

The Honorable Christopher M. Alston
Chapter 11
Hearing Location: Seattle, WA
Hearing Date: April 7, 2016
Hearing Time: 9:30 am
Response Due: At the time of hearing

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

In re

NORTHWEST TERRITORIAL MINT, LLC

Debtor.

No. 16-10176-TWD

DECLARATION OF BILL WEISFIELD IN
SUPPORT OF DEBTOR'S EMERGENCY
MOTION PURSUANT TO 11 U.S.C. §§
105(a) AND 363(b) FOR ENTRY OF AN
ORDER AUTHORIZING THE
RETENTION AND EMPLOYMENT OF
BILL WEISFIELD AND STUART HEATH
OF ELLIOTT BAY ASSET SOLUTIONS,
LLC AS CHIEF RESTRUCTURING
OFFICERS *NUNC PRO TUNC*

I, BILL WEISFIELD, declare as follows:

1. I have personal knowledge of the facts stated in this declaration and am competent to testify to them. I submit this declaration in support of the Debtor's Emergency Motion Pursuant to 11 U.S.C. §§ 105(a) and 363(b) for Entry of an Order Authorizing the Retention of Bill Weisfield and Stuart Heath of Elliott Bay Asset Solutions, LLC as Chief Restructuring Officers *Nunc Pro Tunc*.

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AND EMPLOYMENT OF BILL WEISFIELD AND
STUART HEATH OF ELLIOTT BAY ASSET
SOLUTIONS, LLC AS CHIEF RESTRUCTURING
OFFICERS *NUNC PRO TUNC*- 1

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1 2. I am one of the principals of Elliott Bay Asset Solutions, LLC (“EBAS”), a
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3 firm that specializes in managing and consulting distressed companies. I personally have
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5 more than 40 years of experience turning around troubled companies, creating work-out
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7 plans, and setting strategic direction for real estate assets and operating companies. I have
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9 served as President and CEO of multiple companies with revenues in excess of \$100M and
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11 with 475 – 500 employees. I have been responsible for the development of a multitude of
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13 companies involved in many different areas of business and I have also been responsible for
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15 the liquidation of a multitude of companies involved in a variety of businesses.
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18 3. Northwest Territorial Mint, LLC (“NWTM”) approached EBAS to help it
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20 deal with a difficult financial situation that it was facing after a \$12.5 million dollar judgment
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22 was recently entered against it. Over the past week approximately, EBAS has spent
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24 considerable time with NWTM and other professionals, learning about NWTM’s business
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26 operations, assets, and liabilities.
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29 4. Accordingly, myself and Stuart Heath, the two principals of EBAS, have
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31 been retained to assist NWTM as Chief Restructuring Officers (“CROs”) in its Chapter 11
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33 case, solely in our capacity as principals of EBAS, and under the terms detailed in the
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35 Engagement Letter attached hereto as **Exhibit A**.
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38 5. EBAS’s decision to accept the engagement to act as CROs for the Debtor is
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40 conditioned upon its ability to be retained in accordance with its customary terms and
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42 conditions of employment and to be compensated for its services and reimbursed for the
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44 out-of-pocket expenses. Standard hourly billing rated for myself and Stuart Heath, the other
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1 principal of EBAS, is \$350 an hour. Hourly rates for administrative professionals employed
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3 by EBAS range from \$95 to \$195. EBAS is requesting authority to be paid a \$100,000.00
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5 post-petition retainer from the Debtor to pay its costs and fees on an on-going basis.
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8 6. I believe that EBAS's fee rates are consistent with and typical of
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10 compensation arrangements entered into by other comparable firms in connection with the
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12 rendering of similar services under similar circumstances.
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15 7. Because EBAS is not being employed as a professional under section 327 of
16
17 the Bankruptcy Code, it will not submit quarterly fee applications pursuant to Bankruptcy
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19 Code sections 330 and 331. EBAS will, however, file with the Court, and provide notice to
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21 the U.S. Trustee and the proposed counsel to the Creditors' Committee, if any is appointed,
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23 reports of compensation earned and expenses incurred on at least a quarterly basis. Such
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25 reports shall summarize the services provided, identify the compensation earned by each
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27 executive officer and staff provided, and itemize the expenses incurred. Such compensation
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29 and expenses will be subject to Court review in the event an objection is filed.
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33 8. EBAS and its personnel shall be required to: (i) maintain contemporaneous
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35 time records in tenth of an hour increments and (ii) conform to any schedule of hourly rates
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37 contained in the Engagement Letter.
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40 9. If and only if EBAS's retention is approved under § 327 of the Code, rather
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42 than under §§ 105 and 363, EBAS requests that it be compensated as follows:
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- 44 • EBAS is authorized to obtain reimbursement on a semi-monthly basis for its
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46 costs and payment of 80% of its fees (once every two weeks). EBAS would
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1 be authorized to receive reimbursement for all of its costs and 80% of its
2 fees no later than ten (10) days after filing a Notice of Filing of Billing
3 Statements with the Court and serving the Notice on the ECF parties and
4 parties requesting special notice (collectively “Notified Parties”); provided
5 however, that in the event that one or more of the Notified Parties objects,
6 EBAS will be authorized to seek an order approving payment of its fees and
7 costs on a 10-day notice to the objecting party or parties. EBAS will be
8 further required to file interim and final fee applications to approve its fees
9 approximately every 120 days.

