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Honorable Christopher M. Alston
Chapter 11
Ex Parte

5
6
7 UNITED STATES BANKRUPTCY COURT
8 WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

9 In re:

Case No. 16-11767-CMA

10 NORTHWEST TERRITORIAL MINT,
11 LLC,

EX PARTE MOTION FOR
EXAMINATION OF RENTON COIN
SHOP, INC., BRYAN D. GERAGHTY d/b/a
12 NORTHGATE RARE COIN, THE GOLD
13 CENTER INC., and VICTORIA
14 DIAMONDS, LLC d/b/a CASH 4 GOLD
PURSUANT TO RULE 2004 AND
15 SUBPOENAS PURSUANT TO RULE 9016

16 Mark Calvert, Trustee (the "Trustee") for the Northwest Territorial Mint, LLC ("NWTM")
17 and Medallie Art Company, LLC, in the above-captioned proceeding, by and through his attorneys,
18 K&L Gates, LLP, moves the Court for entry of an *ex parte* order for examination of Renton Coin
19 Shop, Inc. ("Renton Coin"), Bryan D. Geraghty d/b/a Northgate Rare Coin ("Northgate Coin"), the
20 Gold Center, Inc. ("Gold Center")¹ and Victoria Diamonds, LLC d/b/a Cash 4 Gold ("Cash 4 Gold")
21 and collectively with Renton Coin, Northgate Coin, and Gold Center, (the "Coin Shops") pursuant to
Rules of Bankruptcy Procedure 2004(b). In support of this Motion, the Trustee states as follows:

22 1. On April 1, 2016, NWTM filed a voluntary petition for relief under Chapter 11 of the
23 United States Bankruptcy Code.

24 _____
25 ¹ The Gold Center, Inc. appears to be located in Springfield, IL. The Trustee will comply with the
26 requirements of Bankruptcy Rules 2004(e) and 9016, and any subpoena issued will require that the
Gold Center produce documents and appear for examination no further than 100 miles from its
location.

1 2. On April 11, 2016, Mark Calvert (the “Trustee”) was appointed as the Chapter 11
2 Trustee of NWTM.

3 3. On August 12, 2016, Medallic Art Company, LLC (“Medallic”) filed a complaint,
4 naming the Trustee as a defendant, commencing a lawsuit under Adv. Pro. No. 16-01196-CMA (the
5 “Medallic Litigation”).

6 4. Final Judgment was entered in the Medallic Litigation on May 3, 2017 and Medallic
7 has been substantively consolidated with NWTM, *nunc pro tunc* to April 1, 2016.

8 5. On March 30, 2017, the Trustee conducted the Rule 30(b)(6) deposition of Medallic
9 in the Medallic Litigation. Ross Hansen appeared as Medallic’s representative for purposes of the
10 deposition. In response to questions regarding the identity of Medallic’s creditors, Ross Hansen
11 testified that Diane Erdmann was “fronting” the money used by Medallic to pay Medallic’s legal
12 fees in excess of \$500,000. Declaration of Christopher M. Wyant, Ex. A.

13 6. At a deposition taken in the lawsuit pending under Case No. 16-2-05611-3 King
14 County Superior Court on June 3, 2016, Diane Erdmann testified that she was effectively destitute,
15 and that her financial resources were limited to approximately \$1,000 in cash, some precious metal
16 seized by the King County Sheriff², and some silver held by a friend, Don Schwenk. Declaration of
17 Joseph A. Hamell, Ex. A.

18 7. On May 5, 2017, Medallic’s counsel provided the Trustee with copies of checks and
19 wire confirmations supporting the source of payment of Medallic’s legal fees. Those documents
20 reflect that from September, 2016, through January, 2017, Medallic’s legal fees were paid via
21 several checks and wire transfers from Coin Shops, totaling approximately \$280,000, including
22 \$150,000, drawn on the bank account of Renton Coin, a check drawn on the bank account of
23

24
25 _____
26 ² The precious metal seized by the King County Sheriff is currently held by the Trustee pursuant to
an order entered by the Bankruptcy Court.

1 Northgate Coin in the amount of approximately \$57,000, and a wire in the amount of \$75,000 from
2 Gold Center.

3 8. The Trustee has determined that there is more than \$5 million of missing precious
4 metal storage inventory, and more than \$12 million of missing inventory which was the property of
5 custom minting customers. In addition, the Trustee has determined that at least \$800,000 of precious
6 metal inventory that should have been on hand was not in the Debtor's vaults when the Trustee took
7 control. Some of the missing precious metal inventory is identifiable. The Trustee continues to
8 investigate the disposition of the missing precious metal assets of the Debtor .

9 9. The Trustee seeks to examine the Coin Shops and records and documents in their
10 possession, custody or control as described in Exhibit A pursuant to Bankruptcy Rule 2004 relating
11 to their communications with representatives of Medallic and Ross Hansen and Diane Erdmann, any
12 precious metals they purchased and any other transactions they engaged in with Medallic, Hansen
13 and Erdmann. Accordingly, he seeks permission to issue subpoenas pursuant to Rule 9016 seeking
14 such records and documents.

15 10. In addition, the Trustee seeks an order that a representative of each of the Coin Shops
16 appear for oral examination to give testimony regarding (i) their communications with Ross Hansen
17 or Diane Erdmann, and the precious metals which they purchased, and (ii) any other matter which
18 may affect the administration of NWTM's estate.

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EXHIBIT A

DOCUMENTS TO BE PRODUCED

1. All documents which relate to, reference, or evidence any purchase of bullion, coins, or precious metal of any sort by [the Coin Shop] from Diane R. Erdmann or Ross Hansen, or any other party, in exchange for which [the Coin Shop] issued a check or wire to Bucknell Stehlik Sato & Orth, LLP;

2. All documents which relate to, reference, evidence, or constitute communications between [the Coin Shop] and Diane Erdmann or Ross Hansen;

3. All documents which relate to, reference, evidence, or constitute communications related to any transaction in which [the Coin Shop] issued a check or wire to Bucknell Stehlik Sato & Orth, LLP;

4. Any video recordings or photographs depicting or related to any purchase of bullion, coins, or precious metal of any sort by [the Coin Shops] from Diane R. Erdmann or Ross Hansen, or any other party, in exchange for which [the Coin Shop] issued a check or wire to Bucknell Stehlik Sato & Orth, LLP.

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 12, 2017, 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 12, 2017, she caused to be deposited in the mail of the United States of
8 America, by first class postage prepaid, addressed envelopes containing copies of the foregoing
9 document and mailed to the following addresses:

10 Northwest Territorial Mint LLC c/o Ross Hansen, Member P.O. Box 2148 Auburn, WA 98071-2148	Renton Coin Shop, Inc. c/o Brian Wichmann, Reg. Agent 15201 Military Road South Seattle, WA 98188
11 Renton Coin Shop, Inc. c/o Steve Campau 101 Park Avenue North Renton, WA 98057	Victoria Diamonds LLC d/b/a Cash 4 Gold c/o Victor Ivanov 2012 Shattuck Avenue S Renton, WA 98055
12 Victoria Diamonds LLC d/b/a Cash 4 Gold 32700 Pacific Hwy South, Suite 2 Federal Way, WA 98003	Bryan D. Geraghty d/b/a Northgate Rare Coins & Precious Metals 11319 Pinehurst Way NE Seattle, WA 98125
13 The Gold Center 3000 W. Lles Avenue Springfield, IL 62704	

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

16 Executed on the 12th day of May, 2017 at Seattle, Washington.

17 
18 Denise A. Lentz