civil penalty shall automatically be vacated upon satisfactory proof submitted by MRI to the Commissioner. The stay on the \$100,000 civil penalty shall automatically be lifted and it shall become due and payable if MRI fails to comply with this Stipulation and Consent Order or to pay: (i) the initial \$310,000 restitution payment; (ii) a minimum payment of at least \$10,000 each month over the next 12 months on any outstanding restitution; or (iii) full restitution within 12 months.

H. Nothing herein prohibits MRI and Anderson from selling any assets, including MRI's customer lists or goodwill, to a bona fide purchaser. MRI and Anderson agree that any money received from the sale of MRI's assets shall be applied to restitution. If MRI and Anderson fail to apply the proceeds from any asset sale toward restitution, the stay on the \$100,000 civil penalty against MRI shall automatically be lifted and it shall become due and payable.

I. Nothing herein prohibits the Commissioner from pursuing a civil action against MRI in district court pursuant to Minn. Stat. § 80G.10, subs. 1-2, including without limitation an asset freeze, accounting, writ of attachment, writ of general or specific execution, or the appointment of a receiver or conservator in the event that MRI fails to comply with any term or condition of this Stipulation and Consent Order.

J. Respondents are currently involved in a pending lawsuit in Dakota County District Court (Court File No. 19HA-CV-15-95) related to the sale of silver rounds to the plaintiff. Respondents have advised the Department that they dispute any civil liability to the plaintiff in that case. The parties to that litigation have filed cross-motions for summary judgment and a jury trial is currently scheduled for January 25, 2016. Due to the contested and indeterminate nature of the plaintiff's claims against Respondents, this Stipulation and Consent Order does not require restitution to the plaintiff at this time. MRI, Anderson, and Huebner acknowledge that if they jointly or individually become judgment debtors to the plaintiff at the conclusion of the lawsuit, including any appellate review, the judgment debtor(s) will make efforts to satisfy any non-discharged, final judgment against the judgment debtor(s). The Commissioner expressly reserves his right and authority to take action against any such judgment debtor if the judgment debtor fails to satisfy any final judgment resulting from the pending lawsuit, including seeking an order for restitution or the imposition of civil penalties, and Respondents expressly reserve their rights under applicable Minnesota law to contest any future action by the Commissioner.

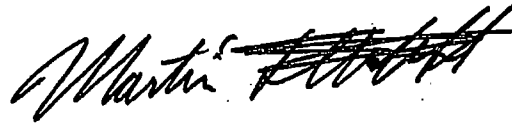
IT IS FURTHER ORDERED THAT, pursuant to Minn. Stat. § 16D.17, if the \$100,000 civil penalty imposed against MRI is not vacated within 12 months, or if the stay is lifted, the Commissioner may file and enforce the \$100,000 civil penalty as a judgment against MRI in

district court without further notice or additional proceedings. In addition, pursuant to Minn. Stat. § 16D.13, MRI is hereby notified that 30 days after the stay expires or has been lifted, simple interest computed in accordance with Minn. Stat. § 16D.13, subd. 2 will begin to accrue on the civil penalty imposed against MRI.

This Stipulation and Consent Order shall be effective upon signature on behalf of the Commissioner.

MIKE ROTHMAN
Commissioner

Dated: 11/3/2015



MARTIN FLEISCHHACKER
Assistant Commissioner – Enforcement

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101
(651) 539-1600

CONSENT TO ENTRY OF ORDER

The undersigned, Theodore Anderson, states that he has read the foregoing Consent Order, that he fully understands its contents and effect, that he is authorized to execute this Consent Order on behalf of Theodore Anderson and Midas Resources, Inc., that he has been advised of their right to a hearing, that he has been advised of their right to counsel, and that he consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.




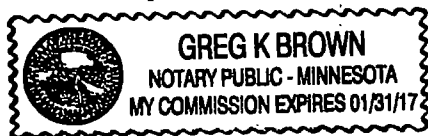
Theodore Anderson, individually, and on behalf of Midas Resources, Inc.

STATE OF MINNESOTA

COUNTY OF Delata

This instrument was acknowledged before me on November 3rd, 2015, by Theodore Anderson, individually, and on behalf of Midas Resources, Inc.

(stamp)



(Signature of notary officer)

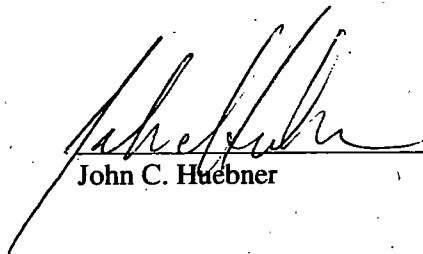
Notary Public

Title (and Rank)

My commission expires: 01-31-2017

CONSENT TO ENTRY OF ORDER

The undersigned, John C. Huebner, states that he has read the foregoing Consent Order, that he fully understands its contents and effect, that he is authorized to execute this Consent Order, that he has been advised of his right to a hearing and appeal, that he has been advised of his right to legal counsel in this matter, and that he consents to entry of this Order by the Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either express or implied.




John C. Huebner

STATE OF Minnesota
COUNTY OF Dakota

Signed or attested before me on November 3rd, 2015, by John C. Huebner.

(Seal, if any)



(Signature of notarial officer)

Notary Public

Title

My commission expires: 01-31-2017

