

1 Michael J. Gearin, WSBA # 20982
2 David C. Neu, WSBA # 33143
3 Brian T. Peterson, WSBA # 42088
4 K&L GATES LLP
5 925 Fourth Avenue, Suite 2900
6 Seattle, WA 98104-1158
7 (206) 623-7580

Honorable Christopher M. Alston
Chapter 11
Hearing Location: Seattle, Rm. 7206
Hearing Date: August 24, 2018
Hearing Time: 9:30 a.m.
Response Date: August 17, 2018

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

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

Case No. 16-11767-CMA

**DECLARATION OF MARK CALVERT IN
SUPPORT OF MOTION FOR ORDER
APPROVING SETTLEMENT WITH BILL
ATALLA**

14 Mark Calvert declares as follows:

15 1. I am the Chapter 11 Trustee of Northwest Territorial Mint, LLC (“NWTM” or
16 “Debtor”). I am over eighteen (18) years of age and I am competent in all ways to testify. Unless
17 otherwise stated herein, the following declaration is based on my personal knowledge.

18 2. Bill Atalla was employed as the Chief Executive Officer (“CEO”) of NWTM
19 pursuant to an order authorizing his employment entered on February 7, 2017. On April 20, 2018,
20 Bill Atalla filed his Motion for Allowance and payment of Administrative Expense Claim (the
21 “Atalla Claim Motion”). I opposed the Motion, and at the hearing on the Motion, the Court
22 scheduled an evidentiary hearing to determine the total allowed amount of Bill Atalla’s claim.

23 3. After negotiations with Bill Atalla, I have agreed to a settlement (the “Settlement”)
24 the terms of which are reflected in the Settlement Agreement attached hereto as Exhibit A. Under
25 the terms of the Settlement, which is subject to Court approval, Bill Atalla will receive a payment of
26 \$122,500 in complete settlement of his claims against the estate.

DECLARATION OF MARK CALVERT IN SUPPORT OF
MOTION TO APPROVE SETTLEMENT WITH BILL
ATALLA - 1

K&L GATES LLP
925 FOURTH AVENUE
SUITE 2900
SEATTLE, WASHINGTON 98104-1158
TELEPHONE: (206) 623-7580
FACSIMILE: (206) 623-7022

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4. I believe the Settlement is fair, and in the best interests of the estate. The Settlement avoids the costs of litigating the dispute through the evidentiary hearing, and avoids the risk that the estate will be found liable to Bill Atalla for a claim that could exceed \$220,000. For all of these reasons, I believe that the settlement terms contained in the Settlement Agreement are in the best interests of this bankruptcy estate and its creditors, and that they should be approved by this Court.

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

EXECUTED this 1st day of August, 2018, at Seattle, Washington.

/s/ Mark Calvert
Mark Calvert

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 August 3, 2018, 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 August 3, 2018, 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 3rd day of August, 2018 at Seattle, Washington.

/s/ Denise A. Lentz
Denise A. Lentz

EXHIBIT A

SETTLEMENT AGREEMENT

This agreement is made as of July 24, 2018, between Mark Calvert (“Trustee”), in his capacity as Chapter 11 trustee of the bankruptcy estate of Northwest Territorial Mint (“Debtor”), W.D. WA Bankr. 16-11767 (the “Bankruptcy Case”), and Bill Atalla (“Claimant”).

Claimant was employed as the CEO of Debtor pursuant to an employment agreement approved by a Bankruptcy Court order dated December 30, 2016 (Docket 857). Claimant’s employment was terminated in December 2017. Claimant filed a Motion for Allowance and Payment of Administrative Expense Claim on April 20, 2018 (Docket 1609) (the “Administrative Claim”). Trustee opposed the Motion in large part. Proceedings were held. The Court entered an order granting partial relief and set an evidentiary hearing (Docket 1680).

It appears that the bankruptcy estate of the Debtor will be administratively insolvent. One of the issues in dispute between the parties is whether the Administrative Claim will be subject to pro-rata along with other Chapter 11 administrative claims.

The parties wish to avoid the risk and expense of further litigation.

THEREFORE, the parties agree as follows:

1. This agreement is subject to approval of the Bankruptcy Court in the Bankruptcy Case. Trustee agrees promptly to file a motion on notice to creditors of this settlement, and actively seek approval of it. If this agreement is not approved by the Bankruptcy Court, it shall be null and void and of no legal or evidentiary force and effect.

2. Immediately upon execution of this settlement agreement, Trustee will deposit to the trust account of K&L Gates the Settlement Amount (defined below).

