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The Honorable Christopher M. Alston  
Chapter 13  
Location: Seattle, Courtroom 7206  
Hearing Date: June 17, 2016, 9:30 AM

UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

In re

NORTHWEST TERRITORIAL MINT,  
LLC

Debtor.

Bankruptcy No. 16-11767-CMA

**DIANE ERDMANN'S REPLY IN  
SUPPORT OF MOTION TO  
DETERMINE APPLICABILITY OF  
AUTOMATIC STAY**

The Trustee and creditors Bradley Cohen and Cohen Asset Management, Inc. (“Cohen”) have each responded to Diane Erdmann’s Motion and taken the position that the bankruptcy court should determine whether the Seized Property is property of the bankruptcy estate, but that no other portion of the State Court Proceeding should be affected by the automatic stay. Ms. Erdmann does not object to the language of the proposed order offered by the Trustee; however, the following limited reply is offered to address related issues.

First and foremost, the question remains of how the Court will handle the Seized Property. As set forth in the Motion, those parts of the Seized Property that are claimed by Ms. Erdmann derive from the same source as the advance fee deposit she paid to The Tracy Law Group to cover legal fees of the Debtor. Thus, making a determination regarding the ownership of the Seized Property involves answering essentially the same questions that will be addressed at the upcoming evidentiary hearing on June 22; namely, whether the precious metals held by

1 Ms. Erdmann in her private collection are her own property derived from the proceeds of a  
2 1993 life insurance payment, or are instead property that she misappropriated from the Debtor,  
3 as claimed by the Trustee.

4 To litigate the same question twice – once for the advance fee deposit on June 22, and  
5 again for the Seized Property on some future date – would mean forcing both Ms. Erdmann and  
6 the Debtor’s estate to incur significant duplicate legal fees. Such an increase in fees would not  
7 only unnecessarily impact the creditors of Debtor’s estate, but would also directly prejudice  
8 Ms. Erdmann’s ability to fully defend herself against the Trustee’s claims. A large portion of  
9 Ms. Erdmann’s personal assets are unavailable to pay attorneys during the pendency of this  
10 litigation, and it may not be possible for Ms. Erdmann to maintain legal representation through  
11 a second evidentiary hearing. Holding two hearing would also mean taking up double the  
12 amount of the Court’s time to make what will amount to the same findings of fact and  
13 conclusions of law.

14 For these reasons of economy, if for no other reason, Ms. Erdmann opposes any plan  
15 that requires holding separate hearings over the ownership of the advance fee deposit to The  
16 Tracy Law Group on the one hand, and of the Seized Property on the other. In order to  
17 accommodate the Court’s and the parties’ interests in reaching resolution, Ms. Erdmann is  
18 prepared to hold the June 22 hearing and address ownership of all property at issue – both the  
19 advance fee deposit and the Seized Property. The evidence that is being gathered in preparation  
20 for that hearing applies equally to all of the property that originally derived from the life  
21 insurance payment received by Ms. Erdmann after the death of her late husband.

22 Finally, the Trustee’s Response referenced an “admission” by Ms. Erdmann that some  
23 of the Seized Property belongs to the Debtor. As a point of clarification, nothing in the Motion  
24 was intended as an admission of that point. The statement regarding portions of Seized  
25 Property belonging to the Debtor was based on an affidavit provided by the Trustee from an  
26 employee of NWTM, Derrin Tallman, which affidavit was submitted as Exhibit A to the

1 Declaration of Daniel Bugbee in support of Ms. Erdmann's Motion. In the affidavit, Mr.  
2 Tallman states that he saw the Seized Property, and believes that some of the items came from  
3 the Federal Way office of NWTM. Ms. Erdmann has never seen the Seized Property first hand,  
4 and has not offered her own opinion regarding whether any of the items belong to the Debtor. It  
5 will ultimately be left to the bankruptcy court to make a determination regarding whether any  
6 of the Seized Property truly does belong to the Debtor.

7  
8 DATED this 14th day of June, 2016.

9 DBS | Law

10 By /s/ Dominique R. Scalia  
11 Daniel J. Bugbee, WSBA #42412  
12 Dominique Scalia, WSBA#47313  
13 Attorneys for Diane Erdmann  
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1 **CERTIFICATE OF SERVICE**

2 I hereby certify on June 14, 2016, I caused the foregoing document to be electronically  
3 filed with the Clerk of the Court using the CM/ECF system which, pursuant to Local Rule 5005-  
4 1(c)(1), causes parties who are registered ECF participants to be served by electronic means.

5 Dated this 14th day of June, 2016, at Seattle, Washington.

6  
7 DBS | Law

8  
9 By /s/ Dominique R. Scalia  
10 Dominique R. Scalia