

Richard and Paula Pehl  
813 Barnhart St.  
Raymond, WA 98577

October 18, 2018

The Honorable Judge Christopher Alston  
Bankruptcy Court, Western District of Washington  
700 Stewart St.  
Seattle, Washington 98101

FILED  
Western District of Washington  
at Seattle

NOV 01 2018

MARK L. HATCHER, CLERK  
OF THE BANKRUPTCY COURT

**Case # 16-11767-CMA (Northwest Territorial Mint)**  
**Request for redress of grievances for defalcations against the estate**

We, the undersigned, Richard H. Pehl and Paula Pehl, are creditors of NWTM/Medallie. We are also on the Unsecured Creditors' Committee. We approach the Court on behalf of the unsecured creditors on the subject of Sierra Mint and other irregularities. There are \$83 million in creditor claims. Two years after the bar date, these claims have not been vetted. This indifference is symptomatic of the bad faith that has permeated the Trustee's administration of the estate and the total disregard for the interests of the creditors.

**Premise:**

We understand that the bankruptcy court should be the first line of review as to the propriety of the trustee's conduct. We therefore look to the Court for the measures appropriate to the circumstances and the cure for the harm done. We contend that the Trustee and his representatives acted so as to shield and enable those who have schemed against the estate, to the detriment of the interests of the creditors. On behalf of the unsecured creditor body we ask for redress of the grievances detailed below. At the end of this presentation we make some requests and propose some cures for the enormous losses incurred as a consequence of the Trustee's actions or lack of action.

**Discussion:**

To start our discussion, we beg leave to quote some of the testimony given before the Court at the May 4, 2018 hearing:

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**@ min 20:30**

*Court:* So there are dies in China.

*Trustee:* There are dies in China. We have a large invoice [from] a creditor of this estate and I cannot tell you whether they retained them or not and whether we would ever be able to recover them .....

**@min 21:38**

*Court:* Do you know of anyone that's planning to use the dies in China?

*Trustee:* No, I have no knowledge of anyone that plans to use the dies in China.

**@23:11**

*Court:* The allegations are that this new company formed by Mr. Wagner is planning to use these dies. Do you have any knowledge of that?

*Trustee:* No, I've had great discussion with Mr. Wagner. We have asked him to write a memo on his proposed ..ah..ah.. activities post employment for the estate. He has given me that memo. He has no desire to buy any assets from this estate, he has no desire to have any intellectual property from this estate, but he is looking at that possibility.

*Court:* Looking at possibility to do what?

*Trustee:* To manufacture stuff in China and sell it on the Internet or to other buyers.

*Court:* But as far as you know, he's not planning to use these dies that belong to the estate?

*Trustee:* To my knowledge, no, he has no plan to use those.<sup>1</sup>

If the above testimony be true, we ask the Court why did Paul Wagner need to open an operating facility for Sierra Mint at 5 Pine Cone Rd two miles as the crow flies from the Hoff building in Dayton NV? The following page shows the Nevada business registration and location for Sierra Mint.

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<sup>1</sup> Transcriptions from audio by Paula Pehl.

# SIERRA MINT LLC

Business Entity Information			
Status:	Active	File Date:	3/19/2018
Type:	Domestic Limited-Liability Company	Entity Number:	E0136752018-6
Qualifying State:	NV	List of Officers Due:	3/31/2019
Managed By:	Managers	Expiration Date:	
NV Business ID:	NV20181196817	Business License Exp:	3/31/2019

Additional Information	
Central Index Key:	

Registered Agent Information			
Name:	PAUL WAGNER	Address 1:	5 PINE CONE ROAD, STE 107
Address 2:		City:	DAYTON
State:	NV	Zip Code:	89403
Phone:		Fax:	
Mailing Address 1:		Mailing Address 2:	
Mailing City:		Mailing State:	
Mailing Zip Code:			
Agent Type:	Noncommercial Registered Agent		

Financial Information			
No Par Share Count:	0	Capital Amount:	\$ 0
<b>No stock records found for this company</b>			

- Officers		<input type="checkbox"/> Include Inactive Officers	
Manager - PAUL WAGNER			
Address 1:	PO BOX 1133	Address 2:	
City:	WOODINVILLE	State:	WA
Zip Code:	98077	Country:	
Status:	Active	Email:	

- Actions/Amendments			
Action Type:	Articles of Organization		
Document Number:	20180123544-60	# of Pages:	1
File Date:	3/19/2018	Effective Date:	
(No notes for this action)			
Action Type:	Initial List		
Document Number:	20180123545-71	# of Pages:	1

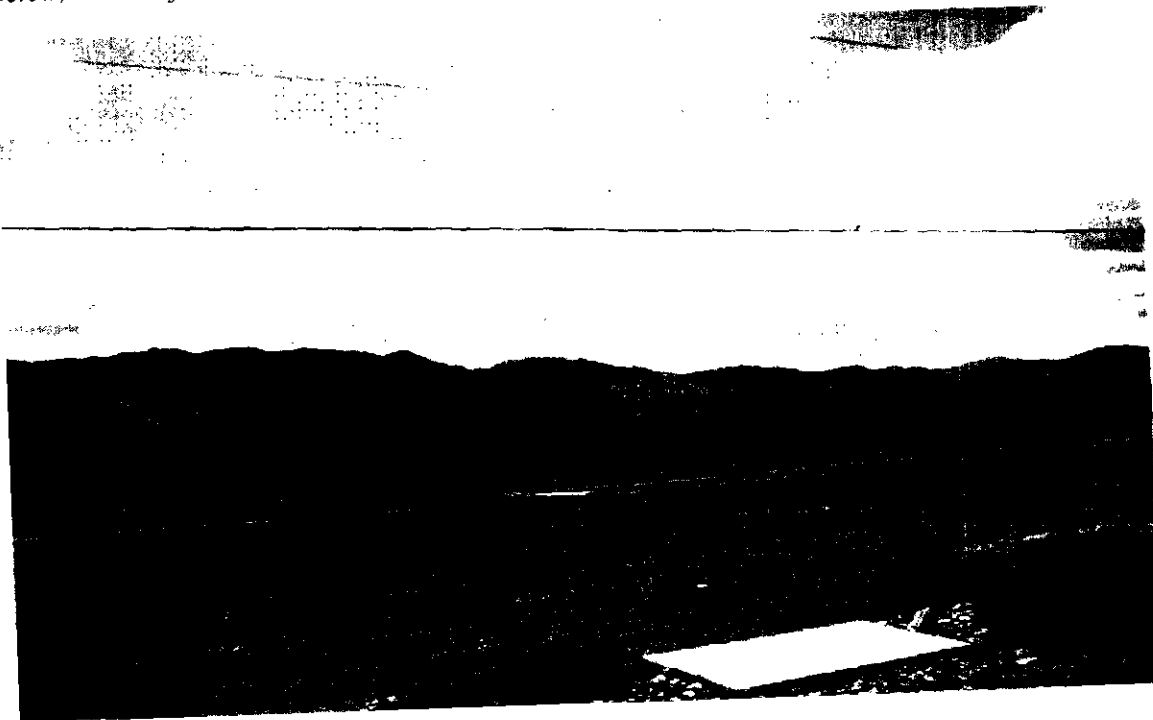
As we heard it in real time, Mr. Wagner was at least as of January 22, 2018 down in the Dayton area looking for a business location and was being chauffeured in his quest by NWTM Dayton personnel. Towards the end of December 2017, Paul Wagner held meetings at Kent to recruit NWTM employees. We know that in January 2018 Marty Colwell, the sales manager at NWTM, was already working for Wagner, and so was Jason Fleet, the NWTM Kent artist. Nonetheless, Calvert retained Wagner on the NWTM payroll. Perhaps the Trustee did not know, but we find this highly unlikely. The Trustee as fiduciary is accountable for all the assets of the estate.

It was this knowledge, preceded by a sequence of disturbing anomalies, that impelled us to first write directly to the Court on January 30, 2018 (Docket # 1404). It is simply offensive and unjust to be forced to pay for the services of people who are working against one's interests. Sometime after the May 4, 2018 Court hearing, the undersigned learned the business address of Sierra Mint. On May 15, 2018 Paula Pehl drove to Dayton, located and photographed the site. The site is in a strip mall at the north edge of HWY 50, in a building that provides office suites, whereas the Hoff building is south of Hwy 50, southwest of the Pine Cone address. It is improbable that Mr. Wagner, who has a home in Woodinville, WA, merely wanted office space in an area where road signs warn, "wild burro crossing."

*The Hoff building and site:*



*Below, the view from the 5 Pine Cone Rd location across Hwy 50, looking south:*



*The 5 Pine Cone Rd complex. Suite 107 is the wing to the right:*



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That the Trustee knew or knows nothing about Mr. Wagner's designs on NWTM assets does not correspond to our knowledge of events. Quite the opposite, we believe that the Trustee knew of Mr. Wagner's designs on the Chinese sector going back to Sept-Oct of 2016.

That Paul Wagner had no intention of paying for anything, we understood. Everyone got it. But the Trustee's testimony is specific: 1. He, Calvert, has no knowledge of anyone planning to use the dies in China. 2. Paul Wagner has no interest in NWTM dies. 3. The Trustee got a "memo" presumably stating as much.

We request that the Court ask the Trustee to produce said memo for the record.

At the same May 4<sup>th</sup> hearing, Mr. Gearin complained of unfounded allegations and hysteria. We complain of vague responses to legitimate questions. We complain of dissimulation and prevarication before the Court.

To the question, asked by the Pehls in their April 23, 2018 letter (Docket #1616), Where are the art servers? Mr. Gearin responds:

Those valuable machines are actually secured under the Trustee's custody in a secure location because he had concerns that certain people might want to move them.

*(Gearin, May 4, 2018 audio @ min 33:27)*

In storage *where*? There are no storage warehouse payments to be found in the financials. Normally, legitimate warehousing involves monthly storage costs. The response was evasive. We plead for the Court to use its power to extract from the Trustee evidence for this statement, with receipts, in real time, for the cost of transport and warehousing the computers and art servers. We also ask for a line-item inventory list of all the NWTM and Medallic computers and laptops, and above all, the Kent art servers that contained decades of art and design files belonging to the company. By "real time" we mean the receipts for the transportation of the servers and computers to their storage location at the time of their first removal from the Kent and Dayton facilities, to their warehousing location, as well as evidence of the storage costs from that time to the present.

We suspect that much of the regular hardware is "stored" at the Sierra Mint location and the art servers are at Mr. Wagner's house in Woodinville or perhaps at some location convenient for Jason Fleet. We heard that Edgar Chacon went to Washington to help set-up this equipment. Prevarication only reinforces assumptions, so it is in the best interests of the Trustee and his counsel to produce evidence, which is anyway required in the normal discharge

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of fiduciary duties. By statute, the Trustee is accountable and should be held accountable for all the assets of the estate.

By not providing the Court, from the beginning, a full and comprehensive accounting of all the assets of the estate and a comprehensive description of the business with all the sectors of its operation, the Trustee himself created the conditions for the “allegations.” Worse, by failing to disclose all the assets, the Trustee created the environment that facilitated defalcations against the estate.

The customer list for the products manufactured in China was never reported as an asset, as was not the Chinese business as a whole, which was built up by Ross Hansen (it was not part of the Medallic sale by the Hoffs), nor the computer/art server assets of both Medallic and NWTM as well as the costly software licenses, called “seats.”<sup>2</sup> The creditors want answers. And we hope those answers are not to say that these valuable items were sold under “miscellaneous,” a favorite tactic for accounting sleight of hand. On the Committee, every request for evidentiary material, such as receipts, was rebuffed.

### **The Number of Dies**

We have no idea why there has been such a fandango over so simple a subject. The question has dragged out over the course of numerous hearings, with the Court forced to extract information with a corkscrew. We suspect this happened because the Trustee had no desire to be precise.

Ross Hansen had an audit done of his die holdings in 2013 or 2014. That audit was conducted by Jeff Shevlin, a former executive director of the American Numismatic Association (based in Colorado Springs, CO), with the assistance of Rob Vugteveen, Ross Hansen’s Special Projects Coordinator, and two Dayton die archivists, Cathy Swinburg and Brenda Tidwell. We do not comprehend why this sheet of paper (we understand it was distilled into one or two pages) was not presented to the Court. Further, we understand that in late 2015, Mr. Wagner flew to China along with a NWTM consultant that we conclude was Pat Mannelly to check on the main Chinese subcontractor and inventory the dies. Mr. Mannelly was hired by Ross Hansen in 2015

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<sup>2</sup> **Per seat licensing** is administered by providing secured access to the directory containing the program. Per seat licensing often imposes restrictions on the users. A user may be a person, software, or device accessing the software. Per-seat licensing is common for products used by specialized professionals in industrial settings. *[definition extracted from Wikipedia]*

as an efficiency expert and was kept on by the Trustee through 2016. Where is this second report and inventory?

So there were **two inventories** relevant to the question of number of dies and relevant to the sale of dies. Neither has surfaced. When caught in discrepancies, the Trustee stated before the Court that the 400,000 number was a creation of Ross Hansen's marketing exploits: "... *but as to where the original 400,000 came from, that was a Ross number that he put in his marketing materials and nobody ever challenged it per se.*" (May 4, 2018 hearing @ min 20:07). All this vagueness is compounded and exacerbated by sales of dies not accompanied by a specification of number. In our professional experience, we have never seen a sales contract without a specification of quantity, even to the "best of ability at this time."

This lack of accounting precision and the almost perverse insistence on being vague is extremely disturbing. It will not play out well in District Court where a criminal trial is about to commence, with the consequence that the creditors may not see justice served even as they have been deprived of all hope in Bankruptcy Court.

We have attempted to reconstruct the numbers from various sources. There were, in fact, a total of over 400,000 in-house dies. Of this number, about 250,000 to 260,000 dies were collector's curiosities: mostly jewelry dies, small coining dies, token dies, and punches bought by Ross on the Internet or at liquidation sales, with the largest lot coming from Balfour (a major manufacturer of high school and college class rings). Ross Hansen was a collector of all things related to minting.

*(source: Rob Vugteveen)*

The Medallic dies numbered around 60,000 to 70,000. Of these, about 40,000 to 50,000 were the larger open-faced dies used for high-relief medals and the balance were coining dies.

*(source: Hoffs)*

Dies in China: 26,000 (a number we believe not included in the 400,000)

*(source: various)*

NWTM dies made for customers, about 80,000.<sup>3</sup> This number comes from deduction, because that starting number of about 400,000 appears to be firm. From these numbers we deduce that there were about 150,000 dies of importance either as production dies, art dies, or historical dies, going back to the origins of the company, over 100 years ago (on the Medallic

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<sup>3</sup> It will be noted from the sector revenue numbers for the year 2013, shown on page 24, that NWTM's custom work was about double that of Medallic's custom work.



side). It was the forebearer of Medallic Art that taught Augustus St. Gaudens how to use a pantograph for the famed St Gaudens gold coin first issued by the United States Mint in 1907.

We concede that the above subsets are estimates, starting from the aggregate number of 400,000. The numbers would be precise if the Trustee had simply provided the formal inventories produced by the company. At the April 20, 2018 hearing, Mr. Neu stated that Paul Wagner did an inventory and estimated that the company owned 80,000 to 100,000 total dies; then, in a subsequent moment, he nails it down to 80,000. At the May 4, 2018 hearing the Trustee put this number at 90,000. Our working number is 150,000 between NWTM and Medallic. However, this number may need further adjustment for the Graco (Tomball) dies that went with the sale to Ira Green. No number was specified at that sale either. Given the size of Graco, we might be inclined to say 4,000 dies (a pure guesstimate) to leave us with 146,000 in-house dies. We'd like to know what happened to the 260,000 collector's curiosity dies as well as the 50,000-odd dies that seem unaccounted for.

#### **The Dies in China (26,000)**

At the February 9, 2018 hearing, when Gearin states "*there are thousands of dies,*" the Court corrects it to [what sounds like] 304,000 dies and adds, "*I read the website too*" (@44:48). At the February 23, 2018 hearing on the sale of dies to Medalcraft, Ragan Powers @ min 56:38 brings up the issue of the dies in China, asking if those are included in the last 20 years of Medallic dies being sold to Medalcraft. "No" is the resounding answer. The issue is brought into focus in the complaint filed by Mr. Ray Pollard regarding his die ownership (Docket #1494, March 6, 2018). Said complaint attached an email by the Trustee that asserts that he has to slog through 400,000 dies to find the Pollard dies, making a case for a \$350 research fee.

Locked in, at the April 20, 2018 hearing Mr. Neu leads the Court to believe (by omission) that there must be 300,000 dies in China, because he says, Wagner did an inventory at Dayton and came up with a number of 80,000 to 100,000 dies. After which this dialogue ensues:

**Court:** .... What about the hundreds of thousands of dies in China?  
Are those to be sold?

**Neu:** I, I, I don't think that ultimately they will be. My understanding...  
is that getting those dies back is, would be a very difficult process  
..... so it would not be practical to sell those dies.

*(April 20, 2018 @ min 1:53:51)*

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In May, the story becomes that there weren't 400,000 dies to begin with, after all. At this point, the Trustee refines the number to 90,000 and, without ever saying how many dies there are in China, launches into a speech that implies that these are all one-off dies that the Chinese subcontractors repurposed and/or disposed of:

There are dies in China. We have a large invoice [*from*] a creditor of this estate and I cannot tell you whether they retained them or not and whether we would ever be able to recover them or if there is a cost benefit to it. At this time we are evaluating whether we are going to abandon those.

(Calvert, *May 4, 2018 audio*, @min 20:40)

He makes the above statement less than one minute after he has asserted that, "*there is a letter before my retention that asked them to keep the dies in the future going forward*" (May 4, 2018 @ min 19:58). In fugue, they all recite that the dies in China have no value and need to be abandoned, although, they claim, they may no longer exist. Mr. Gearin culminates the crescendo by stating that they will be filing a motion for abandonment because "*We don't view that there is any value in that business*" (July 27, 2018 hearing @min 12:28) right after the Court points out that it has found amongst the 6,000 pages of emails a half dozen that reference the "import vendor" and suggest that the customer contact Marty Colwell at Sierra Mint.

