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Honorable Christopher M. Alston
Chapter 11
Hearing Location: Telephonic
Hearing Date: Friday, June 18, 2021
Hearing Time: 9:30 a.m.
Response Date: June 11, 2021

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6
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
TRUSTEE'S SECOND AND FINAL
APPLICATION FOR COMPENSATION

12
13 **INTRODUCTION**

14 Mark Calvert, ("Calvert") the duly appointed Chapter 11 Trustee for Northwest Territorial
15 Mint, LLC (the "Trustee"), hereby submits this Trustee's Second and Final Application for
16 Compensation and Reimbursement of Expenses (the "Trustee Application" or "Application"). This
17 Application is supported by the Declaration of Mark Calvert, filed contemporaneously herewith.

18 The time entries detailed in the application date from October 1, 2018 through the present.
19 During this time frame, the Trustee was working diligently to attempt to find a buyer for the
20 Debtor's assets, and while no "all asset" offer ultimately emerged, he was successful in liquidating
21 the assets of the Debtor that remained at that time through several court approved sales. The Trustee
22 also spent significant time resolving administrative claims that had been asserted against the estate
23 by former employees and the landlord, as well as secured tax claims. The time entries also reflect
24 significant time spent in responding to requests from the Court for information related to unfounded
25 allegations made in letters submitted to the Court and Office of the United States Trustee by Paula
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1 Pehl and Joshua Gibbons, a blogger who maintains the website AboutAG.com. The Trustee has
2 recently responded at considerable expense to subpoenas issued by criminal counsel for Erdmann
3 and Hansen and certainly will be subpoenaed to testify at the criminal trial now scheduled to
4 commence on July 6, 2021.

5 As the Court is aware, this case has been difficult and complex. The very nature of the
6 Debtor's business, selling and storing precious metals, as well as custom minting, made the case
7 extremely difficult to administer. The fact that there was missing inventory and inadequate
8 recordkeeping lead to disputes over ownership of metals, artwork, and dies, all of which the Trustee
9 had to resolve in order to move the case forward. While the Trustee was unable to reorganize the
10 Company, he dedicated thousands of hours to this case and distributed almost \$32 million. All
11 allowed secured claims and administrative claims were paid in full, other than the administrative
12 claims of the professionals. In all, he provided 2,997 hours of service to the estate, including over
13 350 hours since October, 2018.

14 CASE STATUS

15 **A. Date of Appointment of Trustee and Administrative Duties**

16 The Trustee was appointed as Chapter 11 Trustee on April 11, 2017. To the best of the
17 Trustee's knowledge, the Trustee has filed all monthly operating reports through the date of this
18 Application, and has paid all quarterly United States Trustee's fees. The Trustee has liquidated all of
19 the assets of the Debtor, and paid all secured and administrative expense claims. Other than cash on
20 hand, the only remaining asset of the estate is a litigation claim against Bucknell Sato LLP, which is
21 the subject of an Adversary Proceeding pending under Adv. Pro. No. 20-4036, United States
22 Bankruptcy Court for the Western District of Washington (the "Pending Litigation").¹ There is
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24 _____
25 ¹ Under the terms of a Settlement Agreement approved by the Court, the claim is being pursued by
26 Katherine Ellis, the Chapter 7 Trustee for Diane Erdmann (the "Erdmann Trustee"). The Debtor's
estate will receive half of any recovery, net of expenses. The amount sought by the Erdmann Trustee
totals \$355,500.

1 currently no trial date scheduled in the Pending Litigation.

2 **B. Statements of Prior Compensation and Itemized Time Records**

3 True and correct copies of the Trustee’s billing statements are attached to the Declaration of
4 Mark Calvert in Support of this Application, filed contemporaneously herewith. The billing
5 statements contain itemized time records which include the date the service was rendered, the
6 identity of the person providing the services, a detailed description of the services performed and the
7 total hours and amount of compensation requested. The Trustee has not been awarded any fees in
8 connection with the case. On October 11, 2019, the Trustee was awarded \$14,123.05 in expense
9 reimbursements.

10 **C. Source of Payment and Amount of Unencumbered Funds**

11 The Debtor’s monthly operating reports contain information regarding the amount of cash on
12 hand or on deposit in the Debtor’s estate, and the Debtor’s operating profits or losses, and the
13 amount of unencumbered funds in the Debtor’s estate. Per the April, 2021 monthly operating report,
14 the estate held as of April 30, 2021, cash of \$354,605. The Trustee anticipates receipt of additional
15 funds from the proceeds from claims under a settlement with the Erdmann Trustee and from certain
16 cost recoveries for production of records under subpoena. The Trustee requests payment of his
17 approved compensation from unencumbered funds presently held in the estate and those additional
18 funds received from cost recoveries and Erdmann estate settlement proceeds.

19 **D. Other Employed Professionals**

20 The Trustee engaged Cascade Capital Group (“Cascade Capital”) as accountants to the
21 Trustee. Miller Nash Graham & Dunn was employed as counsel for the Official Unsecured
22 Creditors’ Committee (the “Committee”). Loraine Barrick and Lorraine Barrick LLC were
23 employed by the Committee as a financial advisor, but did not provide any services to the estate.
24 James G. Murphy was employed by the Trustee as Auctioneer.