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21 10. EBAS has not shared or agreed to share compensation with any other entity.

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23 11. EBAS has undertaken an investigation of any connections that may exist
24 between EBAS and NWTM, the creditors of NWTM, other known parties in interest in this
25 case, and their respective attorneys and accountants. To the best of my knowledge, there are
26 no such connections that would prohibit EBAS from representing NWTM as its Chief
27 Restructuring Officer.

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32 12. Insomuch as LBR 2014-1(a) requires such disclosure, EBAS shall seek
33 compensation for pre-petition consulting that it provided to NWTM. EBAS anticipates that
34 it shall be compensated from the \$100,000.00 post-petition retainer requested, the cash flow
35 generated from the on-going operations of NWTM’s business, and from the sale or other
36 disposition of NWTM’s assets.

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44 13. I have reviewed and am familiar with Local Bankruptcy Rule 2016.

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I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

DATED this 4th day of April, 2016, at Seattle, Washington.

By /s/ Bill Weisfield
Bill Weisfield

DECLARATION OF BILL WEISFIELD IN SUPPORT OF DEBTOR'S EMERGENCY MOTION PURSUANT TO 11 U.S.C. §§ 105(a) AND 363(b) FOR ENTRY OF AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF BILL WEISFIELD AND STUART HEATH OF ELLIOTT BAY ASSET SOLUTIONS, LLC AS CHIEF RESTRUCTURING OFFICERS *NUNC PRO TUNC*- 5

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April 2, 2016

Via E-Mail to Ross@nwtmint.com

Northwest Territorial Mint, LLC
Attn: Ross Hansen
2505 South 320th Street
Federal Way, Washington 98003

Re: Engagement of Elliott Bay Asset Solutions, LLC

Dear Mr. Hansen:

1. Scope of Representation

This letter is to confirm that you have retained Elliott Bay Asset Solutions, LLC ("EBAS") on behalf of Northwest Territorial Mint LLC (hereinafter "NWTM") to act as the Chief Restructuring Officer ("CRO") of NWTM in connection with NWTM's Chapter 11 bankruptcy. We are pleased to have this opportunity to work with you.

2. Conflicts

We have advised you that to the best of our knowledge, no conflicts of interest presently exist between NWTM and any of our present clients. As you know, EBAS works with a wide range of entities. We will not accept an engagement with any entity that has a significant relationship, pending transaction or dispute with NWTM during the course of our engagement with NWTM. In the future, it is possible that one or more entity that engages EBAS may have had a relationship, transaction, or dispute with you. In the event of such a situation, you hereby agree that EBAS' involvement with such other entities is acceptable provided that no confidential information is disclosed.

3. Basis for Fee

We believe that a complete understanding as to the basis of our charges and the method of payment of our charges are essential to our relationship. In connection with our representation, we agree that NWTM shall pay EBAS as follows: the hourly billing rate for Bill Weisfield and Stuart Heath is

\$350 per hour. The hourly rate for administrative assistance ranges from \$95 to \$195 per hour. Hourly rates are subject to change from time to time.