When looked at in immediate sequence, the anomalies in the assertions made before the Court become evident: There is a concerted effort to minimize the total number of dies and the value of what is in China. The exigencies of the moment determine the nature of the assertions.

What have they been hiding?

### **The China Business**

Have the dies in China no value? Absolutely not. They do have value. They are not in use? False again. That the business value of the China model has a high profit margin is the motivation that led Paul Wagner to abscond, as we believe, with the "China business" and to establish his own mint with the same employees previously employed by NWTM so as to appear to be the surviving restructured entity. In the words of Sierra Mint itself:

**M** Gmail

[redacted]@gmail.com>

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**zombie coins**

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**Marty Colwell** <marty.colwell@sierramint.com>  
To: [redacted]@gmail.com>

Thu, Sep 13, 2018 at 4:19 PM

These coins will be made by the same vendor as before. Other than the packaging, you should see no difference whatsoever.

Thanks,

*Marty Colwell*

Custom Sales  
775-298-8774 Office  
253-486-3559 Cell



**SIERRA MINT**

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From: [redacted]@gmail.com>  
Sent: Thursday, September 13, 2018 1:17 PM  
To: Marty Colwell  
Subject: Re: zombie coins

Another question. Will there be many differences from the coins at the northwest territorial mint site? Or will they look about the same?

On Thu, Sep 13, 2018 at 4:08 PM Marty Colwell <marty.colwell@sierramint.com> wrote:  
OK. I'll standby until you give me the go ahead.

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From: [redacted]@gmail.com>  
Sent: Thursday, September 13, 2018 1:07 PM  
To: Marty Colwell  
Subject: Re: zombie coins

Thanks Marty, I think I will be able to go ahead with it, I need to check with my partner. The address is [redacted].

On Thu, Sep 13, 2018 at 3:44 PM Marty Colwell <marty.colwell@sierramint.com> wrote:  
Can do.

Quote:

200 Zombie Eradication coins \$7.25ea \$1,450.00  
1 Shipping \$45.00  
Total \$1,495.00

These will be individually packaged in clear poly bags. They likely won't have the header cards that the NWTM online store used to use. OK?

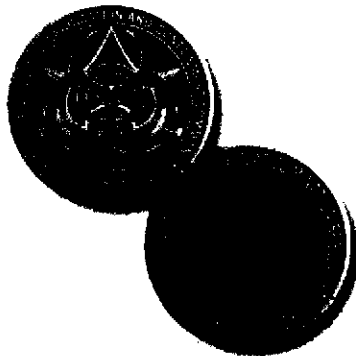
If you'd like to proceed, please send your billing/shipping address.

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**From:** [REDACTED]@gmail.com  
**Sent:** Thursday, September 13, 2018 12:35 PM  
**To:** Marty Colwell  
**Subject:** zombie coins

Greetings,

I want to buy 200 of the zombie eradication coins that were made at [https://store.nwtmint.com/product\\_details/3890/Integrated\\_Zombie\\_Eradication\\_and\\_Containment\\_Command\\_Contract\\_Zombie\\_Hunter\\_Challenge\\_Coin/](https://store.nwtmint.com/product_details/3890/Integrated_Zombie_Eradication_and_Containment_Command_Contract_Zombie_Hunter_Challenge_Coin/). Can you make those?



### Integrated Zombie Eradication and Containment Command ...

[store.nwtmint.com](https://store.nwtmint.com)

Integrated Zombie Eradication and Containment Command "Contract Zombie Hunter" Challenge Coin. They shoot zombies in the head and get a handful of coins – the most satisfying of which is this one, made only for registered Contract

# Sales Quote

Number: SQ-2214  
Issue Date: 09/13/2018  
Expiry Date: 10/13/2018

Deliver To  
[REDACTED]



Sierra Mint  
PO Box 1133  
Woodinville WAWA 98072-1133  
United States



Description	Qty/Hrs	Price/Rate	Tax Rate	Amount
61671 Zombie Eradication coin	200.00	7.25	No Tax	1,450.00
Shipping Shipping	1.00	45.00	No Tax	45.00
		Subtotal		1,495.00
		Total		1,495.00
		Amount Due		\$1,495.00

Under the Trustee, Wagner controlled the China sector—procurement, payment, distribution, and sales—and apparently he intended to keep it that way. We believe he also ran the Amazon Store. This appears to us to have been the real restructuring plan while the Trustee recited the pantomime of the \$60 million of distributable income in 5 years or the sale of the company in 2018 for 17-18 million before Committee and Court. As we reconstruct it, Mr. Wagner’s purpose was to be the owner of the surviving company with all the creditors jettisoned into a ditch. What led the Trustee and his associates to shield this operation we leave for the US Trustee to explain under his oversight obligations per 28 U.S.C. § 586 (a)(3).

At the May 4, 2018 hearing the Trustee declared:

I will tell you the one asset that I do have that I have not been able to liquidate is the inventory, the store inventory that is made with the dies primarily in China and I don’t have a buyer for that store inventory as of this point..... that has a cost basis of approximately one million dollars and I have no buyers for it yet; I

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cannot find a buyer for it but that is what a lot of the dies in China were used to make.

(Calvert, *May 4, 2018 hearing*, @ min 21:50)

The financials show that the Trustee paid \$1,609,739 to Lin Jung Feng (aka Yong Tuo) and \$5,000 to the secondary contractor Kunshan Top Tree during his tenure.<sup>4</sup> He didn't pay \$1 million all at once; he ordered in increments over time (EXHIBIT A). So he only just arrived at this conclusion? At an average wholesale cost of \$2/pc (see below) that translates into 500,000 coins/medals. Is this rational? And just where is this stock now?

The above-quoted statement we believe was made with the same intent as Gearin's "*We don't view that there is any value in that business.*" There is at this point a concerted effort to trash the value of what's coming from China in order to argue for abandonment.

We are closer to the truth in a previous statement made by the Trustee at the February 9, 2018 hearing:

....[orders for silver bullets] that had a very strong margin on it... there are also orders coming from China and those orders from China take time to get here, they're customer orders that need to be packaged and shipped so ah there's a great margin in those too...

(Calvert, *Feb 9, 2018 hearing* @ min 14:00)

Two points stand out in the above statement, one explicit and one implicit:

- 1) There is great margin in the product from China.
- 2) The majority of orders to China were submitted for fill on customer demand, upon order and deposit payment, which covered the cost to the company. Why buy bulk and accumulate a large inventory when the business model dictated a different practice?

If we compare the non-paid items detailed in the claim filed by Yong Tuo (claim # 1449, filed April 30, 2016) with the prices shown on the NWTM website (the items share the same stock number), cross-referenced to the Auburn warehouse inventory (Docket #222, schedule 5.19),<sup>5</sup> we find the following:

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<sup>4</sup> These payments to the Chinese subcontractors are variously booked in the cash disbursements journal, sec 3.2 of the MORs: as "raw materials" (May-July 2016), "third party suppliers" (Oct to mid-December 2016), "COGS" (mid-Dec 2016 through Feb 2017), "AP Vendor Paid" (March -December 2017), "THIRD PARTY VENDOR" (Jan 2018).

<sup>5</sup> The original Cascade inventories are nothing short of a nightmare, compounded by the fact that when Calvert sent forth his minions they did not know the difference between Troy weight and Avoirdupois (common) weight.

Item #QF0077 cost \$1.6510 plus shipping (quantity 50, from Claim 1449-1). This corresponds to [https://store.nwtmint.com/product\\_details/3517/U.S. Navy Retired Adhesive Medallion/](https://store.nwtmint.com/product_details/3517/U.S. Navy Retired Adhesive Medallion/) where the retail price lists for \$10.00 (\$8.00 each for 100+).

Item # QP0343, \$1.487 plus shipping (quantity 450), inventory shows as "USMC FEELIN LUCKY", which corresponds to [https://store.nwtmint.com/product\\_details/3084/Feelin Lucky Coast Guard/](https://store.nwtmint.com/product_details/3084/Feelin Lucky Coast Guard/) where they also sell it for \$10.00 (\$8.00 each for 100+).

Item #QG0409, \$1.922 plus shipping (quantity 50), inventory shows as "the Baumholder Germany Coin/ Map (QH0409-4)", which corresponds to [https://store.nwtmint.com/product\\_details/6098/United States Army Baumholder Germany/](https://store.nwtmint.com/product_details/6098/United States Army Baumholder Germany/) where they list for \$10.00 (\$8.00 each for 100+).

### YONG TUO EMBLEM CO.,LTD.

Address: No.16 ShengYu Road, ShengFeng Area, XiaoLan Town, ZhongShan City, GuangDong Province, China 528415

E-mail: [service@ytemblem.com](mailto:service@ytemblem.com)

tel: 06-760-2218601 22221765 fax: 06-760-22222445

#### Bill List

CUSTOMER: NORTHWEST TERRITORIAL MINT, 2015.NOVEMBER

Q#	PO#	Quantity	Ship Date	Unit cost		Die cost		Amount	Freight	Tracking number	Weight(kg)	Ship VIA
						Artwork						
			2-Nov-15	US\$2.1390	US\$270.00	-US\$10.000		US\$694.2	US\$410.6	12V5890R6690373444	91	UPS
				US\$3.7500	US\$0.00			US\$93.8				
				US\$1.8720	US\$0.00			US\$473.6				
				US\$1.8200	US\$0.00			US\$96.5				
				US\$1.7190	US\$0.00			US\$223.5				
				US\$1.4690	US\$193.00	-US\$10.000		US\$337.2				
				US\$1.8550	US\$0.00			US\$191.1				
				US\$1.3240	US\$0.00			US\$198.6				
				US\$3.0000	US\$100.00			US\$346.0				
				US\$1.5290	US\$0.00			US\$152.9				
				US\$1.5180	US\$0.00			US\$151.8				
				US\$1.4690	US\$0.00			US\$151.3				
				US\$1.6510	US\$0.00			US\$82.6				
				US\$1.5200	US\$0.00			US\$121.6				
			3-Nov-15	US\$1.6100	US\$171.00	-US\$10.000		US\$974.1	US\$130.9	12V5890R6691069706	28.5	UPS
			3-Nov-15	US\$1.9040	US\$102.00	-US\$5.000		US\$296.9	US\$368.3	12V5890R6692199853	85.5	UPS
				US\$0.3450	US\$0.00			US\$51.8				
				US\$1.9700	US\$0.00			US\$104.4				
				US\$1.7330	US\$0.00			US\$1,738.2				
				US\$1.4570	US\$0.00			US\$441.5				
				US\$4.0000	US\$260.00	-US\$10.000		US\$670.0				
				US\$0.4870	US\$0.00		US\$740.2					
				US\$1.4500	US\$0.00			US\$72.5				
				US\$1.6020	US\$0.00			US\$80.1				
				US\$1.5940	US\$0.00			US\$366.6				

Fig. 1 above shows the first page of Yong Tuo's listing of outstanding unpaid invoices. The listing of unpaid invoices runs 45 pages. This page shows at the arrow item #QF0077, referenced above.

Item QF0077, order for quantity 50, appearing as the second to the last in Yong Tuo's Nov 2, 2015 listing, shows on p. 221 of schedule 5.19 of Docket #222-3 as the 4<sup>th</sup> item from the top, in Fig 2, on the next page.

Finished Goods Description		Date of last physical inventory	Net Book Value	Valuation method	Current Value
Aub Warehouse	USMC RETIRED (QB0443-2)	N/A	N/A	Average Cost	\$ 108.08
Aub Warehouse	USCG KISKA WPB 1336 CUTTER (QB0766)	N/A	N/A	Average Cost	\$ 94.08
Aub Warehouse	US Coast Guard Spouse coin (QB1594-3)	N/A	N/A	Average Cost	\$ 84.00
Aub Warehouse	U.S. Navy Retired Adhesive Medallion (QF0077) ◀	N/A	N/A	Average Cost	\$ 92.40
Aub Warehouse	USCG Station L.A. / L.B. coin (QV0126-13)	N/A	N/A	Average Cost	\$ 131.04
Aub Warehouse	CHIEF WARRANT OFFICER 3/MARINE SEAL (Q3316) 47024	N/A	N/A	Average Cost	\$ 99.12
Aub Warehouse	AIR FORCE COMMUNICATIONS AGENCY/US AIR FORCE	N/A	N/A	Average Cost	\$ 105.28
Aub Warehouse	NAS Whiting Field coin (QB1470-1)	N/A	N/A	Average Cost	\$ 95.20
Aub Warehouse	2.5 INCH CUSTOM SHAPE, ANTIQUE BRONZE PATINA. HAND APPLIED ENAMEL ON BOTH SIDES, SMOOTH EDGE; CUSTOM MEDALLION FOR 4TH MAW FMF	N/A	N/A	Average Cost	\$ 154.00
Aub Warehouse	1.75 ANTIQUE BRONZE METAL WITH FULL COLOR BOTH SIDES SANTA CLARA VALLEY NL COIN	N/A	N/A	Average Cost	\$ 85.12
Aub Warehouse	2 INCH X 2 INCH MALTESE CROSS SHAPED MEDALLION W ENAMEL	N/A	N/A	Average Cost	\$ 114.80
Aub Warehouse	1.375inch Hiking Stick Medallion, Version B approved with 282c	N/A	N/A	Average Cost	\$ 28.00
Aub Warehouse	2 ANTIQUE BRONZE MEDALLION WITH SILVER, EPOXY BOTH SIDES	N/A	N/A	Average Cost	\$ 141.68
Aub Warehouse	OHIO STATE MEDALLION	N/A	N/A	Average Cost	\$ 68.88
Aub Warehouse	USS Somerset Ship coin - 2 inch diameter, semi-cloisonne enamel on back only, smooth edge.	N/A	N/A	Average Cost	\$ 103.04
Aub Warehouse	USCG Fireman E-3 with engravable reverse - 1.75 inch diameter, antique				

Fig. 2, p. 221, sch 5.19, Docket 222-3, filed 5-10-2016. QF0077, the Navy medallion, shows at the arrow.

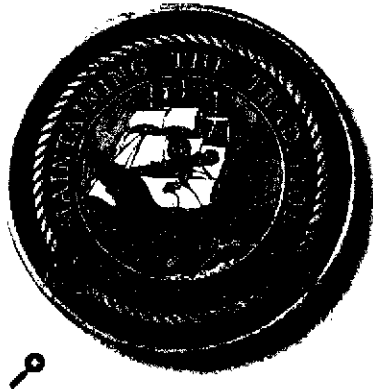
Unfortunately, the line items in the above inventory by the Trustee show neither quantity nor unit price to establish how the total value was reached. Omissions of this type simply contribute to the distrust of the Trustee's operation.

The three items pegged and referenced above, QF0077, QP0343, and QG0409, relate to items for the United States Navy, the United States Coast Guard, and the United States Army. The pictures of the items, as displayed in the original NWTM website, are shown in the following pages, along with a page showing some jewelry charms for the various groups within the Armed Forces. These are what are known as "challenge coins," popular in the armed forces to commemorate and identify with groups, actions, events, associations, and anniversaries. The web-page copies show the unit price and the bulk price at retail. These items are highly prized by our men and women in uniform. They are not blow-away, one-off items. These are trademarked products officially licensed by the various branches of the United States Armed Forces with a very dedicated customer base.



NWTM is currently out of business and no longer taking orders

# U.S. Navy Retired Adhesive Medallion



Officially Licensed Product of the  
U.S. Navy

**Item Number:** 61057  
**Product Type:** Coin  
**Size:** 1 3/4 inch (44mm) Round  
**Material:** Brass Antique with Enamel  
**Price:** \$10.00

**Volume Pricing on This Item:**

Buy	Price Ea.	Save
25-49	\$9.00	10% Off
50-99	\$8.50	15% Off
100+	\$8.00	20% Off

Quantity: 1

## U.S. Navy Retired

Peel the paper off the back and these retired Navy medallions will permanently stick to any clean and hard surface. We have seen them stuck on back windows of cars, mirrors, locker doors, refrigerators, and motorcycle gas tanks, to proclaim your status with the US Navy.

Vigilant defenders of America's freedom, the retired men and women of the U.S. Navy are genuine American heroes. Exhibiting the highest levels of courage, honor, and commitment in the discharge of their duties, they willingly braved the unknown to confront difficult and dangerous challenges, decisively defeating America's enemies throughout the world. Members of a proud tradition that reaches back to the founding of this great nation, those who have retired from the U.S. Navy join a distinguished class of warriors. Contributing to the strength of the world's most powerful maritime force, they leave a lasting legacy of service and achievement.

This medallion is dedicated to all retired Navy personnel, whose noble sacrifice has strengthened America's security.

It features a full color rendering of the modern U.S. Navy seal bordered by the words: "Maintaining the Tradition".

Minted in a brass alloy, this coin is imbued with the traditional colors of the U.S. Navy. Each medallion comes packaged with a detailed header card.

™ Department of the Navy. Officially Licensed by the Department of the Navy.

