



Department of Justice

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DEFENDANT CHARGED IN CONNECTION WITH FRAUDULENT SILVER TRADING PROGRAM PLEADS GUILTY TO MONEY LAUNDERING

SALT LAKE CITY – Denise Gunderson Rust, one of three individuals charged in connection with an alleged scheme to defraud investors by inducing them to purchase investments in a fraudulent silver trading program, pleaded guilty to money laundering in federal court late last week.

Gaylen Rust owned and managed Rust Rare Coin, Inc. (RRC), R Legacy Entertainment LLC, R. Legacy Racing Inc., R Legacy Investments LLC, R Legacy Ranch, and Legacy Music Alliance. Denise Rust was listed as the secretary of RRC and had signatory authority on several RRC bank accounts. Joshua Rust was manager of RRC from 2004 to Nov. 15, 2018. He also had signatory authority on several RRC bank accounts and managed the day-to-day operations of the RRC coin shop.

The silver trading program was offered and sold to around 700 investors throughout the United States. The defendants collected approximately \$200 million.

Denise Gunderson Rust, 60, of Layton was charged in the case along with Gaylen Dean Rust, 59, of Layton and Joshua Daniel Rust, age 37, of Draper. Cases against the two men are pending.

“Denise Rust participated in one of largest and most financially destructive frauds Utah has ever seen. Based on this conduct, we have secured a conviction against her for laundering investor money for her own personal benefit,” U.S. Attorney John W. Huber said. “We remain committed to seek justice for the nearly 700 victims who have suffered catastrophic economic consequences from this fraud.”

“We are pleased at these first steps toward justice in this matter,” said Thomas Brady, Director of the Utah Division of Securities. “The U.S. Attorney’s Office has done exemplary work.”

“Instead of doing the right thing, Denise Rust helped perpetuate a multi-million dollar Ponzi scheme that duped investors for more than 20 years,” said Special Agent in Charge Paul Haertel of the FBI’s Salt Lake City Field Office. “This case shows just how convincing fraudsters can be. We urge due diligence when looking to invest and immediately report fraud to the FBI.”

“Denise Rust knew that the millions of dollars of investors’ money she diverted into another business was from a Ponzi scheme,” said Las Vegas Field Office Special Agent in Charge Tara Sullivan. “People who create schemes that have no purpose other than to mislead others and defraud the IRS run the very high risk of prosecution.”

Denise Gunderson Rust pleaded guilty to a Felony Information charging one count of money laundering. As a part of her plea agreement, she admitted that she conducted a money transaction using proceeds derived from unlawful activity.

She admitted that by that date, she was aware that Gaylen Rust had collected millions of dollars by offering and selling a silver trading program to many investors located throughout the United States. She admitted knowing that Rust had misrepresented to investors that their money would be used to purchase and trade significant amounts of physical silver bullion.

On Oct. 17, 2018, Denise Gunderson Rust admitted she transferred \$12,000 from a bank account in Utah, where investor money was pooled, to her daughter in Alaska. The payment to her daughter was unrelated to the silver trading program.

The plea agreement includes an agreement that the Court will impose a sentence of between five years’ probation and 18 months in prison. The stipulated sentencing range is subject to the approval of the Court. She has also agreed to pay restitution in the approximate amount of \$1,774,357.93. The exact amount of restitution and the schedule of payments will be determined during the sentencing hearing. She also agreed to forfeit \$12,000 in money she acquired traceable to the criminal conduct. A sentencing date has not been set. Denise Rust is not in custody.

The indictment charging the Rusts alleges that from around 1996 and continuing to Nov. 15, 2018, the defendants conspired to defraud investors and potential investors by offering and inducing them to purchase investments in a silver trading program. According to the indictment, Gaylen Rust, who offered and sold investments in the program, made false and fraudulent statements regarding his scheme, both directly and indirectly, to investors and potential investors through various means including meetings, phone calls, mailings, and emails.

Among other things, the indictment alleges the defendants failed to disclose to investors that their funds would be used for purposes other than to invest in silver and trading silver; that Gaylen Rust was not licensed to sell securities, trade commodities or operate a commodity pool; that investor funds were being laundered through transfers in and out of the defendants’ personal accounts; and that investment account statements provided to investors were false and not based on actual silver trades.

In order to convince investors that their investments were profitable and to convince potential investors that the silver program was earning money, the defendants operated the trading program as a Ponzi scheme. The defendants used investment money from later investors to pay the promised returns to earlier investors, creating the false impression that the silver trading program was profitable, the investments were safe and secure, and that the promised returns were being generated. Ponzi payments of approximately \$150 million were made to investors, representing those payments as profits from the operation of the silver trading program.

Gaylen Rust and Joshua Rust are charged with wire fraud and money laundering conspiracy in the case. Gaylen Rust also faces two counts of securities fraud and Joshua Rust is charged with one count of money laundering.

The potential maximum penalties for wire fraud conspiracy, securities fraud and money laundering conspiracy are up to 20 years in federal prison per count. Securities fraud has a 20-year maximum sentence and money laundering has a potential 10-year sentence.

Indictments are not findings of guilt. Individuals charged in indictments are presumed innocent unless or until proven guilty in court.

Assistant U.S. Attorneys in Salt Lake City are prosecuting the case. Special agents with the Utah Division of Securities, the FBI, and IRS-Criminal Investigation are investigating the case. The Securities Exchange Commission, the Commodity Futures Trading Commission, and the Utah Attorney General's Office have filed related cases.

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