4. Uncertainties Regarding Outcome and Total Fees

Because of uncertainties regarding the nature and extent of the matters on which we will be involved with at NWTM, including any potential opposition to be encountered in the course of our work, we cannot predict accurately the total amount of fees to be incurred. Although we can give no assurances regarding any resulting outcome, we will use our best efforts on behalf of NWTM. Our fees are not contingent upon a particular outcome.

5. Billing

Professional services include all time expended on behalf of NWTM, including but not limited to strategic planning, management services, preservation and protection of NWTM's assets, telephone conversations, personal conferences, and travel. It is EBAS's practice to keep daily records of time expended, including a description of the services rendered.

NWTM is obligated to pay directly all of EBAS's out-of-pocket expenses, including, and without limitation, professionals such as accountants, appraisers and investigators, travel expenses, special mailing or couriers, and certain document production costs. EBAS may from time to time advance the payment, or obligate itself to pay for such expenses. Such advanced payments or obligation to pay such out-of-pocket expenses become part of EBAS' charges.

EBAS normally renders bills that reflect our charges on a semi-monthly basis. The bills will describe the matter and services performed and will separately identify fees for services and out-of-pocket expenses. Some expense charges, because of the lag in the receipt or recording of such charges, may not be billed until a later billing cycle than the date on which the expense was incurred. EBAS welcomes any questions or comments about the bill.

EBAS' decision to accept this engagement to act as CRO for NWTM is conditioned upon its ability to be retained in accordance with its customary terms and conditions of employment and to be compensated for its services and reimbursed for the out-of-pocket expenses it incurs. Failure to abide by any of the terms of this Engagement Letter, including but not limited to failure to timely pay EBAS' outstanding fees and costs, shall be cause for EBAS to terminate its representation.

Because EBAS is not being employed as a professional under section 327 of the Bankruptcy Code, it will not submit quarterly fee applications pursuant to Bankruptcy Code sections 330 and 331. EBAS will, however, file with the Court, and provide notice to the U.S. Trustee and the proposed counsel to the Creditors' Committee, if any is appointed, reports of compensation earned and expenses incurred on at least a quarterly basis. Such reports shall summarize the services provided, identify the

compensation earned by each executive officer and staff employee provided, and itemize the expenses incurred. Such compensation and expenses will be subject to Court review in the event an objection is filed.

If and only if the Bankruptcy Court determines that EBAS should be employed as a professional under section 327 of the Bankruptcy Code, EBAS is authorized to obtain reimbursement on a semi-monthly basis for its costs and payment of 80% of its fees. EBAS would be authorized to receive reimbursement for all of its costs and 80% of its fees no later than ten (10) days after filing a Notice of Filing of Billing Statements with the Court and serving the Notice on the ECF parties and parties requesting special notice (collectively "Notified Parties"); provided however, that in the event that one or more of the Notified Parties objects, EBAS will be authorized to seek an order approving payment of its fees and costs on a 10-day notice to the objecting party or parties. EBAS will be further required to file interim and final fee applications to approve its fees approximately every 120 days which shall provide for the payment of any fees and costs not already paid in accordance with the provisions provided in this paragraph.

6. Indemnification

NWTM shall defend, indemnify and hold EBAS, its principals Bill Weisfield and Stuart Heath, and its employees and independent contractors harmless from and against any and all expenses (including reasonable attorneys' fees) judgments and fines incurred by reason of being made a party or threatened to be made a party to any civil, criminal, administrative or investigative action or suit (a "Claim"), by reason of any act or omission to act before or after the acceptance date of this agreement, or otherwise, by reason of the fact that EBAS and its principals, Bill Weisfield and Stuart Heath, were CROs - of NWTM to the extent permitted by applicable law. It is expressly the intention of the parties hereto that EBAS, its principals Bill Weisfield and Stuart Heath, its employees, and its independent contractors shall be defended, indemnified and held harmless by NWTM in the manner set forth and to the maximum extent permitted by applicable law.

