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Honorable Christopher M. Alston
Chapter 11
Hearing Location: Seattle, Rm. 7206
Hearing Date: Friday, October 6, 2017
Hearing Time: 9:30 a.m.
Response Date: September 29, 2017

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8 UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

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

Case No. 16-11767-CMA
TRUSTEE'S APPLICATION FOR
COMPENSATION

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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 Application for Compensation and
16 Reimbursement of Expenses (the "Trustee Application" or "Application"). The Trustee submits this
17 Application in compliance with the Court's direction that the Trustee, Trustee's Counsel, and
18 Cascade Capital Group LLC ("Cascade") file fee applications and set them for hearing on October 6,
19 2017. This Application is supported by the Declaration of Mark Calvert, filed contemporaneously
20 herewith.

21 This Application provides the Court and creditors with information regarding the Trustee's
22 efforts during this case and the amount of fees and costs incurred as a result. The Trustee's efforts in
23 this case on behalf of creditors have been singularly focused on preserving and realizing on the
24 enterprise value of the business of the bankruptcy estate for the benefit of creditors. Since the very
25 inception of the bankruptcy case, absent preservation of the enterprise value of the business of the
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1 estate, there would be little, if any, return to creditors in this case. The Trustee continues to believe
2 that if the enterprise value of the business can be preserved, there can be a significant return to the
3 estate's roughly 3,000 creditors. While the Trustee has made significant progress in stabilizing and
4 preserving the business of the debtor and in resolving complex disputes regarding the ownership of
5 assets that are essential to the ongoing business, it is premature at this point of the case to determine
6 to what extent the estate will succeed in realizing on the enterprise value of the company. If the
7 Trustee can grow sales over the next several years the estate's cash flow will grow significantly and
8 the enterprise value of the company will increase at the rate of approximately 5 times growth in
9 EBITDA.

10 Accordingly, the Trustee does not presently seek approval or authority to pay his fees and
11 costs. The Trustee anticipates requesting approval of his fees and costs at such time as the
12 reorganized value of the business of the Debtor can be determined.

13 CASE OVERVIEW

14 **A. Appointment of the Trustee**

15 Northwest Territorial Mint, LLC (the "Debtor" or "NWTM"), is a Washington limited
16 liability company that was formed in 2002 by Ross Hansen, who is the Debtor's sole 100% member.
17 Hansen at all times prior to the appointment of the Trustee exercised complete and total operational
18 control over the Debtor. The Debtor sold medals and gold coins, manufactured commemorative
19 medals and ribbons, purchased and sold precious metals, including gold and silver bullion, and
20 stored precious metals in vaults maintained in Federal Way, Washington, and Dayton, Nevada. Prior
21 to the commencement of this Bankruptcy Case, the Debtor had 241 employees and a monthly payroll
22 of approximately \$630,000.

23 On April 1, 2016, the Debtor filed a voluntary petition for relief under chapter 11 of the
24 Bankruptcy Code in the Bankruptcy Court. The Trustee was appointed over the bankruptcy estate of
25 NWTM on April 11, 2016. The Trustee quickly discovered that the Debtor's business was in a state
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1 of duress and was losing money daily. The Debtor had a severe cash shortfall and was at risk of not
2 being able to pay operating expenses. As of the petition date there was approximately \$1,000 of cash
3 in the Debtor's bank accounts.

4 The Trustee learned that the bullion operations had accumulated approximately \$25 million
5 in unfulfilled customer orders and that the company was without the inventory or cash resources to
6 fulfill those orders. The bullion operations had Ponzi attributes for the past 7 years in which new
7 customer deposits were used to fill older customer orders. The Trustee's initial investigation of the
8 Debtor's financial affairs revealed that the many of the Debtor's financial records were missing or
9 never kept and there as a severe lack of internal controls for a gold and silver bullion operation.

10 The Debtor had not filed tax returns or prepared financial statements for at least five years.
11 The Trustee and his counsel received hundreds of calls, letters, and emails from some of the over
12 3,000 creditors of the Debtor regarding unfulfilled orders and missing stored inventory.

13 Upon his appointment, the Trustee immediately secured all the precious metal assets in all
14 locations of the estate. The Trustee changed building locks, changed vault combination codes, and
15 limited access rights to the storage vaults for the precious metals. In addition, the Trustee took
16 detailed inventories and preserved photographic evidence of the metal inventory that was on hand at
17 the time of his appointment. The Trustee also captured a video record of all people that entered the
18 Dayton vault through the completion of the Trustee's physical inventory. That video was
19 subsequently provided to the FBI.

20 After considerable investigation and efforts to determine whether there was additional
21 inventory in the hands of third parties, the Trustee determined that there was approximately \$12.9 in
22 missing precious metal inventory as of the date of the Trustee's appointment. The missing inventory
23 included approximately \$5 million of missing precious metal storage inventory, approximately \$5.4
24 million of missing leased metal inventory, approximately \$1.1 million of missing inventory which
25 was the property of a custom minting customer, approximately \$540,000 of precious metal inventory
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1 provided by customers to complete custom orders, and approximately \$860,000 in missing gold sent
2 to the Debtor's Federal Way facility to be sold on a consignment basis.