## Customers Who Bought This Item Also Bought:



\$10.00

Core Values - U.S. Navy



\$12.00

Trusty Shellback



\$10.00

Marine Corps Retired  
Adhesive Medallion



\$10.00

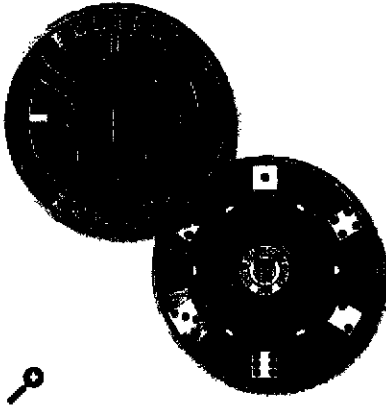
US Navy Enamel

Follow @NWTMintStore

*Ref, Oct 15, 2018, page 17*

NWTM is currently out of business and no longer taking orders

# Feelin Lucky - Coast Guard



Officially Licensed Product of the U.S. Coast Guard

Item Number: 48449  
Product Type: Coin  
Size: 1 3/4 inch (44mm) Round  
Material: Brass Antique with Enamel  
Price: \$10.00

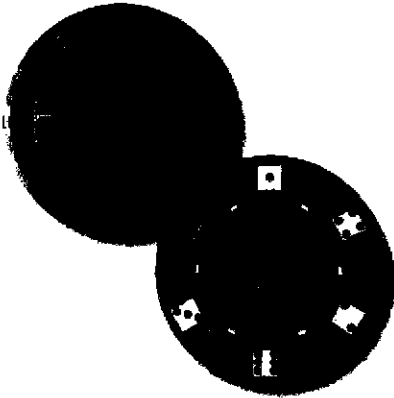
**Volume Pricing on This Item:**

Buy	Price Ea.	Save
25-49	\$9.00	10% Off
50-99	\$8.50	15% Off
100+	\$8.00	20% Off

Quantity: 1 : **Add To Cart**

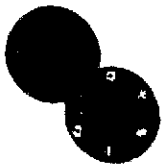
Description    Accessories    Related Items

Feelin' Lucky -- Marine Corps



Price: \$10.00

**Customers Who Bought This Item Also Bought:**



\$10.00

Feelin' Lucky -- Marine Corps



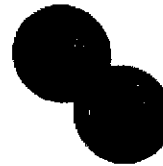
\$10.00

Coast Guard Veteran



\$10.00

Core Values - U.S. Navy



\$10.00

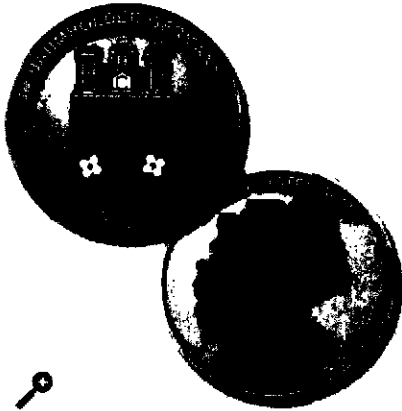
Proud Military Family

Follow @NWTMintStore

*Pehl, Oct 18, 2018, page 18*

NWTM is currently out of business and no longer taking orders

## United States Army - Baumholder, Germany



*Officially Licensed Product of the  
U.S. Army*

**Item Number:** 61800  
**Product Type:** Coin  
**Size:** 1 3/4 inch (44mm) Round  
**Material:** Bronze Antique with Enamel  
**Price:** \$10.00

Quantity: 1 : **Add To Cart**

**Description**      **Accessories**

### United States Army – Baumholder, Germany

Affectionately known as “the Rock”, United States Army Garrison (USAG) Baumholder plays a vital role in the deployment and support operations in the European, African, and Asian theaters. With a population of over 12,000 American soldiers, USAG Baumholder is one of the largest overseas concentrations of combat soldiers.

Maintaining two barracks near the town, Smith and Wetzel, USAG Baumholder has become an integral part of the German town’s economy, culture, and well-being. In fact, the Army operates twelve local churches, a cinema, a PX, and a hospital while the soldiers spend their hard earned paychecks patronizing local businesses.

Minted from bronze, and accented with bold colored enamel on each side, this medallion is dedicated to the proud men and women who serve in Baumholder, Germany. The obverse features the coat of arms of Baumholder, as well as the date the US Army established its first training grounds there. The reverse displays the country of Germany, with a red star to highlight the location of Baumholder.

*Official Licensed Product of the U.S. Army. By federal law, licensing fees paid to the U.S. Army for use of its trademarks provide support to the Army Trademark Licensing Program, and net licensing revenue is devoted to U.S. Army Morale, Welfare, and Recreation programs.*

*Pehl, Oct 18, 2018, Page 19*

JEWELRY CHARMS

JEWELRY CHARMS BY NORTHWEST TERRITORIAL MINT

WHAT'S NEW

BEST SELLERS

SAY IT IN SILVER

BEST SELLERS

ORDER A CUSTOM COIN

COLLECTORS

SIGNATURE SILVER BULLETS™

SIGNATURE COPPER BULLETS™

MILITARY CHALLENGE COINS

PEARL HARBOR

VIETNAM

ARMY

NAVY

AIR FORCE

MARINE CORPS

COAST GUARD

SERVICE MEDAL COINS

LINE CROSSING

OTHER MILITARY

ORGANIZATIONS

RELIGIOUS

RECOVERY COINS

SCOUTING

LAW ENFORCEMENT

FIRE DEPARTMENT

MEDICAL SERVICES

NOVELTY

KNIVES

NRA

AVIATION

MOUNTAINEERING

GIFT OPPORTUNITIES

CELEBRATION

FOR THE KIDS

HISTORICAL

WILDLIFE

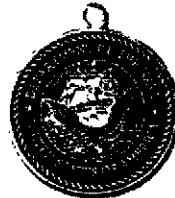
ACCESSORIES

SPECIALTY COINS

OTHER PRODUCTS



US Marine Corps Charm



US Navy Charm



US Air Force Charm



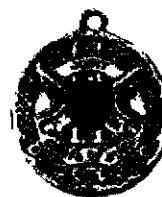
US Army Charm



US Department of Defense Charm



US Coast Guard Charm



US Joint Chiefs of Staff Charm

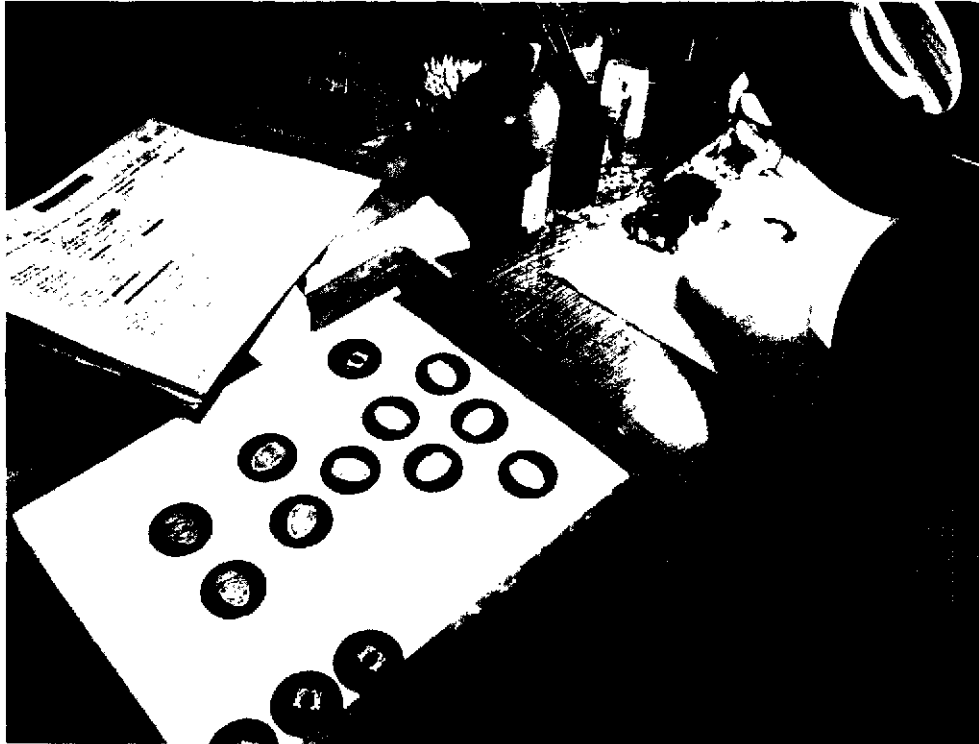
*Publ, Oct 18, 2018, page 20*

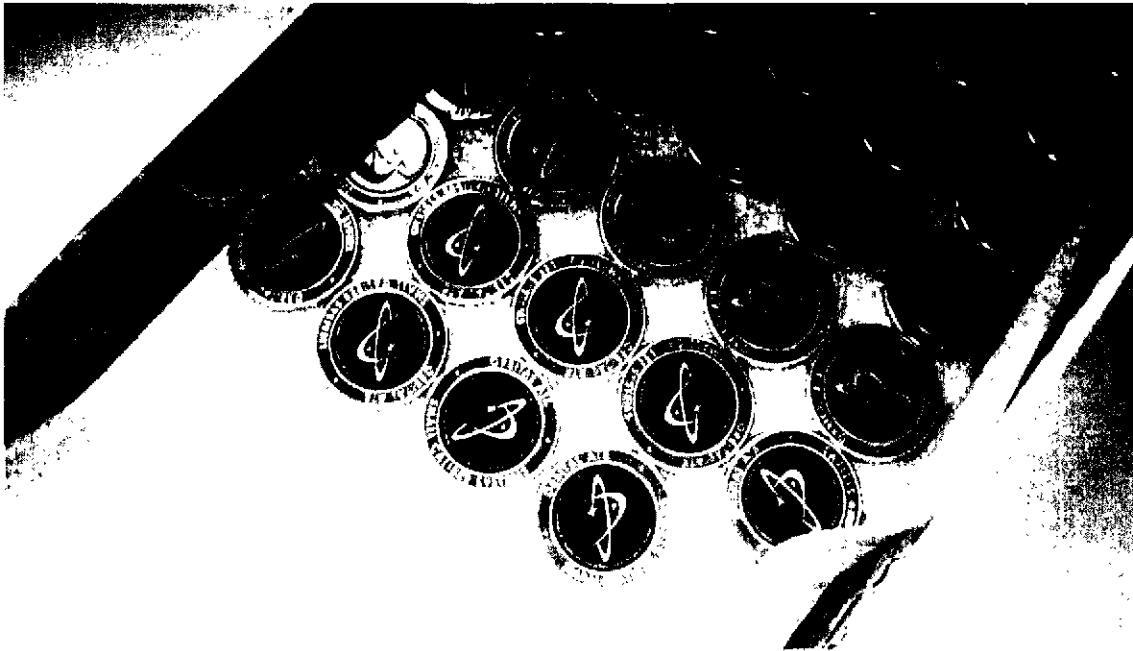
Let's assume the per-item cost with shipping is on average \$2.00 and the coins sell for \$10 each, retail. That translates into a gross profit of \$8 for a markup of 400% and a gross margin of 80% (where the markup % [M] is the gross profit [P] divided by the cost [C] and the gross margin % is the profit [P] divided by the selling price or revenue [R]). An 80% margin on product that has a well-defined, nearly captive customer base is nothing to sneeze at.

On May 14, 2015 the undersigned, Richard and Paula Pehl, had a day-long, on-site tour of the Dayton plant, guided by Rob Vugteveen and Ross Hansen. At that time, we were told that the items with the most intricate enamel work were farmed out to China. We were also told that most of the military medals, challenge coins plus commemorative enamels were done in China.

To give the Court an idea of the work, we include some pictures taken of the enameling work done by Dayton employees. It is back-breaking, eye-straining work.







Basic business judgment presupposes that the Chinese would not submit to the irrational proposition of doing one-off work and produce a die for it any more than we would. The concept of making a die is to mass-produce a product and have the die available for repeated runs.

In 2016, the Trustee stated that products from China constituted 30% of revenue that has been variously reported as \$3 to 4 million/annum. We certainly believe this number under the Trustee because custom coining collapsed given the obdurate insistence on keeping Jeff Goodfellow as production manager in spite of the requested approval and Court order to hire an expert minting and die engraving production manager in the person of Mike White.

For quantitative analysis, let's look at Ross Hansen's numbers as filed by the Trustee in Docket #369-2, which shows the financials for NWTM for the years 2013, 2014, and 2015, and take 2013 to analyze the contribution of product manufactured in China from the NWTM dies. These numbers, obtained from NWTM's non-existent accounting, are far more informative than the Trustee's numbers, which are not broken down by sector, making analysis nearly impossible. In Docket #1229, the Trustee boasts, "*The Trustee created a cost accounting system for the business in order to confirm profitability of all aspects of the custom minting and manufacturing business*" (p. 4, 7-8). If he did in fact do so, we have seen no evidence of it.

Pehl, October 18, 2018, page 23

**EXHIBIT B**  
Weekly / Monthly / YTD Totals

December 2013  
Week 4  
12/21/2013 - 12/27/2013

## SUMMARY - NWTMint

	CURRENT WEEK Sales Total	MONTH-TO-DATE Sales Total	YEAR-TO-DATE Sales Total
Bullion	\$ 806,273.19	\$ 6,319,507.99	\$ 148,782,886.68
Numismatic	-	12,852.00	1,145,451.30
Internet Bullion	69,946.70	601,358.26	10,317,037.31
NWTM Custom	34,056.47	495,492.25	6,470,363.01
Badges	23,510.00	24,953.00	24,953.00
Medallic Custom	27,678.30	148,803.33	2,921,538.45
Wholesale Sales	17,851.02	118,606.29	1,379,553.08
Retail Sales	12,228.00	120,789.86	1,076,786.40
Government Contracts	-	-	221,125.00
AAFES Exchange	2,292.50	9,148.50	212,984.27
CGES	-	3,394.56	52,912.88
Marine Corps	-	2,910.00	26,601.00
Nexcom/Navy Exchange	11,318.50	18,547.50	286,684.90
Nexcom Ships	1,950.00	17,978.75	238,231.75
TSA	-	-	-
Fort America	100.00	7,229.70	122,293.08
BSA Wholesale	541.50	716.50	7,935.02
BSA Supply Div	-	111,833.28	420,919.40
GSA Advantage	-	-	75.00
Graco - DLA/Gov't	10,803.21	48,956.36	1,288,682.23
Graco - Wholesale	6,015.36	36,290.26	1,030,519.19
Graco - Retail	3.50	414.10	9,705.39
<b>COMBINED TOTAL</b>	<b>\$ 1,024,568.25</b>	<b>\$ 8,099,782.49</b>	<b>\$ 176,037,238.35</b>



Of the \$176 million gross reported for the calendar year 2013, the bulk comes from cash flow from bullion sales, where the margin is small. If we take out of the total the amounts attributable to bullion and numismatic sales, we are left with \$15,791,864 in gross revenue. If we assume that Graco produced its own medals and that all NWTM custom was done in-house (doubtful), and that all store inventory was produced in China, we get a total of \$4,070,748 million in gross revenue contributed by China. We know that Medallic custom did all its own work, and that the Chinese operation belonged strictly to the NWTM side of operations. This represents 25% of product revenue. However, the margin on Chinese product was far higher than that on domestic product because domestic production was burdened by a high overhead rate due to the cost of labor, leases, and equipment maintenance. At one point, in 2016, the Trustee said he had an average gross margin of 36%. If the average of all products was 36% gross margin and the product from China produced a 75% or better margin, we deduce that gross margin on domestic product averaged around 20 to 22%. Therefore, NWTM was dependent on marketing product from China. If anything, there was a move to increase reliance on the Chinese manufacturer. In Docket #1200, we find charges by Cascade at 7-1-2016 for a review with Paul Wagner and Pat Manley [sic] for "scenario analysis and strategy for manufacturing/sourcing including prep" billed as part of the restructuring/reorg plan. We believe they were profiling a company more dependent on Chinese production.

To forestall any creative adjustment of the facts to allege that Paul Wagner created the Lin Jung-Feng account for his own business, Sierra Mint, we specify that we have an email explanation dated Oct 24, 2016 from the Trustee that states that Yong Tuo and Lin Jung-Feng are the same entity, in response to a question from Committee member Bill Hanson: "**Lin Jung Feng is - Yong Tuo our Custom mfg. China Vendor.**" Additionally, a cross-reference of the entries in Docket #227, Schedule B2.3 reveals the following duplications:

**ENTRIES IN DOCKET #227**

**Disbursement in the 90 days before Bankruptcy. Schedule B2.3**

reference	name	date	amount
3.123	Lin Jung-Feng	1/8/2016	150,966.18
3.891	Yong Tuo Emblem Co.	1/8/2016	150,966.18
3.907	Lin Jung-Feng	2/19/2016	161,841.90
3.1368	Yong Tuo Emblem Co.	2/19/2016	161,841.90
3.1348	Lin Jung-Geng	3/18/2016	75,000.00
3.103	Yong Tuo Emblem Co.	3/18/2016	75,000.00

Lastly, we hold a “bank outflows” 147-page spreadsheet that lists 10 years of NWTM cash disbursements, titled **NWTM, Summary of Cash Disbursements to Third Parties, as of July 27, 2016**. It starts in 2007 and shows the Lin Jung-Feng payments beginning in 2013 (EXHIBIT B). Unfortunately, in the Calvert style of accounting, what should show as an aggregated single-line entry per entity for the decade, after the first few lines, displays individual payments across 147 pages over 10 years.

### **The Pentagon Operation**

What happened to the Pentagon operation? NWTM had a kiosk or shop at the Pentagon with a very elaborate display. It also had a shop/office in Alexandria, Virginia, at 5775 Barclay Drive, Suite 1, (about 25 minutes from the Pentagon) manned by two employees: Erica A Jacobs and Brenda Johnson, who has already come to the Court’s attention.

It is not easy to obtain a commercial footprint right within the Pentagon. We can find no report to the Court that details what happened to these business locations of the Company.

The NWTM number of 800-504-0811, registered to NWTM @ Alexandria VA, was still being routed to Brenda Johnson as of Sept 25, 2018. Brenda Johnson is giving out that NWTM is no longer in business, but that the work is done under a new company with *“all the same mechanism production-wise; nothing has changed.”* She also claims that production is in the US, and that *“our manufacturing facility is in Wisconsin.”* Medalcraft is in Wisconsin. Does anyone remember a sale to Medalcraft of any part of the Chinese business or production line? Does anyone remember a sale to Brenda Johnson of the Virginia locations and phone numbers? Does anyone remember a sale to Brenda Johnson of the Pentagon sites and connections? (cf. EXHIBITS C and D for the original NWTM sites and access phone numbers). As we recollect the action in Court, Medalcraft bought the last 20 years of Medallic dies, as well as the Medallic name and phone number, and the remaining NWTM dies. What happened to the NWTM IP properties that would include the 800-504-0811 phone number cited above, the accounts, records, and customer lists for the military products, the artwork and files? Maybe Mr. Gearin is correct in stating: *“We don’t view that there is any value in that business”* (July 27, 2018 hearing @min 12:28) because THE TRUSTEE DID NOT ACT TO PROTECT NWTM’S IP PROPERTY, INCLUDING ITS PHONE NUMBERS; HE DID NOT ACT TO PROTECT NWTM’S TRADEMARKS; HE DID NOT ACT TO PROTECT NWTM’S LICENSES; HE DID NOT PRESERVE NWTM’S DOMAINS. This is gross negligence.