7. Scope of Services and Exclusive Management Authority of NWTM

EBAS' acceptance of this engagement is predicated entirely on the basis that EBAS shall have sole possession and control over all assets, including, without limitation, inventory, cash, bank accounts, accounts receivable, prepaid expenses, royalties, furniture fixtures and equipment, leasehold interests, customer lists, intellectual property, contractual rights, books, and records of NWTM and shall have sole and exclusive management authority over NWTM. Management authority includes but is not limited to:

- The sole power to do all things reasonable and necessary to preserve, protect, use, refinance, renegotiate, foreclose upon, sell or otherwise dispose of NWTM's assets including, without limitation, the sole power to incur or pay expenses necessary and incidental to NWTM's preservation, protection, use, refinancing, renegotiation, foreclosure, sale or other disposition of its assets.

- The sole power to do all things which NWTM might do (including giving authorization for or delegation to NWTM's agents and employees to take such action) in the ordinary course of the operation of its business as a going concern.
- The sole power to hire security, change locks and security codes, and do anything else necessary and incidental to inventory, preserve and protect NWTM's assets.
- The sole power to obtain appraisals, accountings, investigations and reports with respect to the assets of the bankruptcy estate as necessary.
- The sole power to continue or discontinue, in EBAS' reasonable discretion and business judgment, any contracts presently existing.
- The sole power to enter into or modify contracts affecting the bankruptcy estate.
- The sole power to hire professionals, such as accountants and lawyers, as necessary to preserve and protect the assets of the bankruptcy estate.
- NWTM and all of its existing and former members, officers, directors, managers, attorneys, accountants, agents, consultants, and employees shall cooperate with EBAS in connection with their management and operation of NWTM. Each of them shall relinquish and turn over to EBAS all records, books, contracts, lease documents, plans and specifications, accounting records, deposits, and documents relating to NWTM, as EBAS may demand, and each of them are enjoined from interfering with the possession, control, operation and maintenance of the assets of the bankruptcy estate by EBAS. Failure to comply with this provision shall constitute a sanctionable offense.
- The sole power to open or close bank accounts and/or other financial accounts.
- The sole power to sell assets of the estate.
- The sole power to incur obligations on behalf of the estate.

Failure to abide by this provision in any manner shall constitute cause for EBAS to terminate this engagement. EBAS shall be entitled to all earned fees and costs, regardless of any termination of this engagement.

8. Termination

EBAS may terminate this agreement if NWTM fails to live up to its obligations under this agreement. EBAS may also terminate its representation immediately upon conversion to Chapter 7. In the event of termination, NWTM agrees that it will promptly seek court approval and pay EBAS for all of its services and expenses incurred through the termination. If withdrawal or termination occurs, EBAS will cooperate with any successor CRO to accommodate a smooth transition.

Upon termination of this engagement, EBAS shall return all documents to NWTM related to EBAS' management of NWTM as required by law.

9. No Legal Services and No Duty of Confidentiality

EBAS and its principals Bill Weisfield and Stuart Heath, have not, are not, and will not provide legal services to NWTM and/or any of its members, managers, officers or directors in connection with this engagement and owes no duty of confidentiality to NWTM.

10. Fees and Costs Awarded to EBAS in any Action to Enforce the Terms of this Engagement Letter

NWTM shall be liable for any fees and costs that EBAS incurs to enforce the terms of this Engagement Letter.

If this letter accurately sets forth the terms of our engagement, please date, sign and return a copy of this letter agreement with your retainer check. We look forward to working with NWTM in this matter. If you have any questions at any time regarding these matters, please call.

Sincerely,



Bill Weisfield
Principal of Elliott Bay Asset Solutions, LLC

Sincerely,

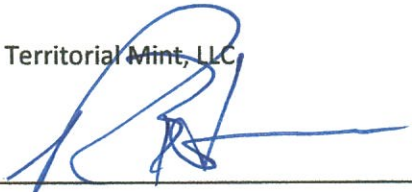


Stuart Heath
Principal of Elliott Bay Asset Solutions, LLC

ACKNOWLEDGED AND AGREED:

Northwest Territorial Mint, LLC

By



Ross B Hansen
Aka Bernard R Hansen
Its Sole Member and Manager

4-3-16

Dated