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Honorable Christopher M. Alston  
Chapter 11  
Hearing Location: Seattle, WA  
Hearing Date: September 1, 2017  
Hearing Time: 9:30 a.m.  
Response Due: August 25, 2017

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON AT SEATTLE

NORTHWEST TERRITORIAL MINT, LLC,  
  
  
  
Debtor.

No. 16-11767-CMA  
  
**MOTION TO COMPEL RELEASE  
AND DISBURSAL OF FUNDS HELD  
BY CHAPTER 11 TRUSTEE**

**Relief Requested:** Diane Erdmann respectfully requests that the Bankruptcy Court order the Chapter 11 Trustee to release and disburse her funds on-hand held by him, plus interest accrued on said funds.

**Support:** This Motion is supported by the records and files herein, as referenced more particularly below.

**Basis:** This Motion is based upon the following facts:

1. On June 1, 2017, the United States District Court for the Western District of Washington entered its Order on Appeal of this Court’s order that funds deposited with the



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1 Tracy Law Group, PLLC (“TTLG”) belonged to Diane Erdmann. The District Court also  
2 affirmed the Bankruptcy Court’s order authorizing the employment of TTLG as counsel for  
3 the Debtor for the period April 1, 2016 through April 15, 2016. The District Court also  
4 affirmed the Bankruptcy Court’s order awarding TTLG final compensation in the amount of  
5 \$35,715.50 and reimbursement of expenses in the amount of \$2,239.07. The District Court  
6 reversed the Bankruptcy Court’s order awarding TTLG sanctions in the amount of \$9,149.50.

7 2. On June 7, 2017, the District Court entered its Judgment in a Civil Case setting forth  
8 judgment in accordance with its June 1, 2017 order. The deadline to appeal the District  
9 Court’s Judgment was July 7, 2017. No further appeals were filed by the Chapter 11 Trustee,  
10 Erdmann or TTLG.

11 3. The Chapter 11 Trustee is holding the sum of \$125,857.50, plus any accrued interest.  
12 The Chapter 11 Trustee should disburse the funds not otherwise allocated per the Orders and  
13 Judgment, plus any accrued interest, to Diane Erdmann.

14 4. By way of background, on March 31, 2016, TTLG received an Advanced Fee Deposit  
15 in the sum of \$149,460.00 from Diane Erdmann in the form of a \$50,000.00 wire transfer and  
16 a cashier’s check payable to Erdmann and endorsed to TTLG. These funds were deposited  
17 into TTLG’s IOLTA Trust Account. *Transcript July 6, 2016 at 349-350, Docket No. 7.*

18 5. Prior to the filing of the Chapter 11 Petition, TTLG drew down \$21,885.50 for pre-  
19 petition fees incurred that were related to advising the Debtor. *Docket No. 63.* Additionally,  
20 the United States Courts debited \$1,717.00 for the Chapter 11 filing fee, via ACH from the  
21 funds in the trust account. *Id.* Accordingly, as of the time of filing and continuing forward, the  
22 trust account has a balance of \$125,857.50. *Id.*

1 6. In response to TTLG motion to withdraw as attorney, the Chapter 11 Trustee asserted  
2 that the funds deposited with TTLG were property of the bankruptcy estate of NWTM.

3 *Docket Nos. 89, 167.* Ms. Erdmann responded and argued that she was the owner of the funds  
4 used for the deposit. TTLG took no position on the ownership of the funds, other than to  
5 indicate that the funds should be the source of payment of any final fees that ultimately might  
6 be awarded to TTLG by the Bankruptcy Court.

7 7. A contested evidentiary hearing was held. On August 4, 2016, the Bankruptcy Court  
8 entered its Memorandum Opinion and Further Order on Motion for Authority to Withdraw as  
9 Attorney for Debtor (“Memorandum Opinion”). The Bankruptcy Court held that the disputed  
10 funds belonged to Erdmann.

11 8. The Chapter 11 Trustee timely appealed that portion of the Memorandum Opinion.  
12 (*Appeal No. C16-1323RSL*). Erdmann timely cross-appealed that portion of the Memorandum  
13 Opinion relating to stay violation(s). (*Appeal No C16-1392RSL*).

14 9. Now, Diane Erdman requests the funds on-hand, plus interest not otherwise allocated  
15 be released to her immediately.

16 Respectfully submitted this 10<sup>th</sup> day of August, 2017.

17 SMITH ALLING, P.S.

18 /s/ Thomas P. Quinlan  
19 Thomas P. Quinlan WSBA#21325  
20 Attorney for Diane Erdmann