We brought the matter of Brenda Johnson to the attention of the Court in April of 2018 (Docket #1616) because of her letter to an Air Force representative, claiming that all the designs were on file and they could continue to order through her “under a new company”:

**From:** Jenifer Baker  
**Sent:** Friday, February 02, 2018 10:42 AM  
**To:** Paul Wagner  
**Cc:** [mark@cascapecapitalgroup.com](mailto:mark@cascapecapitalgroup.com)  
**Subject:** Brenda Johnson - FW: P2259 CUSTOM COINS / UPDATED CONTACT INFO

Paul -

See below an email that was sent to one of Brenda Johnson's customers.

This is the 2<sup>nd</sup> call from one of Brenda's customers questioning the status of Northwest Territorial Mint.

Thank you -  
Jenifer

**From:** Brenda Johnson (<mailto:brenda@universalproonline.com>)  
**Sent:** Friday, January 26, 2018 9:55 AM  
**To:** Nephew, Kelly L Civ USAF USAFA USAFA/DFP  
**Subject:** P2259 CUSTOM COINS / UPDATED CONTACT INFO

Good afternoon,

Brenda here with your custom coins! Happy New Year!

Long story short, Northwest Territorial Mint filed for bankruptcy in April 2016 and has since then not been able to work its way out, this is all public knowledge on the internet. Unfortunately, Northwest Territorial Mint shut down on 12/29, doors are closed and all systems are shut down; THE GREAT NEWS is your designs are still on file and you have the ability to continue to work with me under a new company that has all the same capabilities, quality and even faster turnaround times! I would be happy to continue working with you if you'd like, please call or email me at anytime if there is anything I can do for you. PLEASE BE SURE TO EMAIL ME AT THIS EMAIL ADDRESS, THE PREVIOUS EMAIL HAS BEEN SHUT DOWN AND DEACTIVATED.

Same contact # 703 597 1288

Brenda  
703 597 1288

Fig. 3

Pehl, October 18, 2018, page 27

As of January 26, 2018, the Court had not approved any sale to Medalcraft. But Brenda Johnson had also actually filed as an independent company as far back as 4-19-2016 (see below, Fig. 4); so she was operating in tandem with NWTM for herself or someone else.

Business Entity Details

<https://sccfile.scc.virginia.gov/Business/S614097>

Alert to business entities regarding mailings from VIRGINIA COMMERCE FOR CORPORATION or U.S. BUSINESS SERVICES is available from the Bulletin Archive Box of the Clerk's Office website.

Home | Site Map | About SCC | Contact SCC | Privacy Policy

SCC eFile > Entity Search > Entity Details Login | Create an Account

**SCC eFile**  
Business Entity Details Help

**UNIVERSAL PRODUCTS LLC**

**General**

SCC ID: S6140976  
 Entity Type: Limited Liability Company  
 Jurisdiction of Formation: VA  
 Date of Formation/Registration: 4/19/2016  
 Status: Active

**Principal Office**

3213 Duke St  
 686  
 Alexandria VA 22314

**Registered Agent/Registered Offices**

BRENDA JOHNSON  
 3213 DUKE ST  
 #686  
 ALEXANDRIA VA 22314  
 ALEXANDRIA CITY 200  
 Status: Active  
 Effective Date: 4/19/2016

**Select an action**

- [File a registered agent change](#)
- [File a registered office address change](#)
- [Renew as registered agent](#)
- [File a principal office address change](#)
- [Pay annual registration fee](#)
- [Order a certificate of fact of existence](#)
- [Submit a PDF for processing \(What can I submit?\)](#)
- [View eFile transaction history](#)
- [Manage email notifications](#)

Screen ID: e1608 Assess your account

Need additional information? Contact [customerservice@vcc.com](mailto:customerservice@vcc.com). Website questions? Contact: [general@vcc.com](mailto:general@vcc.com).

Admin Account PDF reader: [Download Office Online Application \(Word, PowerPoint, Excel\)](#)

Build #: 1.0.0.31267

Fig. 4

Brenda came to the Court's attention independently because of "stipends" that she received. Under questioning, the Trustee responded that she was an employee of the company and "she is assisting with some die resolution issues and that is a contractor in substance at this point" (May 4, 2018 @ min 58:00). Those \$550 stipends run from Sept 2017 to Dec 27, 2017 on

top of a \$1,300 “move out expense” payment made on Sept 19, 2017.<sup>6</sup> Since Brenda was located at the Alexandria office, we know that she had no direct connection to dies. She worked almost exclusively with the challenge coins, namely product from China. So what die resolution issues was she being paid to resolve? For whose benefit? But why does the Trustee use the present tense (“*she is assisting*”) on May 4, 2018 after she had been exposed for double timing? Why is the Trustee paying consulting fees, a “stipend,” to someone currently employed by NWTM?

As we listen again to the audio of that exchange on May 4, 2017, we ponder if the statement “was an employee” intended to convey an interpretation that she *had been* a “past employee” and was at the time acting as a “paid consultant” because the Trustee did not want to reveal that there was a rather hefty salary involved for her sales work at the Pentagon, which may have been all commission based or in combination with a base salary. She was terminated as an employee with the closure of the company on Dec 29, 2017 and appears in the WARN Settlement list of employees to be compensated. Meaning, did the Trustee not want to broach the Pentagon issue, or did he not want to reveal her true employment status? Or.....??

This is the problem with all the vague, evasive answers: they only lead to more questions.

The statute does not permit defalcations of any sort by anyone. The trustee is the fiduciary. He is responsible. The stance taken in Court by the Trustee and his counsel that they won’t allow any sale that might be in any way, even remotely, associated with Ross Hansen is disingenuous when we bear witness to this hand-in-glove operation with Ross Hansen’s lieutenants. We are told that certain people were very creative and innovative in Ross Hansen’s operation. We continue to bear witness to their enterprising ingenuity.

We maintain that the Trustee has demonstrated an uncommon lack of forthrightness in Court and a willful intent to be vague. What exactly this shields, everyone wants to know. We do not know to what extent the Trustee is a direct participant in these defalcations. What we do understand is that his stewardship of the estate has been as water-tight as a colander and to that extent we accuse him of supine negligence. He cannot simply say, “*The Trustee can do what he wants!*” There are well-defined statutory obligations and responsibilities. He cannot appeal to the business judgment rule. He has exercised no judgment at all.

---

<sup>6</sup> 8-25-17, “Monthly Stipend”; 9-27-17 \$550, “stipend for VA”; 11-1-17 \$550 “AP VENDOR PAID”; 11-25-17 \$550 “AP VENDOR PAID”; 12-27-17 \$550 “MONTHLY STIPEND PAID”.

In closing this section of our discussion, we wish to highlight another omission: When Mr. Gearin signaled his intention to file a motion for abandonment of the dies in China, he failed to mention that there is a lien against those dies for a \$140,000 loan made by a Dr. Demackiewicz. Subsequent to his death, that interest passed to his widow Shirley Demackiewicz, whom we believe to be elderly and infirm (claim #2453). Like the other creditors, she also got tossed into the ditch. One of the favorite tactics of Trustee Calvert is to reduce the value of everything to nil to oust the creditors. Then run up enough bills to pay themselves for inflated and aggrandized performance claims to soak up what is squeezed from liquidations. But to throw Mrs. Demackiewicz in favor of Paul Wagner—and for no quid pro quo??

That Mrs. Demackiewicz has a claim against the NWTM dies in China is well known to Mr. Gearin. At the 341 meeting on May 11, 2016, he interrogated Ross Hansen on the subject:

*Mr. Gearin:* .....Is there equipment in China?

*Mr. Hansen:* There's coining dies in China. Yes.

*Mr. Gearin:* Coining dies in China. Where in China, and – where in China?

*Mr. Hansen:* They're at a company that we use over there as a manufacturer. There's actually two main companies. One is called Yong Tuo, and the other is a company called Top Tree. And there's probably between 2 and 4 million worth of coining dies there. Some of our lesser product is made in China. About 30 percent of our product is made in China.

*Mr. Smith:* Are the coining dies owned by the mint?

*Mr. Hansen:* Yes, they are.

*Mr. Smith:* Is there any secured obligation against the coining dies?

*Mr. Hansen:* There is a security interest in our coining dies by one of the creditors.

*Mr. Smith:* Do you know the total amount of debt against the coining dies?

*Mr. Hansen:* I do not. No.

*Mr. Gearin:* Who's the creditor that has the security interest?

*Mr. Hansen:* It was a gentleman by the name of John Demakowicz {phonetic}. And Mr. Demakowicz was Dr. Demakowicz, and he passed away. And I believe he assigned his rights to his wife, Shirley Demakowicz.

*Mr. Gearin:* Could you spell that for me?  
(Transcript *May 11, 2016 341 Creditors' Meeting*, pp. 49-50.)

Not only did Mr. Gearin interrogate Mr. Hansen about the company property in China, but he also reviewed the lien paperwork against those dies because in his fee application, Docket 1204, at p. B- 270 at the 4<sup>th</sup> line from the top, for 10-04-2016, he billed \$157.50 for reviewing Mrs. Demackiewicz's lien papers, described as "Initial review of backup materials provided by alleged secured creditor S. Demackiewicz." Since this documentation was not appended to the claim, we have no knowledge of the quality of the claim. But we feel that the interests of justice and due process require that the Demackiewicz claim be made known to the Court.

The pattern of abusing the elderly by separating them from their money and/or investments should not continue under the umbrella of the Bankruptcy Court. At the very least, the lien on the China dies should be an integral part of the discussion of the future use of those dies by Sierra Mint and any future motion for abandonment. The Calvert muddied reference to the lien, "*We have a large invoice [from] a creditor of this estate*" (ref. above at p. 10; May 4 @ min 20:40), does nothing to inform the Court. (The Trustee does not know that a secured creditor submits a "claim," not an "invoice"?)

### **Largo al Factotum**

Sometime in **September or October of 2016**, Mark Northrup, counsel to the Unsecured Creditors Committee, informed Paula Pehl in a personal, telephonic communication that Mark Calvert had found in or on Paul Wagner's desk a plan to take over the Chinese business. This information was relayed as an indication that Wagner's departure was imminent. There were ample reasons to be critical of the retention of some of Ross Hansen's former lieutenants in positions of control and authority. A CEO was hired and the expectation was that Paul Wagner would depart. That did not happen. What happened next is simply inexplicable.

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**In their words:**

Mr. Wagner is somebody who is indispensable to the estate. Mr. Wagner has all of the institutional knowledge that the Trustee needs to rely on. Moving forward, he has knowledge of the asset base, he has knowledge of all the dies, he has knowledge of the customers, he's working with prospective purchasers in depth to convey, to communicate with them .... He is an essential part of the liquidation process...

*(Gearin, Feb 9, 2018 hearing @ min 11:40)*

**Court:** You are asking Mr. May who's on his management team. You know who's on Mr. Moran's management team?

**Gearin:** Well, I personally don't Your Honor, but I know Mr. Wagner does....

*(March 16, 2018 hearing @ min 22:10)*

**Court:** Are there 400,000 dies, roughly?

**Neu:** Ah, you know, Your Honor, I believe that ah following our last discussion ah Mr. ah Paul Wagner ah did an inventory of the dies and I believe on site at the Dayton facility that they've identified somewhere between 80,000 and 100,000 dies and then there are dies in China and I don't know what the number of the dies in China are. So, between Medallic and NWTM on in the Dayton facility is approximately 80,000 dies.

**Court:** All right and so, well don't we need to know how many dies we have? And you think there may be 200,000 or 300,000 dies in China?

**Neu:** I don't know how many dies are in China...

*(April 20, 2018 hearing @ min 1:36:34)*

Mr. Wagner ...is looking into die ownership documents and pulling down documents for the objecting parties and pulling that information together.

*(Calvert, May 4 hearing @ min 53:21)*



**In his own words:**

I sorted the emails I pulled from Ms. Baker's email system, and deleted communications that I determined were not related to die customers, including emails to the Trustee, Trustee's counsel, and communications with Medalcraft Mint, Inc., the purchaser of the Medallic dies.

(Paul Wagner, *Declaration in Response to Show Cause, July 20, 2018*)

But some Sierra Mint emails got through. They were caught because the Court did the unexpected. It read all 6,000 pages of emails. In one week.

Looking over the catalogue of Mr. Wagner's omnipresent endeavors, we have one question: *Was anyone else in the administration of this estate doing anything?*

We conclude: No wonder there have been so many complaints from prospective buyers of no response to their approaches and no reply to their offers. With Mr. Wagner an interested party whose plan required the dismemberment of the Company, other buyers not in his game plan were unwelcome. As one ignored buyer, who actually had sent a \$100,000 good faith deposit with his offer, put it: *"The trustee has a very 'unusual' way of dealing with offers and sharing information. (Mostly he doesn't reply to emails or phone messages)."* When the sale to Industrial Assets was confirmed, this same prospective buyer wrote to the Trustee because of concerns about the shelving being sold out from under the historical die collection:

**Sent:** Sunday, March 18, 2018 10:25 AM<sup>7</sup>  
**To:** Mark Calvert <[mark@casadecapitalgroup.com](mailto:mark@casadecapitalgroup.com)>

**Subject:** Have all assets in our offer been preserved and still available to purchase?

Hi Mark,

I am concerned that the Industrial Assets / Maynards purchase indicates it includes a "Group of (70) sections of heavy duty adjustable shelf units w/21 sections of dies bins. Can you please confirm that this does not include any shelving that is or was holding the historic archive dies? I would like to make sure both the shelving is preserved for the historic dies, galvanos and plasters, and that these items are not disturbed, disorganized or damaged. Also, our offer

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<sup>7</sup> At this point, the prospective buyer does not want to be identified.

included value for software licenses together with computer systems in the product development area upstairs that this software was stored on.

I am hoping that we will be able to complete a purchase of the IP and historic physical archives of interest to us as soon as the recent die issues are resolved. However, I will appreciate some assurance that all the items included in our offer have in fact been preserved, and will not be disturbed by any removal or other actions of Industrial Assets / Maynards. If the assets in our offer have not been preserved, we will request a return of our deposit. If they have been preserved and are still available, I will appreciate if you can advise how and when our offer will be dealt with.

Your continued communication to keep us up to date is appreciated.

Thanks and best regards,

The Trustee's reply:

On Mon, Mar 19, 2018 at 11:29 AM Mark Calvert <[mark@cascapecapitalgroup.com](mailto:mark@cascapecapitalgroup.com)> wrote:

The Industrial Asset is done... and court approved...  
Did not realize you wanted the shelving...  
Some buyer already have the shelving and do not want it...  
Sorry I did not know your interest sooner...

Mark

**Mark Calvert**

CPA, CIRA, CTP, CFE, PI

1501 4<sup>th</sup> Avenue Suite 2840  
Seattle Washington 98101  
Cell: 206.909.3636  
[Mark@Cascapecapitalgroup.com](mailto:Mark@Cascapecapitalgroup.com)

and again,

Date: Mon, Mar 19, 2018 at 3:06 PM  
Subject: Re: Requested disclosure of status, processes and timetable re historic archives  
To: Mark Calvert <[mark@cascapecapitalgroup.com](mailto:mark@cascapecapitalgroup.com)>

Hi Mark. Are there any other offers on the table for the historic archives and Medallic name? I can see that our offer has not been mentioned in any court

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documents, so I have to assume the court has no knowledge of the fact that our offer exists or that you are holding a \$100,000 good faith deposit for these assets.

Can you please advise what is being done to ensure the organization of the dies is not disturbed? Have you in fact read our formal Asset Purchase Offer which clearly sets out our requested purchase, including the shelving storage system that was developed especially for the archives? We also requested that the software licenses be preserved with the computers in the product development area, as these had value to us substantially higher than the "used computer" value Industrial Assets would likely attribute.

Although we still have a strong interest in all the archive assets, I am very uncomfortable with the limited communication we are receiving, particularly while we have provided to you a substantial good faith deposit. If our offer is being seriously considered, we should have clear and timely information about status and processes. If it is not being considered, our deposit should be promptly returned.

I have heard rumours of another deal being negotiated without an open process, although I am skeptical of the many rumours surrounding these assets, especially when an open court approval is required.

I am very disappointed that assets that were in our offer have been sold without consideration of our offer or advance communication with us. I will really appreciate if you can provide me with a clear timetable and process for dealing with the remaining historic archives.

Thanks very much,

*This spurned buyer has characterized this exchange as basically, "sorry, I never read your offer." He also decried that he specifically wanted his purchase to include the Medallic name. "Verbally we were told many times that the name was not part of the Medalcraft deal, but then it was. We weren't sure whether this was a major lack of aptitude from Mr. Calvert, or a deliberate manipulation."*

The above offer to buy the historic part of the Medallic dies along with the related plasters, casts, and galvanos intended to keep the historic collection together. The archive materials alone required well over 3000 sq ft of storage space that the eventual buyer, the ANS, did not have. This collection, as we have been told, is presently broken up into three lots, housed in three locations, with much of the collection slated for sale. No one can really understand the contractual agreement between the ANS and Medalcraft, which is storing the dies, especially clause #5, which reads:

5. Destruction of Dies. ANS and Medalcraft will work together in good faith to assess and determine which ANS Stored Assets can be "cancelled" and sold as scrap metal or destroyed. It is the intent of the Parties that approximately twenty percent (20%) of the dies shall be eliminated each year in order to significantly reduce the number of ANS Stored Assets by the end of the five-year initial term. (*Docket #1678-1*)

This is accompanied in the preceding section (#4) by a stipulation that anything left on the table belongs to Medalcraft. Such an agreement does not strike us as very positive for the preservation of an irreplaceable collection of the archives, art, and dies relating to some of the most prestigious awards produced in the United States.

