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Honorable Christopher M. Alston
Chapter 11
Hearing Location: Seattle, Rm. 7206
Hearing Date: June 2, 2017 or such other time
set by the Court
Hearing Time: 9:30 a.m.
Response Date: May 31, 2017 or such other time
set by the Court

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8 UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 In re:
11 NORTHWEST TERRITORIAL MINT, LLC,
12 Debtor.

Case No. 16-11767-CMA
MOTION FOR AUTHORITY TO ENTER
INTO POST-PETITION FINANCING
13 AGREEMENT PURSUANT TO 11 U.S.C. §364

14 Mark Calvert, the Chapter 11 Trustee (the “Trustee”) of Northwest Territorial Mint, LLC
15 (“NWTM” or “Debtor”) applies to the Court for authority to enter into a post-petition financing
16 agreement with Prestige Capital Corporation (“Prestige”). In support of this motion, the Trustee
17 respectfully represents as follows:

18 **I. FACTS**

19 1. On April 1, 2016, the Debtor commenced this case by filing a voluntary petition
20 under chapter 11 of the United States Bankruptcy Code. On April 11, 2016, the Court appointed
21 Mark Calvert as chapter 11 Trustee. *See* Dkt. No. 51. Upon his appointment, the Trustee took
22 control over the business operations of the Debtor and initiated his investigation of the financial
23 affairs of the bankruptcy estate. Following his appointment, the Trustee quickly discovered that the
24 Debtor had a severe cash shortfall, and was in danger of not being able to pay immediate operating
25 expenses. As a result, the Trustee has spent the last year engaged in efforts to streamline and
26 stabilize the business in order to restructure the financial affairs of the estate and bring a return to

MOTION TO APPROVE POST-PETITION FINANCING
PURSUANT TO 11 U.S.C. §364 - 1
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1 creditors. The Trustee has previously liquidated assets in Tomball, Texas and closed facilities in
2 Auburn and Federal Way, Washington and has consolidated the minting operations of the Debtor in
3 Dayton, Nevada.

4 2. Despite the Trustee's ongoing efforts to restore NWTM's profitability through
5 downsizing and consolidation, revenue streams have not fully developed. As a result of significant
6 fixed overhead including building lease expenses and expenses associated with the restructuring,
7 NWTM continues to experience a tight cash flow. While the Trustee remains convinced of the long-
8 term viability and profitability of NWTM's business, the Debtor needs an infusion of cash in order
9 to have sufficient runway to allow time for the new CEO and sales team to grow sales.

10 3. The Trustee has explored options for post-petition financing, and has received a
11 proposal from Prestige under which Prestige will provide financing through a factoring arrangement.
12 A copy of the proposed agreement for financing (the "Credit Agreement"), is attached to the
13 Declaration of Mark Calvert (the "Calvert Decl.") as Exhibit A.

14 4. The key terms under which Prestige will provide financing are as follows:

15 a. Prestige will purchase NWTM's eligible accounts receivable (no more than
16 120 days from the invoice date) at an advance rate of 80%;

17 b. The maximum advance is \$1,000,000;

18 c. The fee paid to Prestige will be 1.8% for the first 30 days, plus an additional
19 .65% for each ten-day period thereafter, up to 120 days. If not repaid within 120 days, the fee will
20 increase by 1.5% for each additional 10 days thereafter until the advance and fee are paid back;

21 d. NWTM will be required to factor a minimum of \$1.8 million of invoices
22 during the six month term of the agreement or it will pay a 3% fee on any shortfall;

23 e. Prestige will be granted a first-position security interest on NWTM's post-
24 petition receivables and inventory.

25 f. The Trustee retains the right to repurchase factored accounts for the amounts
26 of the funds advanced plus the discount fees accrued through the date of repurchase.

CERTIFICATE OF SERVICE

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The undersigned declares as follows:

That she is a Paralegal in the law firm of K&L Gates LLP, and on May 19, 2017, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

Also on May 19, 2017, she caused the foregoing document to be placed in the mail to the Parties at the addresses listed below:

Northwest Territorial Mint LLC
c/o Ross Hansen, Member
P.O. Box 2148
Auburn, WA 98071-2148

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on the 19th day of May, 2017 at Seattle, Washington.

/s/ Denise A. Lentz
Denise A. Lentz