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Honorable Christopher M. Alston
Chapter 11
Hearing Location: Seattle, Rm. 7206
Hearing Date: Wednesday, March 13, 2019
Hearing Time: 9:30 a.m.
Response Date: March 4, 2019

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

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

Case No. 16-11767-CMA
SUPPLEMENTAL SUBMISSION IN
SUPPORT OF FEE APPLICATIONS OF
PROFESSIONALS

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14 The Chapter 11 Trustee for Northwest Territorial Mint, LLC (the “Trustee”), along with the
Trustee’s accountants, Cascade Capital Group, LLC (“Cascade”), the Trustee’s counsel, K&L Gates
15 LLP (“K&L Gates”), and Miller Nash Graham & Dunn LLP (“Miller Nash”), counsel for the
16 Official Committee for Unsecured Creditors hereby submit this combined Supplemental Submission
17 in support of their respective applications for compensation (the “Professionals’ Applications”) in
18 advance of the continued hearing thereon. In support thereof, the Trustee, Cascade, K&L Gates and
19 Miller Nash (collectively, the “Professionals”) respectfully state as follows:

20 The Professionals filed their fee applications on October 12, 2018 (Dkt. #1894) and
21 November 11, 2018 (Dkt. #s 1924, 1926, and 1928). Initial hearings on the applications were held
22 on December 7, 2018. The Professionals provided supplemental information and declarations
23 pursuant to the direction of the Court and a subsequent hearing on the Professionals’ Applications
24 was held on February 1, 2019. At the February 1, 2019 hearing, the Trustee’s counsel inquired as to
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1 whether the Court would entertain a proposal for a reduction in the request of the Professionals for
2 allowance of compensation and the Court indicated that it would consider such a written proposal if
3 submitted. The Professionals believe that the fees and costs incurred were reasonable and necessary
4 to the administration of the estate and have been supported by the various filings to date. In an effort
5 to resolve all objections and concerns to the pending Professionals' Application, and to help expedite
6 the conclusion of the administration of this case, the Professionals are prepared to reduce the
7 amounts of the requested awards of compensation notwithstanding the complexity and difficulty of
8 this estate, the distribution of over \$30 million to creditors throughout the course of the case, and the
9 significant impact to the Professionals who worked diligently on this case.

10 The pending applications of the Professionals total the amount of \$5,501,553.24 (with
11 Trustee's fees calculated pursuant to the § 326 cap) as reflected below:

	<u>Fees</u>	<u>Costs</u>	<u>Total</u>
Trustee	\$906,310.00	\$3,679.30	\$909,989.30
Cascade Capital	\$926,742.20	\$27,147.00	\$953,889.20
K&L Gates	\$3,080,792.51	\$172,745.23	\$3,253,537.74
Miller Nash	\$384,137.00	\$0.00	\$384,137.00
Total	\$5,297,981.71	\$203,571.53	\$5,501,553.24

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17 The applications of the Trustee and his professionals are for the period from the inception of
18 the case through September 30, 2018. The application of counsel for the Creditors Committee is for
19 the period from the inception of the case to October 12, 2018. Since the filing of the applications
20 through January 31, 2019, the Professionals have incurred more than a \$600,000 in additional fees
21 and expenses.¹ While there are a few remaining assets to be administered and the administration of
22 the estate is in its final wind down phase, the Professionals will incur additional fees and costs in the
23 final administration of the case.²

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25 ¹ Per monthly operating report, accrued professional fees and expenses through January 31, 2019 were \$6,121,144.

26 ² There are only two remaining unpaid administrative claims, other than professional claims, with total unpaid allowed amount of \$9,300. Those are Kelsey Jordana (unpaid amount \$230) and Port City Centre (unpaid amount \$8,955). The

As of January 31, 2019, the estate held \$2,203,663 in cash. The remaining assets of the estate are of uncertain value, but it is clear that the estate will never have sufficient resources to pay the fees and costs that have been applied for, let alone the fees and costs that have been incurred since the filing of the Professionals' Applications and those that will be required to close the case. In addition, the Court has expressed concerns regarding the allowability of certain categories of services provided by the Professionals. In view of these facts and concerns, if the Court will allow the fees and expenses in reduced amounts, the Professionals propose to reduce the application amounts as follows to cover all fees and costs through closure of the estate:

	<u>Application</u>		Proposal	<u>Reduction</u>	
	Fees	Fees & Costs		Fees	<u>Fees & Costs</u>
Trustee	\$906,310	\$909,989	\$513,403	(\$392,907)	(\$396,586)
Cascade Capital	\$926,742	\$953,889	\$514,143	(\$412,599)	(\$439,746)
K&L Gates	\$3,080,793	\$3,253,537	\$1,826,004	(\$1,254,789)	(\$1,427,532)
Miller Nash	\$384,137	\$384,137	\$210,568	(\$173,569)	(\$173,569)
Total	\$5,297,982	\$5,501,553	\$3,064,118	(\$2,233,864)	(\$2,437,434)

The final reduction in payment to the Professionals in fact *will exceed* \$3,000,000 due to the additional fees already incurred, and the fees remaining to be incurred through closing of the estate, none of which will be paid given the estate's financial circumstances. Under any analysis, this is a significant loss to the Professionals. The Professionals make this proposal in order to facilitate the Court's examination of the merits of allowance for various categories of fees and expenses and to reduce the costs³ of further submissions by the Professionals in support of the applications. The

Trustee has proposed paying these two allowed administrative claims in full before making distributions on the allowed professional fees. There are more than \$73 million in filed claims in the case and the administration of those claims would require extraordinary additional time and expense with little benefit to unsecured creditors without administrative priority.

³For example, the Professionals have applied for approximately \$264,000 in out of pocket expenses, including approximately \$26,000 of out of pocket noticing costs. The Court has expressed a desire to see a further categorization of these expenses, but the effort that would be required to provide such a breakdown would be time consuming and would be more than adequately addressed through the proposed reduction in requested allowance. In view of the reduction of the amount of the fee requests of more than \$2.4 million, the Professionals request that they be relieved of the obligation to provide further categorization of the expenses. The Professionals will, of course, comply with any and

1 Professionals submit that the proposed allowance amounts of fees and expenses in substantially
2 reduced amounts are reasonable and necessary and should be allowed.

3 **I. CONCLUSION**

4 The Professionals request that the Court allow fees and expenses in the substantially reduced
5 amounts indicated above, defer decision with respect to the allowance or disallowance of all other
6 amounts in the applications until case closing and authorize the Trustee to distribute the sum of
7 \$2 million in partial satisfaction of the allowed fees and costs.

8 DATED this 11th day of March, 2019.

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10 K&L GATES LLP

11 By /s/ Michael J. Gearin
12 Michael J. Gearin, WSBA #20982
13 David C. Neu, WSBA #33143
14 Brian T. Peterson, WSBA #42088
15 Attorneys for Mark Calvert, Chapter 11 Trustee

16 MILLER NASH GRAHAM & DUNN LLP

17 By /s/ Mark D Northrup
18 Mark D. Northrup, WSBA #16947
19 Attorneys for the Official Unsecured
20 Creditors Committee

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26 all directions from the court regarding additional disclosures or documentation required by the Court and this proposal
should not be construed as a request for relief from such instruction.

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CERTIFICATE OF SERVICE

The undersigned declares as follows:

That she is a paralegal in the law firm of K&L Gates LLP, and on March 11, 2019, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

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

Executed on the 11th day of March, 2019 at Seattle, Washington.

/s/ Denise A. Lentz
Denise A. Lentz