There were other parties driven off by rebuff and obstruct tactics. The Court has already heard of the experience of Mr. Holabird, whose calls went unanswered in 2017. *Docket 1533, p. A-41: "the Trustee refused to return communications from Mr. Fred Holabird in 2017,"* reiterated by attorney Kristofer Larson at the March 16, 2018 hearing @ min 28:30. Can this appearance of boorishness or incompetence be explained in the light of a will to shield the inside track for someone? And what does all this do to the public perception of the bankruptcy process?

While interested, legitimate parties were driven off, a select few received preferential treatment on an unimaginable scale. This we attribute to a plan kept well shielded from the knowledge of the Court and from the eyes of the Committee.

When Susan Skaggs, Medallic's main salesperson, went to work for Medalcraft in mid-2017 she became "Business Development Manager at Medalcraft Mint, Inc." She steadily siphoned orders and customers from NWTM/Medallic. The Trustee admitted to the damage from the Susan Skaggs defection and from Medalcraft's interference:

One former sales employee has taken a position with a direct competitor who had executed a nondisclosure and nonsolicitation agreement with the estate in connection with its expression of interest in acquiring the estate's business. The former employee appears to be contacting customers of the estate and attempting to divert business to the competitor. The competitor's violation of its nonsolicitation agreement with the estate may adversely impact operational results and give rise to [actionable] claims. (*Docket #1212, Amended Aug 2017 MOR, p. 49*)

Why then, we ask, did the Trustee not pursue either Medalcraft for breach of non-solicitation or Susan Skaggs, who was bound by the typical NWTM non-compete/non-disclose agreement? Why were Gary Anderson and Joe Tofoya, the millionaire and trillionaire who held everyone in thrall for over two months while the company was collapsing, not sued? Gary Anderson had not only signed an APA to purchase the company for \$10 million, but also a document specifying that he would deliver a \$500,000 non-refundable deposit in mid- December of 2017. The deadlines came and went, and nobody reacted.<sup>8</sup>

But they all descended like hyenas on road kill to attack Ron Parr of ARM for breach of contract for a piddling \$175,000, expending more in legal fees than the potential recovery. And we the creditors are expected to pay the fees for pursuing that case? We know all too well that the price and deal were already set in November 2016 because the undersigned kept asking counsel to the Committee, every two weeks, why hadn't the Trustee presented the sale to the Court for approval if we were constantly on the edge of not making payroll? Parr was sued because of the Trustee's lack of execution, but none of these other characters, where the consequences to the estate were staggering. Does any of this make sense?

A reasonable interpretation, given events, seems to be that Wagner set up a business deal with Medalcraft and everything related to *that plan* was shielded. Conveniently, Wagner did the negotiations with Medalcraft. Conveniently, purchase offers were filtered by Wagner. Conveniently, Wagner reviewed everything. Conveniently, Wagner was the expert witness in court. Conveniently, almost everything went to Medalcraft. Now Sierra Mint and Medalcraft are in business together. Jenifer Baker, who fell on her sword for the Trustee, now works at Sierra Mint after having been sent to Medalcraft for instruction. She appears to man the Medalcraft desk at Sierra Mint.

All this certainly goes a long way to explain why, when the Roger May offer came through at \$1 million, Gearin felt obliged to state that the only fair thing to do was go back to the Medalcraft offer of \$700,000. No one could grasp that logic. When the Court demanded that the bidding process be reopened, Gearin stated at the next hearing "that's not what I heard." A collective gasp crossed the nation amongst those who listened to the audios. The instructions had been clear and precise. At the last, the May offer was matched. But Mr. May withdrew from the bidding, complaining of a playing field that was not level, objective, or fair.

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<sup>8</sup> We discussed extensively the anomalous access and bizarre events surrounding these two figures, Anderson and Tofoya, in our Docket 1616, section 3, titled, "Two Clowns and a Three-Ring Circus." The events were shocking and beyond anything heretofore subjected to a post-mortem analysis in the courts.

If Paul Wagner had the motive, the Trustee gave him the means and the opportunity. The Trustee did know, and did nothing. He enabled and empowered Wagner the whole way. Apparently, some of the Dayton people spoke out and warned the Trustee--from what we hear, reportedly because they felt Wagner was trying to crash the company and because Wagner was suspected of diverting NWTM product to his home in Woodinville, WA. We assume this refers to product delivered from China, paid by NWTM. So it was that in October of 2017 Atalla attempted to fire Wagner but Calvert immediately countermanded his order. According to reports, this happened shortly after Atalla asked Jeff Goodfellow to step down and return to his original post of maintenance manager. Instead, Goodfellow walked out, but miraculously returned on Calvert's "skeleton crew," post closure. On Goodfellow's October 2017 departure, Mike White was finally appointed production manager, 13 months after the Court order approving his appointment.

That Goodfellow should return to his prior position was what was supposed to happen in September of 2016. Instead, the position of maintenance manager was filled by a new hire named Patrick Francis before Mike White arrived in Dayton and Goodfellow was left as Production Manager. The Trustee never executed on the Court order after arguing for the hiring of an expert mint production manager. When this was brought up at the Oct 6, 2016 Committee meeting, the Trustee roared, "*The Trustee can do as he pleases!*" In the face of a Court order?

The hearing for Mike White's appointment was scheduled for September 30, 2016. Mike was pressed by Calvert to go to Dayton before his hiring was formalized and the terms approved by the Court. His first day on the job was Sept 26. The motion to approve the hire, Docket #711, was filed Sept 19, 2016. On Sept 28 Mark Northrup prepared his "RESPONSE OF THE OFFICIAL UNSECURED CREDITORS' COMMITTEE TO TRUSTEE'S MOTION TO APPROVE TERMS OF EMPLOYMENT FOR PRODUCTION MANAGER." Upon reading their courtesy copy, Mark Calvert and Mike Gearin descended on Mark Northrup and pushed him to delete the whole last part of section #4, where clarification was asked about Mike White's position given that no provision had been made for Mike White's placement:

The missing text to Docket #753:

4.) ...; however, the Committee is concerned that the scope of Mr. White's authority and duties as Production Manager has not been adequately set forth in the brief "employment offer"/letter agreement attached as Exhibit A to the Declaration of Mark Calvert (Dkt. #712) filed in support of the Employment Motion. At a minimum, the Committee believes that the contractual agreement

between the Trustee and Mr. White should address and clarify the following issues:

- a.) The Committee understands that there is already a Production Manager at the Debtor's Dayton location. What is or will be the relationship between Mr. White and the current Production Manager?
- b.) What specific authority does Mr. White have to make personnel decisions, particularly personnel retention decisions that affect production?
- 5.) Mr. White has left a responsible position to work for the Trustee and, ultimately, the creditors in this case. The Committee applauds Mr. White for his decision and simply wants to make sure that Mr. White is given the resources, support and authority to do his job: stabilize, build, manage, and enhance the Debtor's production at the Dayton facility.

(full text of draft at EXHIBIT E)

The Court approved the hiring of Mike White as production manager, but he was never given that appointment -- in spite of Mike Gearin's false statement to the Court in his October 6, 2017 report about the great work done by the Trustee: "*We hired a new plant manager with a motion that we brought before the Court that's furthered the profitability and the productivity of the business.*" [transcript, October 6, 2017 hearing, para 9].<sup>9</sup>

We would be hard put to find a greater example of bad faith. The mere fact that they demanded the deletion of the request for clarification by the Committee indicates that they were acting in bad faith before the Court. Worse, the pattern of demanding that all walk in lock step with Gearin and speak with only one voice in court only intensified over time and the situation became toxic after the Committee unanimously voted on Feb 10, 2017 for a full outside audit of the Trustee's books. That vote was presented in Court as a vote to appoint a financial advisor to the Committee to review the Trustee's business plan.

The undersigned, in function of their fiduciary obligations on the Committee, attempted to stem what seemed continuing irrational and bad business decisions. In our view, not positioning a competent production manager to restore the productivity of Medallie as a mint was a fateful and irreversible decision that left the company in the hands of people who were either not competent or who had a vested interest in crashing it.

As indicated, in October of 2017 there was a last-ditch effort to save the company and the leaders of that movement were Bill Atalla, Mike White, and Matthew Lee. But in the third week of that month, someone unleashed Gary Anderson with a patently phony offer to buy the

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<sup>9</sup> The Court no doubt recalls the testimony of Jeff Goodfellow, as Production Manager, brought before the Court in July 2017 during the Hoff trial.

company for \$10 million and keep the company whole with all its employees. The Trustee allowed Anderson to have the run of the plant where he put on a shameful display as patron and magnate. The phony offer derailed every other effort. When the deadlines came and went, no one moved. Instead, the Trustee ran interference with a string of excuses: Anderson controlled retirement funds to invest; the problem was with the rules governing Nevada trusts; the money has arrived at Chase in New York (and it kept arriving every week); Anderson was selling a building; no, he was buying a building..... that building turned out to be the Ormsby House in Carson City that was actually in negotiations with the Carlisle group of California.... We smelled fraud and struggled to point out that "the emperor has no clothes." At the time, the motivation was only vaguely perceived, but now we understand that it was to keep Atalla and the others "otherwise occupied."

After Anderson got too creative with his Go-Fund Me campaign, he was replaced with Joe Tofoya. Although on this round the "professionals" stopped giving versions as to where the money was coming from and excuses for why it had not materialized, Tofoya wrought just as much damage as Anderson, duping employees and managers in Dayton. The charade ended January 8, 2018 with Tofoya's disappearance.

There is a rather plaintive reference to all this, in a letter by Bill Atalla to Don Strube of Herff Jones, a company potentially interested in buying Medallic whole:

We have had investors promise to purchase this company but have been unable to meet their commitments dates. In fact their delayed execution caused us to find ourselves in a cash constrained position. The investors essentially ate up all our time to conduct a disciplined search. Now we are time constrained as the Trustee/court wants to either liquidate the assets, which would mean the wide spread dispersal of incredible assets and our huge customer base, or sell off to a low bid competitor that has little regard for the accumulation of our immeasurable history.

(full text at EXHIBIT F)

The date on this email is January 20, 2018, a Saturday, and well after the closure of Medallic Art and Mint (the new name proposed in 2017). Herff Jones set up a rush meeting in Indianapolis for Thursday, January 25. The Trustee told Herff Jones he needed an answer on or before January 25, inclusive of a \$500,000 deposit. The reason given was a court hearing scheduled for Friday, January 26. Looking down the barrel of a gun, Herff Jones walked away, especially since the financials offered for review were not complete.

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Court hearings have been rescheduled because a single person was away on vacation. Apparently this hearing could not, where the survival of a secular American company was at stake along with 110 jobs. Gary Anderson was given two months of unfettered access with no evidence of substance. But then, by January 22, Paul Wagner was in Dayton shopping for a location for Sierra Mint.

### **“The Trustee Can Do What He Wants!”**

There are two arrogant notions that seem to inform the Trustee’s conduct, and that of his counsel. The first is that the Trustee enjoys unlimited immunity and therefore he can do what he wants. The second faulty notion at play is that if something is not reported then it is not known and effectively up for grabs. The corollary to this is that they are entitled to manipulate and filter the information that reaches the Court. These two presumptions are mutually exclusive. The Trustee enjoys derived judicial immunity only to the extent that he is acting with the knowledge of the Court, under its authority. If an order was obtained by manipulation or omission, judicial immunity is not to be taken for granted. Operating in these cases are also the concepts of “business judgment” and “fiduciary duty.” It is not possible to appeal to the business judgment rule the keeping and maintaining of a person who is intent on crashing the company so that he can carve out and walk away with a segment; it is not reasonable business judgment to allow theft from the company of materials, machinery, accounts, and/or customer lists, its IP, and goodwill. Even if the concept of business judgment allows for undesirable results, a consistent pattern of negligence translates into malfeasance.

What we have noted about deficiencies in reporting and making known to the Court the assets and operation of the estate, have their corresponding failures in the reporting and accounting of the assets of the creditors. Form 207, Part 11, requires the reporting of all assets owned by others held or controlled by the Debtor. The Trustee did file a Form 207 as Docket #227 on May 10, 2016. We quoted from the 207 schedule, sec. B2.3 on p. 25, above. Form 207, Part 11, as filed by the Trustee, carries the following statement: *“Debtor stored personal property for certain customers, Trustee has commenced a detailed storage inventory which will be provided to creditors when completed.”* That never happened. As we have observed before, only the request for return of identifiable storage inventory was submitted to the Court. Nothing was sent to the creditors. Not even the general reports promised the creditors at the 341 meeting of May 11, 2016. Even direct requests for information by individual creditors about their own accounts were met with prevarication.

When Calvert took over as Trustee he appointed Wagner president. He also appointed Ross Hansen's former Bullion Manager, Erin Robinson, aka Erin Shear, to audit the storage and lease accounts. The \$83 million in claims were never vetted. The appointment of Erin Robinson-Shear to this function was really objectionable because she had been Ross Hansen's Minotaur at the NWTM gate to deflect and block incoming customer calls demanding answers or satisfaction. Calvert's excuse for this choice was, "*She knows the accounts.*" Ms. Robinson-Shear had no qualifications to do an audit. She has no accounting experience. On the Committee, we suffered through her mouthing the word "audit" innumerable times in describing her work. Yet, the errors in her work product were horrific. It was also obvious from those errors that she did not look at the creditor claims and ignored the NWTM customer statements.<sup>10</sup> By and large NWTM's statements seem to have been accurate; the problem was that a large portion of the underlying assets no longer existed. In the case of Erin Robinson, she didn't even understand basic math, but apparently went through every sheet of paper and receipt trying to reconstruct the accounts from zero. Given that the Trustee has claimed that NWTM had no records and no accounting, this in itself is a mystery. Be that as it may, from what we learned from an inside source, we understand that it was the NWTM bookkeeper/accountant, Annette Trunkett, who pulled Erin out of the hole. We note that Ms. Robinson-Shear is a close associate of Paul Wagner.

As an example of what happened, Erin put out spreadsheets on the lease and storage accounts that were patently incorrect and those Committee members whose accounts were reflected in these spreadsheets understood that the mistakes extended to all accounts. Bill Hanson, then co-Chair of the Committee, found his account cut by half its value and he was told that he was overdrawn on his palladium (Pd) stock. Bill Hanson had 20 1-oz Pd rounds remaining in his account. Erin Robinson-Shear claimed he had sold them all over time and was overdrawn; therefore, that part of his account was zeroed out. Bill responded that he had never liquidated his palladium and that his last NWTM statement corresponded to his perception of account activity, because he always tracked the statements against activity. Erin answered that there were receipts for the withdrawals. He asked to see those withdrawal receipts. He never got copies nor was he given specific information as to the dates of withdrawal or quantities.

In court Mr. Gearin asserted that Betty Carey's account was overdrawn by \$43,000. Being in possession of copies of the Trustee's initial inventories and the reconciliation spreadsheets, and having actually studied the numbers, we state that the amount of the alleged overdraw, per [Calvert's] books, is not \$43,000 but \$6,899.70 (per the Nov 29, 2016 spreadsheet) upped to \$8,097.06 in the final tally spreadsheet of January 27, 2017. The first number is reflected in

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<sup>10</sup> Look at numbers in sequence and it is possible to establish patterns; likewise, scrutinize errors and it is possible to establish the problems of methodology.

Docket filing # 224-1, [list of] "Creditors Who Have Unsecured Claims" at entry 3.84, "Jones, Colton aka Betty Carey" "storage customer" " - \$6,900.00."<sup>11</sup> The number of -\$8,097.06 on the final tally at completed reconciliation (January 27, 2017) should be the correct final number, pending review and authentication of the withdrawal receipts or other evidence, as indicated below.

The Trustee declares in Docket #1504:

I have researched Ms. Carey's pre-petition transactions with the Debtor and I have determined that she owes the estate \$43,160. Attached hereto as Exhibit A is a summary of Ms. Carey's account with Northwest Territorial Mint, LLC. While Ms. Carey held certain precious metals on account with the Debtor totaling \$61,806, the Debtor advanced Ms. Carey cash amounts exceeding the value of her precious metals. In total, the Debtor gave Ms. Carey cash from its bank accounts in the total amount of \$104,966. Thus, as a result of over advances made by the Debtor, Ms. Carey owes the estate a total of \$43,160.

*(Docket #1504, Reply Declaration of Mark Calvert)*

This declaration, signed under penalty of perjury, is supported by a Summary of Account, given as Appendix A, as follows:

	<b>Ounces at 3/31/2016</b>	<b>Spot Price at 3/31/2016</b>	<b>\$ Value at 3/31/2016</b>
Silver	716.00	\$16	\$11,098
Gold	16.00	\$1,232	\$19,712
Palladium	54.00	\$574	\$30,996
Platinum	0.00	\$982	\$0
<b>Total Metal Value on Account</b>			<b>\$61,806</b>
<b>Total Cash Advances Drawn on NWTM Bank Accounts</b>			<b>\$104,966</b>
<b>Total due to (from) Customer</b>			<b><u>(\$43,160)</u></b>

<sup>11</sup> Colton Jones is co-owner on the account. We do not understand the "aka." Page 3 of 61, Sch EF2.3, Docket #224-1.

No evidentiary material or detail is attached for the alleged \$104,966 in advances. However, we have gone through the aforementioned **NWTM, Summary of Cash Disbursements to Third Parties, as of July 27, 2016** that starts at the top of 2007 (ref. p. 26) and found only the following disbursements under the name Betty Carey and the associated account name Colton Jones:

2009 \$ 7,000 (Betty)  
 2011 \$ 6,000 (Colton)  
 2011 \$ 5,000 (Betty)  
 2015 \$ 12,975 (Betty)  
 2015 \$ 7,500 (Colton)

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\$38,475 TOTAL Draws

Ms. Carey stated at the March 9, 2018 hearing that she has done business with the debtor since 2004, so there may have been other cash advances and/or liquidations (for the checks may reflect liquidations rather than just advances against collateral) between 2004 and 2007.<sup>12</sup> Again, this level of detail is extraordinary given that Mr. Calvert has steadfastly insisted that he is hampered by a lack of records and a lack of accounting at NWTM.