1 **SUMMARY OF PROFESSIONAL SERVICES BY PROJECT CATEGORY**

2 In support of this Application, the Trustee submits the following supporting documentation,
3 which is attached to the Declaration of Mark Calvert filed in support of this Application and all of
4 which is incorporated herein by reference:

5 <u>EXHIBIT</u>	<u>DESCRIPTION</u>
6 Exhibit A	Summary of Hours by Category
7 Exhibit B	Trustee Accounting Hours Detail
8 Exhibit C	Invoice
9 Exhibit D	Summary Sheet of Monthly Fees by Project Category
10 Exhibit E	Summary Sheet of Monthly Hours by Project Category
11 Exhibit F	Trustee’s Calculation of Compensation Under § 326(a)

12 The exhibits submitted in connection with this Application demonstrate the amount of fees
13 the Trustee incurred in his capacity as Trustee from October, 2018 through May 19, 2021 (the
14 “Application Period”). The Trustee’s hourly rate was \$400.00 during the Application Period. The
15 exhibits break down, by each month, the amount of hours worked by the Trustee and the amount of
16 fees the Trustee incurred. The exhibits further describe the number of fees and hours worked by the
17 Trustee within particular project categories.

18 As the exhibits demonstrate, the Trustee incurred a total of \$141,870 in fees during the
19 Application Period. The Trustee’s fees were for the following categories of tasks, each of which are
20 described in more detail below: Asset Analysis and Recovery, Asset Disposition, Case
21 Administration, Claims, Close of Company, and Fee Applications.

22 **NARRATIVE SUMMARY OF SERVICES**
23 **RENDERED ON A PROJECT SUMMARY BASIS**

24 All of the professional services rendered by the Trustee during the Application Period are set
25 forth in detail on Exhibit B to the Trustee’s Declaration and summarized in the exhibits to this
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1 Application. Brief descriptions of certain services deserving specific mention are highlighted below,
2 by project category:

3 Asset Analysis and Recovery (Total Hours: 17.20). This category represents fees incurred in
4 connection with efforts to realize on claims which the Debtor's estate holds against various attorneys
5 that represented Ross Hansen or Medallic Art Company, LLC. The Trustee incurred a total of \$6,880
6 in this category.

7 Asset Disposition (Total Hours: 85.20). The fees incurred by the Trustee in this category are
8 related to his efforts to sell the remaining assets of the estate. The Trustee spent considerable time
9 attempting to negotiate an "all asset" sale of the Debtor, and, later, negotiating sales for portions of
10 the Debtor's assets, such as store inventory. The Trustee incurred a total of \$34,190 in this category.

11 Case Administrations (Total Hours: 87.10). This category includes fees incurred in the
12 general administration of the Debtor's proceeding. The time in this category includes time spent in
13 respond to various inquiries and requests for information from the Court and the Office of the United
14 States Trustee, communicating with creditors, and addressing issues such as preservation of records,
15 and complying with subpoenas issued by the United States Government and the criminal defense
16 counsel for Ross Hansen and Diane Erdmann. The Trustee incurred a total of \$34,840 in this
17 category.

18 Claims (Total Hours: 17.30). This category includes fees incurred in the general
19 administration of the Debtor's proceeding. Fees incurred in this category related to resolution of
20 WARN Act claims held by former employees, secured taxing authority claims, and resolution of
21 other administrative claims. The Trustee incurred a total of \$6,920 in this category.

22 Close of Company (Total Hours: 4.0). This category includes fees relating to the closing of
23 the Debtor's business. The Trustee incurred a total of \$1,600 in this category)

24 Fee Applications (Total Hours: 143.6). This category includes fees and costs incurred by the
25 Trustee in preparing and finalizing his prior fee application, reviewing document filed related to the
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1 fee application, and providing additional information at the request of the Court. The Trustee
2 incurred a total of \$57,440.00 in this category.

3 **CONCLUSION**

4 Based on the foregoing, the Trustee submits his application fees in the amount of \$141,870
5 and estimates that he will incur an additional \$40,000² in fees through and including the dismissal of
6 the case and requests an award of these estimated fees in addition to the amounts for the period
7 through and including May 19, 2021.

8 The Trustee requests approval of the fees and costs described herein pursuant to 11 U.S.C. §
9 330 and LBR 2016-1 and requests authority to disburse funds that he presently holds and that he
10 subsequently receives in partial satisfaction of the allowed fees.

11 DATED this 28th day of May, 2021.

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14 /s/ Mark Calvert
15 Mark Calvert, Chapter 11 Trustee
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25 ² This estimate is premised on assumption that the remaining tasks of the Trustee will be to attend
26 hearings on final fee applications, administrate the Erdmann Trustee settlement and proceeds, and
prepare for and testify in the criminal cases.

1 **CERTIFICATE OF SERVICE**

2 The undersigned declares as follows:

3 That she is a paralegal in the law firm of K&L Gates LLP, and on May 28, 2021, she caused
4 the foregoing document to be filed electronically through the CM/ECF system which caused
5 Registered Participants to be served by electronic means, as fully reflected on the Notice of
6 Electronic Filing.

7 Also on May 28, 2021, she caused the foregoing document to be mailed to the Parties at the
8 addresses listed below:

9 Northwest Territorial Mint LLC
10 PO Box 2148
11 Auburn, WA 98071

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

14 Executed on the 28th day of May, 2021 at Seattle, Washington.

15 /s/ Denise A. Lentz
16 Denise A. Lentz