3. Trustee will pay, and Atalla will accept, the sum of \$122,500.00 (the “Settlement Amount”) in full payment and satisfaction of the Administrative Claim. If Trustee’s motion for approval of this settlement is not opposed, payment shall be made within 2 business days of entry of an order approving the settlement. If the Trustee’s motion is opposed, payment shall be made within 2 business days after the order approving the settlement becomes a final order. In the event the Bankruptcy Court order approving the settlement is appealed, the Settlement Amount shall be placed in a separate interest-bearing trust account, the interest accruing on which shall inure to the benefit of Claimant if the order ultimately becomes a final order.

4. Payment shall be made by wire transfer to the IOLTA account of Donald A Bailey. Wire transfer instructions will be provided to K&L Gates by separate communication.

5. As further consideration for this settlement agreement, contingent upon Court approval of this agreement, the parties mutually release each other as follows:

5.1 Trustee, on behalf of the bankruptcy estate and its respective agents, affiliates, parents, subsidiaries, officers, directors, shareholders, legal representatives, successors and assigns, fully and forever releases, compromises and discharges Claimant and his agents, attorneys, successors, assigns, affiliates and representatives from all actions, claims, demands, damages, debts, losses, liabilities, indebtedness, causes of action (whether at law or in equity) and obligations of whatever kind or nature, whether now known or hereafter discovered, direct or indirect, new or existing, foreseen or unforeseen, by reason of any matter, cause or thing whatsoever occurring on or prior to the date hereof, arising out of or related to the affairs of Debtor.

5.2 Claimant, for himself, his spouse, and his agents, attorneys, successors, assigns, affiliates and representatives, fully and forever releases, compromises and discharges Trustee, the bankruptcy estate, and their respective agents, affiliates, parents, subsidiaries, officers, directors, shareholders, legal representatives, successors and assigns from all actions, claims, demands, damages, debts, losses, liabilities, indebtedness, causes of action (whether at law or in equity) and obligations of whatever kind or nature, whether now known or hereafter discovered, direct or indirect, new or existing, foreseen or unforeseen, by reason of any matter, cause or thing whatsoever occurring on or prior to the date hereof, arising out of or related to the affairs of Debtor.

6. The parties to this agreement have had the opportunity to review this agreement and consult with legal counsel of their choice, and acknowledge that they fully understand and agree to the terms and contents thereof. The parties have not entered into this agreement under any undue influence or coercion. Each person signing this agreement specifically represents and warrants that they have authority to bind the parties to this agreement (subject to court approval as necessary).

7. This agreement shall be governed and construed in accordance with the substantive laws of the state of Washington, without giving effect to conflict of laws rules. The Bankruptcy Court for the Western District of Washington shall have jurisdiction and shall be the sole venue for determining any disputes arising under this agreement.

8. This agreement shall inure to the benefit and be binding upon the parties and

their successors and assigns.

9. This agreement represents the entire agreement between the parties and supersedes all prior agreements, negotiations, arrangements and understandings whether oral or written, express or implied, with respect to the subject matter hereof. No variation or modification of this agreement shall be binding upon any party unless set forth in writing in a document executed by the parties.

10. This agreement may be executed in one or more counterparts each of which shall constitute an original document but all of which taken together shall constitute one and the same agreement. Delivery of an executed copy facsimile or e-mail transmission or other means of electronic communication producing a printed copy will be deemed to be execution and delivery of this agreement on the date of such communication. Any party delivering a copy of the electronic communication shall deliver an executed original of this agreement to the other parties upon request.

11. A party does not waive any right under this agreement by failing to insist on compliance with any of the terms of this agreement or by failing to exercise any right hereunder. Any waivers granted with respect to this agreement shall be effective only if made in writing by the party granting such waiver.

12. If any provision of this agreement is determined by any court or governmental authority to be unenforceable, this entire agreement shall be null and void.

13. If any action, motion or other proceeding is brought before the Bankruptcy Court to enforce this agreement, the prevailing party shall be entitled to an award of their reasonable costs and attorneys fees incurred in connection with such action, motion or other proceeding.

14. Atalla and the Trustee agree that neither party nor their counsel nor any other representative shall disclose or characterize the existence, terms or conditions of this Agreement, except as is necessary to obtain court approval of this Agreement, to any third party except as required by court order, or other legal or governmental process, including, if necessary, disclosure to the Internal Revenue Service to establish the nature of the settlement, or to their tax accountants, tax advisors or tax counsel.

Mark Calvert, Chapter 11 Trustee of the
Bankruptcy The Estate of Northwest
Territorial Mint

Bill Atalla

A handwritten signature in black ink, appearing to read 'BA', written over a horizontal line. The signature is stylized and cursive.