The numbers given for the value of Ms. Carey's storage holdings is not exactly correct, either. Those numbers are given in the final reconciled storage accounts of January 27, 2017, per the London fix of April 1, 2016, the date of the bankruptcy filing, as:

	oz	London fix price	value
silver	716	15.38	11,012.08
gold	16	1213.16	19,410.56
palladium	54	559.00	30,186.00
<b>TOTAL:</b>			<b>60,608.64</b>

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<sup>12</sup> In the Nov 29, 2016 inventory of storage metal a second, silver, account appears under the Betty Carey/Colton Jones names, but then disappears. We do not know what to ascribe this to: a liquidated account, a phony shield account maintained by Ross to hide bullion in sight, or errors and corrections by Erin Robinson. Without speaking to Ms Carey we have no defining information and the Trustee never provides supporting documentation.

The London fix numbers for April 1, 2016 as given by Kitco's historical record of the closing fix, which corresponds to the silver and palladium values given, show that the gold should be priced at 1,213.60 instead of 1,213.16.<sup>13</sup> However, the numbers given above are what Erin Robinson used and show on the finalized accounting spreadsheet.

We ask the Court to invite the Trustee to substantiate his allegations. As we see it from the information we have available, either the Trustee made a false declaration to the Court or his books need to be tossed out as unreliable.

**Disclosure:** We declare that we have never spoken to or communicated with Betty Carey or Colton Jones in any way, manner, or form. To our knowledge, Ms. Carey and/or Mr. Jones have made no attempt to reach or communicate with us.

On behalf of those affected, we state that the issue of the withdrawal slips is problematic. It should not however be supposed that these matters regarding the accounts and claims of the creditors are irrelevant because the estate is administratively insolvent and creditors will not get paid anyway. Moreover, this argument is hardly valid for those storage customers whose precious metal may have been withheld. Further, if any attempt is made to collect for shortfalls, the books will have to come out and be scoured. This case is not going away, especially if the inherent problems are not addressed.

It is known that a number of employees at NWTM had been stealing (pre-petition). Apparently, they would falsify a withdrawal slip for one or two customer coins. Consequently the dates and signatures on those slips need to be verified. It is imperative to ascertain whether these are credible documents of owner withdrawals. Typically, legitimate owners withdrew in a different pattern, making bulk transactions. Bill Hanson was perplexed because he was certain that he had not withdrawn as claimed. He asked for the detail of the amounts and copies of the withdrawal slips, and this is what he got [the emails are sequenced most recent last]:

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<sup>13</sup> There are two London fixes per day. The morning fix and the afternoon, or closing, fix.

**From:** Erin Robinson <Erin.Robinson@medallic.com>  
**Date:** November 13, 2017 at 8:17:55 AM PST  
**To:** Bill Hanson <  
**Subject:** RE: My palladium account

Good morning Bill,  
I apologize, I don't have that information - you will want to contact Mark Calvert, his attorneys file everything with the court.

Erin

-----Original Message-----

**From:** Bill Hanson  
**Sent:** Friday, November 10, 2017 4:16 PM  
**To:** Erin Robinson  
**Subject:** Re: My palladium account

Erin Will you please give me the document number of your filing of customer inventory which you said you filed, I assume with the court. I have not been able to find it. Thanks, Bill Hanson

Sent from my iPad

| On Apr 11, 2017, at 3:39 PM, Erin Robinson <Erin.Robinson@nwtmixt.com> wrote:

| I'm sorry I couldn't be more helpful

| -----Original Message-----

| **From:** Bill Hanson  
| **Sent:** Tuesday, April 11, 2017 3:26 PM  
| **To:** Erin Robinson  
| **Subject:** Re: My palladium account

| And, it is from that which I totaled my sales. I tend to think the statement was correct. I watched them to be sure that transactions were recorded as they happened.

| Sent from my iPad

On Apr 11, 2017, at 3:15 PM, Erin Robinson <Erin.Robinson@nwtmint.com> wrote:

Unfortunately, I don't have that information, I've finished with the reconciliation and passed it on. We did go over it on the phone and I mailed you copies of what I was able to find that you indicated you didn't have.

-----Original Message-----

From: Bill Hanson  
Sent: Tuesday, April 11, 2017 2:49 PM  
To: Erin Robinson  
Subject: Re: My palladium account

How many ounces did you determine that I sold in total . That was the way I figured to get the total.

Sent from my iPad

On Apr 11, 2017, at 12:48 PM, Erin Robinson <Erin.Robinson@nwtmint.com> wrote:

Bill,

I have checked and confirmed my findings on the storage and lease accounts, my reconciliation was finished and turned over to Mark Calvert for the purpose of providing them to the court.

Erin

-----Original Message-----

From: Bill Hanson  
Sent: Saturday, April 01, 2017 8:11 AM  
To: Erin Robinson  
Subject: My palladium account

Erin. I totaled all the sales of Pal and came up with 100.32 oz. I had purchased 100 oz and that plus interest for many years would equal just about what my statement said, and not an over sold situation. Will you please recheck the balance. Thanks, Bill Hanson

This boils down to an excuse that information cannot be provided because "everything has been filed with the Court," but we find that nothing was filed with the Court.

In spotting documentation dated Feb 1, 2017 that alleged that all tagged inventory had been returned, when it had not, Paula Pehl wrote the following at the end of July 2017:

Print

<https://mail.yahoo.com/neo/launch?.src=yml&ressor=myc#260202306>

**Subject:** precious metal to be returned  
**From:** Paula Pehl (paulapehl@yahoo.com)  
**To:** mark@cascadecapitalgroup.com;  
**Cc:** mark.northrup@millermash.com; mike.gearin@idgates.com;  
**Date:** Tuesday, July 25, 2017 7:32 AM

Mr. Calvert,

Attached is your Feb 1 listing of "returned inventory" of extant titled precious metal. However, some of the people on this list have not received said metal, nor, to my knowledge, has any effort been made to release this metal. Should these people directly petition the Court for release of their property? and/or file a complaint with the State of Washington Dept of Financial Institutions?

Paula Pehl

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#### Attachments

- FEB 1 returned inventory spreadsheet compiled by Erin Robinson.pdf (62.02KB)

Shortly thereafter, approval for a second release was sought from the Court by the Trustee. But this event prompted the undersigned to line up all the inventory materials available to us to compare the tracking of said stores of precious metal. This led to the revelation that whole categories of precious metal simply dropped from the record, because those spreadsheets over time proceeded to document only the precious metal left tagged to specific NWTM customers. The lots that dropped from the books were the Auburn proof sets, the precious metal of "unsure ownership," and the metal stored under the names of people who had already cashed out, had not filed claims, or were under the names of walk-ins used to shelve precious metal holdings allegedly under fictitious cover. As indicated in our April 23, 2018 letter to the Court this amount tallied to \$1.3 million per the Trustee's numbers. Since this bullion was not reported and not returned, what happened to it? This amount, the \$1.3 million, includes the Betty Carey precious metal (silver, gold, palladium) listed above. But did the Court authorize a confiscation of her metal because she was overdrawn? Did the Court authorize a confiscation of her metal because her claim did not get recorded? There is the additional awkwardness that the Trustee verbally alleged that her bullion was never found in the storage vaults at bankruptcy inventory.



There were in the original inventories conducted in April 2016 also amounts of precious metal in Dayton marked as belonging to Ross Hansen and Diane Erdmann whose legal ownership was to be determined (TBD). What, if anything, has been determined in regards to those lots? As far as we know, nothing; but these assets also have been lost in the shuffle. (These amounts are not included in the \$1.3 million given above.) One lot included in this group, per the Dayton inventory found in section "RC, BRR, Flo", shelf 5, Container B1-12, containing 1,282.51 Troy oz of silver, valued at \$19,878.91 was labeled "HANSON." This was marked on inventory "presumed Ross's" [Ross Hansen]. There is a strong possibility that this was a lot delivered by Bill Hanson for his lease account. This lot also has dematerialized. It must be pointed out that leased metal remained the property of the lessor by contractual agreement and constituted property owned by others controlled by the Debtor per the definition of Form 207, Part 11. Per contract, it was also property returnable on demand and once the claim was filed should have been returned when identified.

The undersigned had prepared a report to the Court on the storage matters, parsing the inventory sheets, and detailing what was dropped from the ledgers. It was prepared with the January 30, 2018 letter to the Court (Docket #1404), but held back pending instructions and/or authorization. The problem for us was that the evidentiary material attached to that report is allegedly covered under the NDA "work product" clause because it involves the spreadsheets worked over time by the Trustee's appointees to establish title. We do not understand how this limitation might be applicable when the Trustee in his 207 filing, Part 11, declared he would produce these inventories ("*Trustee has commenced a detailed storage inventory which will be provided to creditors when completed*"). Reporting to the Court what property owned by others the Debtor holds and/or controls is required by statute. The Trustee did neither: he made no report to the creditors and did not report appropriately to the Court on the precious metal assets. This left big holes in the canvas. It is those holes that let the camels into the tent. Appendix A attached to Docket #458 does not meet the obligation because it is grossly incomplete, grossly inaccurate, and merely a request to return storage holdings, which the Court rejected on the basis of insufficient documentation.

We note with some amusement that the Trustee "corrected" the infamous "brass-copper" adjustment for returned customer bullion by entering it now as a separate line item marked "Customer Owned Inventory Adjustment." However, he is still taking it as an adjustment against "other assets" because the customer-owned inventory was never booked. (It should have been booked as a segregated asset.) As previously noted, one cannot take a return adjustment against a different asset. We assume, therefore, that this adjustment was docked against cash that then went..... where?

Another interesting issue crops up beyond what has already been discussed (and above the \$1.3 million already referenced) where shelf storage indicated an excess beyond the reconciliation of the sales receipts and withdrawal slips. In the case of DB, the shelves yielded 8 Monster Boxes (500 coins ea) of silver Canadian Maple Leafs (CML) to the "business records evidence" of only 3 owned (but apparently not cross-referenced to the individual claim, #1157, which is very precise). This customer was owed 6200 oz of silver, as follows:

- 8 silver American Eagle Monster Boxes
- 3 silver Canadian Maple Leaf monster boxes
- 7 100-oz Pan American silver bars
- (TOTAL: 6200 oz --each Monster Box contains 500 1-oz coins)

This is what was found under her name:

- 5 silver American Eagle Monster Boxes
- 8 silver Canadian Maple Leaf Monster Boxes
- (TOTAL 6200 oz)

This is what she was returned:

- 5 silver American Eagle Monster Boxes
- 3 silver Canadian Maple Leaf Monster Boxes
- (DELIVERED 4000 oz, ref Docket #709, Exhibit A)

There is no record of what happened to the extra 5 CML MBs. The extra coins were not assigned to a customer who was missing the same, or assigned to DB to compensate for what she was missing. There were no Solomonic judgments; only shrinkage. Her account reconciliation (done by Paul Wagner) shows the following:

Silver	Descriptions	Additional Notes
6,200.00		Ending Balance: 8 SAE MB; 3 SCML MB; 7 - 100 oz Bars
(4,000.00)	returned 4,000 oz	Inventory Found and Returned: (1) 5 Silver American Eagle Monster Boxes (2500 1 ounce Silver American Eagle coins); (2) 8 Silver Canadian Maple Leaf Monster Boxes (4000 one ounce Silver Canadian Maple Leaf Coins)
2,200.00		

This is extremely colorful math. If the notes were correct 6,500 oz of silver would have been returned for an overage of 300 oz. In fact 4,000 oz were returned and 2,200 oz remained outstanding, but the return was of 5 MB of Ag American Eagles., and 3 boxes of Ag Canadian Maples, not 8. Even greater color is added in the final spreadsheet, the Feb 2017 final tally of storage inventory returned, where DB is shown to be owed 2,200 oz with nothing returned. However this confusion is sandwiched and wrapped, the 5 Monster Boxes of silver Canadian Maple Leafs are unaccounted for.

More interest is added by the Declaration of Erin Robinson-Shear in Docket #681:

I have reviewed the business records regarding the Stored Inventory of Daphne Blanchard. The records confirm that Ms. Blanchard delivered to NWTM 8 Silver American Eagle Monster Boxes, 8 Canadian Maple Leaf Monster Boxes and 29 - 100 oz Pan American Silver Bars. NWTM records indicate that Ms. Blanchard sold 5 Canadian Maple Leaf Monster Boxes and sold 22 - 100oz Pan American Silver Bars to NWTM out of that storage. After accounting for those sales, there should have been 3 Canadian Maple Leaf Monster Boxes, 8 Silver American Eagle Monster Boxes and 7 - 100 oz Pan American Silver Bars in storage.

Based upon my review of the Supplemental Declaration of Christine Unwin in Support of the Motion for Order Granting Authority to Return Stored Inventory, Other Customer Owned Inventory, and Coining Dies (the "Unwin Decl") (Dkt 625), which describes the Stored Inventory remaining in the possession of NWTM, it appears we have not located 3 Silver American Eagle Monster Boxes and we have not located 7 - 100oz Pan American Silver Bars which company records suggest were in storage and not repurchased by NWTM. There appears to be 3 Canadian Maple Leaf Monster Boxes remaining in the Blanchard storage area which were repurchased by NWTM. Attached hereto as Exhibit E are copies of the bullion storage agreement, purchase orders, purchase invoices and storage invoices that verify the Stored Inventory for Ms. Blanchard.

It is difficult to decipher if this is native fog or willful confusion. The 3 Canadian Maple Leaf boxes of silver 1-oz coins belong to DB. What is totally missing in this discussion is the 5 boxes of CML found in the DB name. There is no mention of those. And what concerns us is the disappearance of those 2500 oz of silver coins without a record.

The Christine Unwin declaration is much more transparent (Docket #625)—and it is a function of the much better inventory methodology used in Dayton where she was tackled to the ground and forced to do things more properly. (It is the only vault in which holdings were really

photographed in place, and the only location where the bullion was weighed in Troy ounces.)  
Unwin says:

4. Through my personal inspection of the inventory I determined that Stored Inventory marked for Daphne Blanchard is held in vault location 6, shelf 4 at the Dayton Office. I confirmed there are thirteen boxes marked for Daphne Blanchard. Of the thirteen boxes, five boxes each contain 500 one ounce Silver American Eagle Coins and eight boxes each contain 500 one ounce Silver Canadian Maple Leaf Coins. In total I found 6500 ounces marked for Ms. Blanchard consisting of 2500 one ounce Silver American Eagle Coins, and 4000 one ounce Silver Canadian Maple Leaf Coins. Five of the boxes marked for Daphne Blanchard were discovered in an area of the Dayton vault location 51 denoted as "R. Hansen Owner's area".

So, the 5 monster boxes of Canadian silver coins were moved once bought from DB to Ross Hansen's "private stack," but left with their original labels. These lots have disappeared.

There are multiple similar examples. Two extra 100-oz silver bars showed in storage under the RB S name, once owned later sold. These bars were withheld. Mr. DF was short on his holdings by 3 100-oz silver bars—the RB S bars were not assigned to him. In short, where there was overage it was removed, but it was not used to supplement shortfall. We understand the Solomonic complications that would arise from trying to supplement shortfalls. What we do not accept is that parties not in interest may have taken this bullion. It is not finders keepers just because it "falls between the cracks." We actually suspect that certain things were "made to fall between the cracks." The Trustee should spare himself the embarrassment of attempting to cover the reporting and accounting omissions by saying he sold this metal in "core sales," "used it for melt for product," or "sold it under miscellaneous." Once he formally stopped the selling and buying of bullion as part of the NWTM business, which was within days of his appointment as trustee, this activity was no longer "part of the normal course of business." Moreover, storage metal should never have constituted a "part of normal business activity." That Ross Hansen commingled customer bullion in paid storage with company precious metal for sale or to make product constitutes a large part of the reason he finds himself in District Court. The Trustee should have known better. Where neither provenance nor ownership was clear, the matter should have been submitted to the Court for adjudication. But the information was withheld from the Court. The statute is specific on the bar of accountability that the Trustee, as an officer of the court, must meet. There is no escaping the statutory requirements.

The dual problems of faulty recordkeeping and faulty reporting permeate every aspect of the Trustee's tenure and operation. As indicated, the inventories were fraught with problems. A good lesson in proper accounting might have been learned from Yong Tuo's claim. We ask, What kind of inventory is it where a long list of silver rounds is entered without specifying the size, weight, and quantity? What meaning do those dollar values have when they cannot be checked because the information is incomplete? Is this a professional inventory that commands hundreds of dollars an hour?

Raw Materials Description		Date of last physical inventory	Net Book Value	Valuation method	Current Value
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 6,896.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 6,592.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 5,376.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 5,760.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 5,392.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 4,080.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 4,800.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 6,000.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 1,440.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 960.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 4,800.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 2,080.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 480.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 540.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 1,920.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 640.00
Auburn	Stock Silver Rounds	N/A	N/A	Current Market Value	\$ 1,360.00

What kind of specification is it, when sterling scrap is valued without giving a weight or the discount applicable for scrap? These numbers could be random numbers for all we can tell.

Fed Way	92.5% Scrap Silver	N/A	N/A	Current Market Value	\$ 1,623.74
Fed Way	92.96% Scrap Silver	N/A	N/A	Current Market Value	\$ 1,730.93
Fed Way	92.5% Scrap Silver	N/A	N/A	Current Market Value	\$ 1,751.27
Fed Way	92.5% Scrap Silver	N/A	N/A	Current Market Value	\$ 1,798.88
Fed Way	1oz Palladium bars	N/A	N/A	Current Market Value	\$ 2,270.02
Fed Way	92.5% Sterling Scrap	N/A	N/A	Current Market Value	\$ 2,323.38
Fed Way	92.5% Sterling Scrap	N/A	N/A	Current Market Value	\$ 3,266.49
Fed Way	92.5% Scrap Silver	N/A	N/A	Current Market Value	\$ 3,563.57
Fed Way	92.96% Scrap Silver	N/A	N/A	Current Market Value	\$ 3,632.72
Fed Way	92.5% Scrap Silver	N/A	N/A	Current Market Value	\$ 3,899.68
Fed Way	92.5% Scrap Silver	N/A	N/A	Current Market Value	\$ 5,109.41
Fed Way	26 Pocket watches	N/A	N/A	Current Market Value	\$ 5,200.25

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Fig 5. Extracted sections of page 3 of 27, Auburn inventory, Docket 222-3.

We seem to be left to choose between gross incompetence and malfeasance. Interestingly, the Trustee spread it far and wide, as well as in court, that he had the FBI immediately come in and photograph everything right on the shelf when they started the inventory process. When the issue of FBI presence at inventory came out during a conversation between Bill Hanson (at the

time co-chair of the Committee) and FBI Agent Williamson, the FBI agent reportedly answered, "That's news to me." In late 2017, when Paula Pehl called to talk to Agent Williamson she got Agent Bozzelli; Agent Williamson was out of the country. She asked Agent Bozzelli about the FBI photographing the vault inventories in Federal Way, Auburn, and Dayton at the very start. He replied that the FBI was only at Dayton sometime during the initial course of events, and that was a local field agent. He did not indicate the agent's presence or participation at the photographing of the contents of the vault. In fact, that was not the case.

The Dayton inventory was done on April 11 and 12, led by Christine Unwin who flew back to Seattle on the 12<sup>th</sup> of April 2016. The inventory at the Federal Way location took place between April 13 and 19; the Auburn inventory from April 20 to the 22. There is no mention of the FBI in any of the inventory activities and time logs. There are two phone calls between MTC (Mark Thomas Calvert) and the FBI, one on April 19 to "Follow up with FBI on my findings to date," and one on April 21 "to discuss our progress to date." But on April 20, Calvert was flying to Reno and on the 21<sup>st</sup> was already winging it to Houston to visit the Tomball site and back to Seattle on the 22<sup>nd</sup>. In that brief interval on the 21<sup>st</sup> he met with a local FBI agent for a "tour of operations" that took up all of 1/2 hour. There is no indication in their time/fee logs of any involvement with the FBI during the inventories beyond the detail above. So the FBI statements are corroborated by the supporting documentation of logs, receipts, and photographs. It is the Trustee's statements that cannot be verified. Why make such a production of claiming that the FBI was present?<sup>14</sup>

This case will not terminate with its dismissal from Bankruptcy Court. The action in District Court has started and those public defenders, using taxpayer money, have unlimited resources for discovery. We hear that the US Trustee has defined this case "*a moving train wreck.*" It is a train wreck that will park at his door for his trustee has taken us "*down paths none of us would have imagined are there.*" Never could we have imagined that something like this could happen. We had expected justice.

In the interests of truth we further inform the Court of the following, and we do so because we are convinced from what Betty Carey attempted to say in court that the FBI has told her about her bullion:

When Paula Pehl, one of the undersigned, reviewed, analyzed, and cross-referenced the available inventory sheets, she was stunned to discover that the Betty Carey bullion was in fact

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<sup>14</sup>The photographs are in Dockets # 623,624,625,629 as exhibits and attachments. Christine Unwin, hired as a private consultant at \$300/hr, arrived in Dayton unable to operate her camera so the iphones of employees were used to photograph the vault. That record and metadata is in the public domain. The scheduling and time information is taken from the Cascade application for fees, Docket #1200.

found on the storage shelves, with her name. Paula had been told that the Carey palladium bars had never been located; consequently, in a conversation with investigators, upon hearing that bullion was difficult to track, she suggested they trace the Carey numbered bars. These days, bullion bars are rarely serialized. To our knowledge, coins and rounds never were. The Carey Pd bars are unusual because they have documented serial numbers. Feeling the obligation to correct herself, Paula tried calling Agent Williamson several times without success, but eventually reached him on Tuesday, January 9, 2018. He wanted copies of the documents she had examined. She demurred on the basis of their "privileged" nature. He responded that if fraud was involved confidentiality would not hold, but indicated he would talk to his legal department and call back. The next day, January 10, 2018 at about 4pm, he called back. His voice was altered and he sounded upset. He said that he had just found out that the week before the FBI discovered precious metal in the document containers received from the Trustee. He said that the bullion was returned to the Trustee. There ensued this dialogue, paraphrased below, but remembered with searing clarity:

*"Did you inventory what you returned?"*

*"No, because we didn't know what we were looking at."*

*"Did you photograph it?"*

*"No---But I can tell you that the Betty Carey palladium was in the returned lot."*

(P. Pehl and Agent Williamson, on Jan 10, 2018)

On Feb 9, 2018, Mike Gearin and Mark Calvert, Trustee, asserted before the Court:

*Gearin:* "there is no precious metal left that I understand" (@min 2:10:46)

*Calvert:* "generally there is no storage or inventory of precious metal [left]" (@2:10:56)

*Gearin:* "I am sensitive to ah the comments of Ms Carey, right, where she's really concerned about what's happened to her metal...the Trustee did an extremely thorough job. We took painstaking efforts to do a complete canvas...many times with the oversight of the FBI who Mr. Calvert invited in to participate in the process of inventorying what metal was there at the time he took possession of the custody of the assets...we provided reports to you, detailed reports ...I know that there's not any other metal there..." (starting @2:11:30)

## **Request for redress of grievances and cures:**

The following requests may seem extraordinary and unprecedented; but the administration of this bankruptcy by this trustee has been extraordinary and unprecedented. Extraordinary cases require extraordinary, even precedent setting measures. Therefore,

1. We request that the Trustee's bond of 4.8 million be sequestered on behalf of the creditors. We are aware of the Barton Doctrine and the procedural norms, but it would be an absurdity to recover to repay the estate while these professionals demand payment for representing parties not in interest.
2. We request that a minimum of \$1.3 million of the remaining cash assets in the estate be sequestered to pay the creditors.
3. We ask that Cascade be forced to vet all the claims. The Committee repeatedly requested that this be done. Instead, the Trustee carried on his books the May 2016 \$55 million estimate when the bar date was in fact Sept 1, 2016. There are in fact \$83 million in claims. The Trustee's response to the Committee demand was that "many claim submissions are duplicate." This is a poor excuse for not doing his job. Further, it is our observation that the court clerks were thorough in noting repeat or follow-up amendments. The excuse given is not valid and not acceptable, particularly in light of the exaggerated performance claims submitted. Vetting the claims is a basic function in a bankruptcy—unless, of course, there was an a priori determination to not pay on any of the claims. In which case, the issues of the integrity of the bankruptcy system and the sanctity of due process come into question.
4. We request a full outside audit of the Trustee's books, cash, and bullion transactions. This has to be something more formal and independent than a chat in the US Trustee's office.
5. We request that all the records of the Trustee be preserved—that includes all accounting, inventory, instructions, and communications. Everything and anything related to the administration of the estate, inclusive of all the communications between the Trustee and his counsel, Mike Gearin, as well as those with counsel to the Committee, Mark Northrup, must be preserved. We remind the Court of its own observation during the Hoff trial in July 2017 that the Trustee lost his client-attorney privilege by sharing privileged attorney communications with third parties. The undersigned have brought to the Court's attention the Trustee's disclosure of "privileged" work product materials to third parties.



We close recalling the words of the United States Supreme Court in the seminal case of *Mosser v Darrow*, where the Ch 7 trustee (Mosser) brought charges for reimbursement to the estate against the Ch 11 trustee (Darrow) for appointing and retaining employees who had profiteered from the estate,

We see no room for the operation of principles of negligence in a case in which conduct has been knowingly authorized ... The question whether he was negligent in not making detailed inquiries into their operations is unimportant, because he had given a blanket authority for the operations. The liability here is not created by a failure to detect defalcations, in which case negligence might be required to surcharge the trustee, but is a case of a willful and deliberate setting up of an interest in employees adverse to that of the trust. (341 U.S. at 272, 71 S.Ct. at 682).

The US Supreme Court was definite in its opinion, given that the bankruptcy statute clearly stipulates that the trustee may not profit or steal from the estate and is accountable for every single asset. The US Supreme Court therefore asserted that "a trustee is a representative of the court and must be held to a strict standard" and that

These strict prohibitions would serve little purpose if the trustee were free to authorize others to do what he is forbidden. (341 U.S. at 271, 71 S.Ct. at 682)

and concludes,

We think that which the trustee had no right to do he had no right to authorize, and that the transactions were as forbidden for benefit of others as they would have been on behalf of the trustee himself. (341 U.S. at 272, 71 S.Ct. at 682)

The final nail in Darrow's legal coffin, was his "woeful neglect of duty" in not filing proper reports. The Supreme Court of the United States suggested that proper steps for a trustee to avoid personal liability were 1. To seek court approval and give proper notice to creditors, and 2. To make proper reports on a regular basis.

Respectfully submitted,



Paula Pehl

Creditor & member of the Unsecured Creditors' Committee



Richard H. Pehl

Creditor & member of the Unsecured Creditors' Committee

Pehl, page 57  
Oct 18, 2018

PAYMENTS TO LIN JUN- FENG UNDER BANKRUPTCY

5/6/2016	WIRE LIN JUNG - FENG	25,114.90
5/12/2016	10872 LIN JUNG - FENG	47,407.20
5/19/2016	10148 LIN JUNG - FENG	17,134.20
5/27/2016	10101 LIN JUNG - FENG	21,804.90
6/2/2016	WIRE LIN JUNG - FENG	24,666.80
6/9/2016	WIRE LIN JUNG - FENG	27,188.80
6/16/2016	WIRE LIN JUNG - FENG	8,701.20
6/23/2016	WIRE LIN JUNG - FENG	14,083.80
7/1/2016	Wire LIN JUNG-FENG	17,251.10
7/8/2016	Wire LIN JUNG-FENG	23,239.40
7/14/2016	Wire LIN JUNG-FENG	15,614.70
7/21/2016	Wire LIN JUNG-FENG	15,614.70
7/21/2016	Wire LIN JUNG-FENG	15,374.00
7/27/2016	Wire LIN JUNG-FENG	9,459.60
7/28/2016	Wire LIN JUNG-FENG	16,323.75
8/11/2016	WIRE LIN JUNG-FENG	20,883.70
8/19/2016	WIRE LIN JUNG-FENG	20,439.50
8/24/2016	WIRE LIN JUNG-FENG	27,411.10
10/5/2016	WIRE LIN JUNG-FENG 2553	28,347.50
10/12/2016	WIRE LIN JUNG-FENG 2553	21,820.60
10/19/2016	WIRE LIN JUNG-FENG 2553	28,175.20
10/25/2016	WIRE LIN JUNG-FENG 2553	22,906.50
11/3/2016	WIRE LIN JUNG-FENG 2553	24,982.80
11/9/2016	WIRE LIN JUNG-FENG 2553	10,395.80
11/15/2016	WIRE LIN JUNG-FENG 2553	21,319.00
11/23/2016	WIRE LIN JUNG-FENG 2553	16,109.30
12/7/2016	WIRE LIN JUNG-FENG 2553	16,512.80
12/14/2016	WIRE LIN JUNG-FENG 2553	38,313.30
12/20/2016	WIRE LIN JUNG-FENG 2553	24,515.70
12/28/2016	WIRE LIN JUNG-FENG 2553	8,090.60
1/4/2017	10139 Internat Wire Wd Lin Jung-Feng	15,457.20
1/11/2017	9655 Internat Wire Wd Lin Jung-Feng 2	23,577.70
1/24/2017	7479 Internat Wire Wd Lin Jung-Feng 2	23,957.60
2/13/2017	Wire LIN JUNG-FENG 2553	29,567.50
2/22/2017	Wire LIN JUNG-FENG 2553	17,214.00
3/1/2017	WIRE WD LIN JUNG-FENG 2553	12,789.50
3/8/2017	WIRE WD LIN JUNG-FENG 2553	22,579.10
3/15/2017	WIRE WD LIN JUNG-FENG 2553	26,421.80
3/23/2017	WIRE WD LIN JUNG-FENG 2553	29,081.80
3/31/2017	WIRE WD LIN JUNG-FENG 2553	24,303.90
5/8/2017	Wire LIN JUNG-FENG 2553	26,699.60
5/12/2017	Wire LIN JUNG-FENG 2553	12,519.00
5/19/2017	Wire LIN JUNG FENG 2553	24,569.00
5/25/2017	Wire LIN JUNG-FENG 2553	16,467.50
6/7/2017	Wire LIN JUNG-FENG	22,945.50
6/9/2017	Wire LIN JUNG-FENG	25,628.80
6/14/2017	Wire LIN JUNG-FENG	24,820.70
6/22/2017	Wire LIN JUNG-FENG	38,516.80
6/30/2017	Wire LIN JUNG-FENG	32,593.20
7/11/2017	Wire LIN JUNG-FENG 2553	21,693.20
7/14/2017	Wire LIN JUNG FENG 2553	11,829.90
7/19/2017	Wire LIN JUNG-FENG 2553	31,223.10
7/28/2017	Wire LIN JUNG-FENG 2553	26,369.40
8/14/2017	WIRE LIN JUNG-FENG 2553	19,239.30
8/17/2017	WIRE LIN JUNG-FENG 2553	25,194.50
8/23/2017	WIRE LIN JUNG-FENG 2553	17,585.50
8/23/2017	WIRE LIN JUNG-FENG 2553	16,310.70
8/30/2017	WIRE LIN JUNG-FENG 2553	17,472.00

9/6/2017	Wire LIN JUNG-FENG	35,400.30
9/13/2017	Wire LIN JUNG-FENG	12,491.10
9/27/2017	Wire LIN JUNG-FENG	32,386.80
10/13/2017	DC LIN JUNG-FENG 2553	29,855.00
10/17/2017	DC LIN JUNG-FENG 2553	21,910.90
10/23/2017	DC LIN JUNG-FENG 2553	47,117.60
11/2/2017	WIRE LIN JUNG-FENG .	20,018.00
11/10/2017	WIRE LIN JUNG-FENG .	16,972.50
11/16/2017	WIRE LIN JUNG-FENG .	13,193.10
11/22/2017	WIRE LIN JUNG-FENG .	33,148.00
11/28/2017	WIRE LIN JUNG-FENG .	15,842.60
11/30/2017	WIRE LIN JUNG-FENG .	7,586.90
12/6/2017	Wire LIN JUNG-FENG	23,927.30
12/14/2017	Wire LIN JUNG-FENG	13,479.50
1/18/2018	Wire LIN JUNG-FENG 2553	12,000.00
1/19/2018	Wire LIN JUNG-FENG 2553	8,579.00
		\$1,609,738.85

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Grand Total	%	Cumulative %
Robert & Connie Hoff													
Corey Widner													
Li Jung-Feng													
City Of Moscow On 4/14/08													
Fes Us Pr Settlement													
Gold Dust													
Jo Morgan Chase													
David Sarraf													
Plata Panamariana 6/30													
Karl Bertragnole													
Scott Brass													
The STAMP & COIN Plaza													
Simon Ginsberg													
Vanguard													
Radu Nemess													
Silvwater Mining Company													
Kerry Johnson													
A.J. Dear Co.													
Sparting Trust													
Asatank													
CRF, Inc													
Bill Goeres													
Albert Harrison													
FEDEX													
Lee Paul													
Habe													
The Stamp & Coin Plaza													
Ronnie Oester													
Sweya Schmitt													
Int Wife 6/12 To Mexico													
Gold Dust Coin													
Chief of the King County													
Miners Corner Bay													
Young DeNemanda													
Johnson, Jf													
Rodger J Virtue Revocable Tr													
Jim Schilling													
Lynna Horgan													
Kyle Turner													
Gene Henry													
Lin Jung Feng													
Monahan & Blagf Milc													
Dillon Gage													
Marconi Coin & Jewelry													
Anthony Blue Cross													
Northwest Terrist Of (A) M   N Wire													
Don Olive													
Theodore Wright													
James Locke													
Arrow Box Company													
North West Terry Wire Xter 1 Wire													
Kerwick-Smith Family Trust													
Swett Metal Finishing, Inc.													
Walsh Vendor													
Gold Hill Coin													

1 accordance with the Debtor's standard policies would be far less costly to the Debtor and its  
2 creditors than the consequences of a failure to do so. In further support of this Motion, the  
3 Debtor states as follows:  
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7  
8 **A. BACKGROUND**  
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10 1. On April 1, 2016 (the "Petition Date"), the Debtor filed a voluntary petition  
11 in this Court for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§  
12 101-1330, as amended (the "Bankruptcy Code"). The Debtor continues to manage and  
13 operate its businesses as debtor-in possession pursuant to sections 1107 and 1108 of the  
14 Bankruptcy Code.  
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20 2. No trustee or examiner has been appointed in the Debtor's chapter 11 cases,  
21 and no committees have been appointed or designated.  
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25 3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and  
26 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding  
27 pursuant to 28 U.S.C. § 157 (b) (2).  
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32 4. As of the Petition Date, a summary of the company's operations is as  
33 follows:  
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- Website to conduct online sales nationally and internationally.
  - Corporate headquarters, a retail store, and bullion sales operations located in Federal Way, WA.
  - Sales office and east coast logistics headquarters located in Alexandria, VA.
  - Retail store located in the Pentagon.
  - Sales office, die-cutting and sculpting facility located in Green Bay, WI.
  - Corporate offices, mining facility located in Dayton, NV.
  - Corporate offices, mining facility located in Tomball, TX
  - A full service minting facility in Honolulu, Hawaii.

EMERGENCY MOTION FOR  
AUTHORIZATION TO PAY  
PREPETITION WAGES, SALARIES,  
EXPENSES AND BENEFITS - 2

**THE TRACY LAW GROUP, LLC**  
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206-624-9894 phone / 206-624-8598 fax  
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Your Guide to 16,792 Gaming Industry Suppliers

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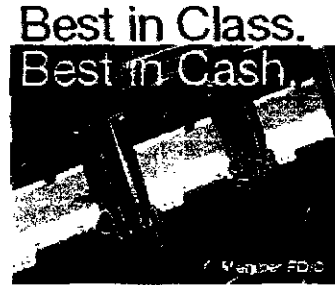
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**NORTHWEST TERRITORIAL MINT**

Manufacturer of custom die-struck coins and medallions (including poker coins, card guards, casino coins and award medallions), key chains, bottle openers, coin knives, lockback knives, coaster sets, bookmarks and other custom products. Ideal promotional and gift items for tournaments, high-rollers, commemorative special events, souvenirs, customer loyalty programs and promotions. We are the nation's largest full-service mint, known for outstanding quality and customer service with a lineage dating to 1903.

**Products and Services**

- Casino Chips/Money/Cards > Chips & Tokens > Token Minting > Poker Coins, Card Guards, Casino Coins  
 Unrivaled creators of fully customized high-quality die-struck coins and medallions (including poker coins, card guards, casino coins and award medallions), coin knives and lockback knives, coasters, bookmarks, key chains and other custom products, in most metals, including brass, nickel, copper, gold, and silver. We mint and customize solid pure silver and copper dice as well.
- Miscellaneous > Trade Shows & Seminars > Other > Card Guard Business Cards  
 Outshine the competition at trade shows and industry events. Use our custom die-struck medallions as card guard business cards. Use your logo, or create your own custom image on the obverse, then put your contact information on the reverse. Unique and memorable.
- Hotel, Retail, Food and Beverage > Retail > Souvenirs > Custom Die-Struck Souvenir Medallions  
 Memorable and simple, ask us to create a souvenir medallion, card guard, casino coin or more for guests, industry contacts, and tourists in brass, copper, nickel, gold, silver, or more. We mint and customize solid pure silver and copper dice as well.
- Gaming, Marketing and Sales > Advertising > Specialties > Poker Coins, Card Guards, Casino Coins  
 Custom poker coins, card guards, or casino coins in brass, copper, nickel, gold, silver, or other metals are perfect for players, guests, trade contacts or more. We mint and customize solid pure silver and copper dice as well. Your logo or original design.
- Gaming Equipment and Supplies > Poker > Chips > Award Sets  
 Customize award medallions or chips for tournaments, high-rollers, players, and guests in brass, copper, nickel, gold, or silver. We mint and customize solid pure silver and copper dice as well. Use your logo or original design.



**FEATURED VENDORS**

**Mixetdata Marketing Automation**  
 Automate your direct mail programs and save money doing it

**TRIBALNET**  
 19th Annual TribalNet Conference and Tradeshow Nov 5-8, 2018 Hard Rock Hotel and Casino Las Vegas

**Belson Imperial Parts & Service**  
 You one stop shop for all your gaming and OEM needs!

**GAMBLING INVEST**  
 Buy or Sell Premium Gambling Domains

**VMS**  
 Vehicle Merchandising Systems  
 Innovative Vehicle Display Platforms for Casino Car Promotions

**Attrint**  
 Attrint Promotions, offers & drawings - how loyalty is rewarded.

**RYMAX**  
 Rymax Marketing Services, Inc.  
 Leader in creating award winning player & employee loyalty programs & events proven to increase ROI

**RMC**  
 Regulatory Management Constructors, P.C.  
 Over 35 years of experience serving the legal and regulatory needs of casino industry clients

**OmniGo!**  
 OmniGo Software  
 Provides a fully integrated end-to-end Incident Reporting and Risk Management solution

**Game King Slots**  
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 Payline Videos Custom Video Solutions for Casinos & Gambling Websites!

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**Casino City Press**

**Slot**

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**Marketing:** Mr. Mike Flynn, Marketing Manager  
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Alexandria, Virginia 22150

**Toll Free:** (800) 504-0811

**Sales:** Ms. Brenda Johnson

**Auburn Branch**

Auburn, Washington 98001

**Toll Free:** (800) 344-6468

**Upper Management:** Mr. James Gochmansky, Retail Operations

**Federal Way Branch**

Federal Way, Washington

**Toll Free:** (800) 344-6468

**Sales:** Mr. Don Routh  
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Green Bay, Wisconsin 54303

Toll Free: (800) 545-1989

**Honolulu Mint**

Aiea, Hawaii

Phone: (808) 488-8215

Sales: Mr. Dave Jones  
[Dave.Jones@nwtmint.com](mailto:Dave.Jones@nwtmint.com)

**The Pentagon Branch**

The Pentagon, Virginia

Phone: (703) 271-8111

**Additional Information**

Date Established: 1984

Parent Company: Northwest Territorial Mint

UPDATE LISTING

**Casino City Press**  
A leading publisher and distributor of casino and gaming business data and market research reports.

**Slot Machines Unlimited**  
Exporter of IGT, Williams, AVP, Trillium, Aristocrat, Konami, Bally, & parts over 28 yrs experience



**Casino Schedule**  
Eases removing the chaos from casino staff scheduling one property at a time



**Gaming Tickets, Inc.**  
35 years in the gaming industry - premium quality slot tickets, lottery tickets on time under budget



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20+ years experience selling refurbished slot machines, parts & glass for all major brands

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Honorable Christopher M. Alston  
Chapter 11  
Hearing Date: September 30, 2016  
Hearing Time: 9:30 a.m.  
Response Date: September 28, 2016  
Location: Seattle, Room 7206

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

In re  
NORTHWEST TERRITORIAL MINT, LLC,  
EIN: 30-0143641  
  
Debtor.

Case No. 16-11767-CMA  
  
RESPONSE OF THE OFFICIAL  
UNSECURED CREDITORS'  
COMMITTEE TO TRUSTEE'S MOTION  
TO APPROVE TERMS OF  
EMPLOYMENT FOR PRODUCTION  
MANAGER

The Official Unsecured Creditors Committee (the "Committee"), by its undersigned counsel, responds as follows to the Trustee's Motion to Approve Terms of Employment for Production Manager (Dkt. #711; the "Employment Motion"):

1.) The Committee supports the Employment Motion, as described herein.

2.) The claims bar date in this case was September 1, 2016. The Committee understands that the total amount of claims filed was approximately \$85 million, the vast bulk of which are unsecured. Examination of the claims will likely identify duplications, errors and discrepancies that will ultimately reduce the total amount of allowed claims to an amount less than \$85 million; but it is painfully obvious that creditors in this case face enormous losses.

*Pehl, Oct 18, 2018, page 64*



1           3.)     The Committee believes that any meaningful recovery for creditors must come  
2 from a reorganized and ongoing business operation; and the Committee recognizes that  
3 achieving this result will require resolution of a number of issues currently before the Court,  
4 including the determination of the ownership of certain Medallic Art Company LLC assets and  
5 the assumption of the Debtor's Dayton, Nevada, lease.

6           4.)     The Committee also recognizes that a successful reorganization will require the  
7 hiring and retention of a skilled, productive, and well managed workforce. The Committee is  
8 familiar with Mr. White's extensive experience and work history in the industry and views the  
9 hiring of Mr. White as a necessary and wholly positive initial step in the reorganization process;  
10 however, the Committee is concerned that the scope of Mr. White's authority and duties as  
11 *Production Manager* has not been adequately set forth in the brief "employment offer"/letter  
12 agreement attached as Exhibit A to the Declaration of Mark Calvert (Dkt. #712) filed in support  
13 of the Employment Motion. At a minimum, the Committee believes that the contractual  
14 agreement between the Trustee and Mr. White should address and clarify the following issues:

15           a.)     The Committee understands that there is already a Production Manager at the  
16 Debtor's Dayton location. What is or will be the relationship between Mr. White and the current  
17 Production Manager?

18           b.)     What specific authority does Mr. White have to make personnel decisions,  
19 particularly personnel retention decisions that affect production?

20           5.)     Mr. White has left a responsible position to work for the Trustee and, ultimately,  
21 the creditors in this case. The Committee applauds Mr. White for his decision and simply wants  
22 to make sure that Mr. White is given the resources, support and authority to do his job: stabilize,  
23 build, manage, and enhance the Debtor's production at the Dayton facility.

24                   DATED this 28th day of September, 2016.  
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MILLER NASH GRAHAM & DUNN LLP

/s/ Mark D. Northrup

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mark.northrup@millernash.com  
Geoffrey Groshong, WSB No. 6124  
geoff.groshong@millernash.com  
Attorneys for the Official Unsecured Creditors'  
Committee

**From:** Bill Atallamcs <atallamcs@aol.com>  
**Sent time:** Saturday, January 20, 2018 2:05:48 PM  
**To:** dfstrube@herffjones.com  
**Cc:** Marty Colwell; Mark Calvert  
**Subject:** Medallic Overview

---

Good Morning Don,

Thank you for your genuine consideration and arranging our meeting at your headquarters. I am hoping for everyone's sake that Medallic Art and all its valuable assets can be acquired by Herff Jones. I believe that your company is one of a few that can fully appreciate our 115 year history and the archives, artists and dies we have on hand. You have been a customer for years so you know and appreciate our commitment to quality.

I was brought on board in January 2017 to turn this company around by rebuilding its culture, infrastructure, sales and marketing team, processes and management. Collectively, I have been able to achieve those goals while generating sales and profits for the last four months.

It has always been our goal to find the right strategic partner to buy the Mint to get out from under the weight of bankruptcy and to begin fresh. Now that the heavy lifting has been done, what an ideal time to find that partner.

We have had investors promise to purchase this company but have been unable to meet their commitments dates. In fact their delayed execution caused us to find ourselves in a cash constrained position. The investors essentially ate up all our time to conduct a disciplined search. Now we are time constrained as the Trustee/court wants to either liquidate the assets, which would mean the wide spread dispersal of incredible assets and our huge customer base, or sell off to a low bid competitor that has little regard for the accumulation of our immeasurable history.

I reach out to you very late in this game with the full authority to find a partnering agreement that would benefit everyone and allow the Mint to survive as it should. Your company has always had that stellar reputation as has Medallic Art Company--hence a natural acquisition.

The timing as I mentioned is critical so that we can retain the best employees, get the accumulated orders produced and delivered on time (sales are at an all time high) and take advantage of the tremendous momentum we built this last year. It would be a shame to see the Mint in the wrong hands or worse yet, disappear altogether.

Let me summarize our current situation:

1. The employees have all been terminated at the end of 2017 as required by the Trustee. This is an opportunity to rehire the right team reduced from 110 to most likely 90-95. This team makes a complete operating company to implement our marketing programs and achieve our revenue and profits goals for 2018.
2. We have only the Dayton, Nevada facility (HQ) and our facility in Green Bay, Wisconsin (Die shop). We also have a presence in the Pentagon and of course all the military exchanges.
3. We have a strong online presence with over 5,000 SKU's; Amazon, eBay and direct consumer business.
4. We have a vast customer list across many key verticals, one such is the Academia market.
5. We have our Archives dating back to 1903 and the associated dies.
6. We have a creative new product development group.
7. We would be a completely new, lien free, debt free company, named Medallic Art and Mint.
8. We have a long term dedicated sales team.
9. We have strong and innovative marketing programs that the Mint never had before which

- Pebl, Oct 18, 2018, page 67

generate substantial sales leads and sizable opportunities with corporate accounts such as Starbucks and Amazon.

10. We have a strong, hands on management team (CV's available), to assure the execution of our plans. . . and the list goes on.

I believe the purchase of Medallie would have substantial benefit to your company in terms of sales and marketing outlets, new product opportunities, natural extension of your recognition reputation, guaranteed cost effective and timely production of your Framing Success orders, access to all the archival medals, ability to produce precious metal products, new customers, joint marketing and public relations opportunities and a complete operating company in Dayton. At that facility we can continue to build a world class organization with the quality and reputation that you share and appreciate as we do. It just seems to me to be a brilliant and strategic move of high value.

I believe a relationship with Herff Jones would have significant mutual value from the announcement to our markets--consumers, corporate accounts, academia, military, collectors etc.

We are a self sustaining operating company that would regroup, free of bankruptcy and that stigma which is attached to the name of Northwest Territorial Mint. The Medallie name is free of this prior baggage, is highly recognized and respected. We are ready to be part of a bigger concern.

During our meeting we can share with you our financial projections for 2018 and beyond, specifically revenue and profit projections, timelines and major opportunities, customers, marketing programs and new products in development. We should also discuss integration issues--the overlap of our companies in a seamless manner having done this before.

In short, there is so much good to be said for the Mint. We are sitting with orders on the desk at a level well beyond what the company has ever experienced. It is a direct result of the marketing programs put in place earlier this year along with expanding our sales channels and refining our approach and strategic market positioning.

We don't need to fix anything at this time, just do more of what we do best--produce high quality products and continue to deliver on time. We were positioned to do just that when our cash and time ran out.

Thanks again for your consideration. We believe that our companies working together form a truly noteworthy and strategic partnership that will grab the attention of the markets we both serve. I believe in the strength this relationship will form and hope we can do this together.

Please find below answers to FAQ's. I also provided some additional information that may help frame this opportunity.

1. Our main competitor would be Medalcraft Mint in Green Bay, Wisconsin. They do not compete with us nor does anyone else in our Academia market segment. Further they are a poor second when it comes to deep relief medals which Medallie is most famous. Also no mint competes with us in medals over 4 inches, which again is a Medallie specialty. It is also hard for any mint to compete with our lengthy history and global reputation.
2. Our monthly revenue is approximately \$1M+. Our break even is \$950K. Gross profit on dollars past break even is 50%. Revenues have been climbing due to marketing programs now coming on board. I believe we will be at a run rate of \$1.25MM this year. Further it should be noted that these break even numbers include our Kent, Washington facility which I just closed down. Also, I was planning a reduction in force from 110 employees to 90-95 which would bring our break even closer to \$800K and hence a more meaningful gross and net profit.
3. At this moment sales orders are piling up due to our new products, new verticals, new corporate accounts and marketing programs maturing. We have a backlog of \$750K+. Typically

Pehl, Oct 18, 2018, page 68

our backlog would be around \$500K at the beginning of the month so our programs are showing their effectiveness across our sales organization.

4. Unfortunately there is very little available regarding past sales history. When I took over in January management reporting was either non existent or so convoluted that it was meaningless.

We did not even have financials or completed taxes since 2008. I can tell you that revenues for 2017 were \$12M, just about break even for the year. I am not particularly proud of break even results but considering where we came from--we are now in a solid position going forward. We have processes, infrastructure, sales, marketing, culture, product development, quality programs and a management team is quite hands on with strong sales focus. 2018 is the year to focus on driving revenues/profits without the headwinds of BK.

5. Sales breakdown by areas of focus: Our academia segment is 25% of our business, our online store accounts for about 30% (exchanges, Amazon, consumers), 45% is custom minting.

6. Sales projections for 2018 \$15M, 2019 \$18-22M, 2020 \$25-28M.

7. There are two "key man" contracts. I have one as does Michael White our Head of Production (20 years in the minting business). We are both most interested in seeing Medallie free of its past constraints and focused on growing this company. Precisely what 2018 is all about.

8. The existing 25 licenses are assumable, see list attached.

9. A detail list of equipment is also available and attached.

Now some additional facts for consideration:

Management team--we have a real hands-on group of professionals. We are not top heavy as that is unnecessary and impacts profits which are my primary focus. Those we do have are stellar performers with backgrounds ideal for growth in this industry. For example, our Head of Marketing comes from Dell and is strong in programs that generate leads and establishes our market dominance. Our Quality department is headed up by a 20 year employee whose standards are above all others and defines why Medallie has such an outstanding reputation.

Reasons for growth--we never had any marketing programs in the company. We now have programs that focus on new verticals, new products and are already producing results. For example, we now have two significant corporate accounts, Starbucks and Amazon Corporate.

Because of the nature of our sales force (in-house) larger accounts are best acquired by executives such as myself making these calls and visits. We now have outwardly facing sales people to acquire more of these larger corporate accounts adding to the existing sales efforts.

New products--we have amazing new products and the customers/markets asking for them. For example; we are known for our silver bullet line, our Trump 45 gold tipped bullets and now to expand in that area we have a miniature (1.5 oz) silver wine bottle(s) product and a customer who services over 900 wineries. The first order is just now coming due.

We also have beautiful photo coins which seem to be the ideal answer to non profits such as museums who can order these struck on one side coins with variable images on the other side as often as exhibits change. A lower cost/dynamic product. The zoos are also a customer base that is growing with our photo coin business.

We also have our new 'dog tag' product which is unlike anything in the industry and will further our business in the national and state parks while expanding our global reach to climbing clubs, athletic clubs (marathon runners, swimmers etc.). The potential of this product, (we already have our first order), plus some of these major verticals now available will clearly help us exceed our revenue projections.

Pell, Oct 18, 2018, page 69

We also have a vast collection of engravable products, a complete knife department (coin knives, lock back knives)--consumers can even design their own knife.

We have new packaging that will further help us stand out in the military exchanges and open new doors in the military theater. Our new packaging has already taken off with our relationship with Silvertowne Mint who sells our bullets on their 30 years running TV show, now offering our revolver cylinder as a unique package for bullet collectors.

Our innovation in new products and packaging are unlike our competitors and a major contributor to opening new doors at both the corporate and consumer levels.

Archives--115 years of pure art and Medallion history. We are just now opening those doors to restrikes of which Bradford Exchange is the first to recognize this potential and is ordering from us. This area and its exploitation is not even factored into our revenue growth projections yet promises to be significant upon initial evaluation.

New Medallion Collectible Series--picking up from where the Society of Medallists left off, we are ready to announce our first new medal in a series--reestablishing the collector market for Medallion Art. The first in this series is The Frog Prince--it is absolutely beautiful and sets Medallion Art, once again, above and beyond anyone else. This you have to see!

Risk assessment--What I proposed to the Trustee/court is a \$5M purchase for all the assets clear and free. Ideally the buyer would allow Medallion to grow and prosper according to plan and be left as a complete operating company overlapping naturally with the new partner's business.

There is very little financial risk and in fact more upside to the best of our assessment. After all the company could be liquidated and the investor would be whole, selling the company after all the BK history is removed automatically establishes the value of the company close to the valuations that range from \$10-18M. And finally, based on the revenue and profit projections, the ROI of \$5M can be realized in a short period of time. I have further proposed to the Trustee/court that the \$5M be broken down as follows: \$4M to the estate that would erase all the BK issues liens etc. and \$1M to Medallion as working capital.

Hence the initial investment would be the complete investment required as that would be appropriate working capital along with the receivables anticipated. So this deal is finite in terms of the initial purchase and capital outlay moving forward. The court is poised to make an immediate decision waiving the usual thirty days to allow others to outbid.

Thank you again for your timely and thoughtful consideration.

Bill Atalla

- Pehl, Oct 18, 2018, page 70