3 The Trustee took extensive and careful efforts to identify all precious metal that belonged to
4 individual creditors. The Trustee located only approximately \$.9 million in gold, silver, and precious
5 metals that he was able to obtain sufficient support to confirm the ownership of and return, after
6 verifying whether certain creditors had been paid and/or owed sums to the estate. This was not a
7 simple task, as in certain instances, the Trustee found inventory with a customer name on the
8 precious metals when, in fact, the customer had been paid in full for the precious metals. The Trustee
9 filed motions to return the precious metals segregated and identified as belonging to customers. The
10 Trustee submitted multiple supplemental declarations in support of the motions establishing that the
11 inventory sought to be returned was, in fact, owned by the individuals to whom the Trustee sought to
12 return such inventory. As a result, almost all of the inventory that the Court authorized the Trustee to
13 return has now been returned to creditors.

14 **B. The Trustee Stabilized the Value of the Debtor**

15 The Trustee was faced with significant operational pressures. He was compelled to close the
16 bullion trading operations and the Graco operations and layoff other staff in order to manage the
17 cash resources of NWTM and to stabilize the Debtor's business operations. Given the dire condition
18 of the Debtor's business, the Trustee was immediately faced with the decision of whether to (a)
19 cease the Debtor's operations and force an immediate liquidation of the company, or (b) attempt to
20 stabilize the business over the coming months in order to either reorganize or sell the Debtor's
21 business in an orderly fashion. The Trustee concluded that if the Debtor's assets were to be
22 immediately liquidated, creditors would receive little or no recovery. In fact, the only creditors who
23 would have received any distribution might have been priority claimants—principally employees,
24 landlords and other administrative creditors. The Trustee decided to stabilize the business in order to
25 give the creditors of the estate an opportunity to obtain a meaningful recovery. The Trustee
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1 evaluated the enterprise value of the company and estimated that, if the going concern value of the
2 company could be preserved there could be in the range of \$15 million to \$17 million to return to
3 creditors in this case which would achieve a meaningful return to the estate's three thousand
4 creditors.

5 The Trustee took efforts to reduce expenses by consolidating the Debtor's business
6 operations and worked to increase sales. The Trustee sold the Debtor's Graco business in order to
7 generate cash to preserve other aspects of the Debtor's business. The Trustee communicated with
8 multiple interested purchasers regarding the sale of the Graco business. On May 6, 2016, the Trustee
9 filed a motion for approval of the sale of its assets related to the Graco business (the "Sale Motion")
10 (Dkt. No. 200). The Sale Motion requested that the Court approve the sale of the Graco-related
11 assets to Tom Tucker and Larry Cook, representing a to-be-formed entity ("Tucker/Cook"). Before
12 the hearing on the Sale Motion, Ira Green, Inc. ("Ira Green") came forward with what the Trustee
13 concluded was a higher and better offer for the assets. On May 27, 2016, the Trustee conducted an
14 auction of the Graco assets and selected Ira Green as the prevailing bidder. On June 2, 2016, the
15 Court approved the sale of the assets to Ira Green for \$1,000,000.00, over the objection of Mr.
16 Hansen, who claimed that some of the assets sold were assets owned by Medallic Art Company,
17 LLC.

18 The Trustee significantly reduced the leased property expenses of the Debtor, by closing a
19 number of locations and consolidating operations into two locations. The Trustee rejected the
20 Debtor's lease for real property in Tomball, Texas, as well as its lease for real property in Federal
21 Way, Washington. The Trustee entered into a new lease in Kent, Washington, to house the corporate
22 offices of the company. The lease in Federal Way was expensive (approximately \$26k per month)
23 and was for more space than the Debtor needed. Much of the space in Federal Way was unused by
24 the Debtor on account of the Trustee's elimination of the Debtor's bullion trading operations. The
25 rejection of the Federal Way lease and execution of the new lease in Kent resulted in significant cost
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1 savings (approximately \$20k per month) to the estate but not until September of 2016. Thus, the
2 estate was burdened with bullion trading operational expenses when the estate had no bullion trading
3 revenues. The Trustee also negotiated a new lease for a reduced amount of space at the Debtor's
4 Green Bay premises, saving approximately \$2k per month. The Trustee closed the operations in
5 Auburn, Washington and moved those operations to Dayton, Nevada and rejected the Auburn lease,
6 saving approximately \$16k per month. On December 30, 2016, the Trustee filed a motion for
7 authority to retain Mr. Bill M. Atalla as Chief Executive Officer for the Debtor. Mr. Atalla is an
8 experienced and talented executive with a proven track record in driving sales growth for successful
9 businesses. The Trustee hired Mr. Atalla to grow the sales of the Debtor's custom mint business and
10 maximize the enterprise value of the company.

11 **C. Trustee's Resolution of Prepetition Litigation**

12 At the time of the Trustee's appointment, the Debtor was engaged in multiple lawsuits and
13 disputes, including disputes with governmental entities which were not stayed by the bankruptcy
14 automatic stay. The Trustee sought to avoid litigation expense by achieving settlements which were
15 approved by the Court with the Nevada Department of Environmental Protection ("NDEP") and the
16 Equal Employment Opportunity Commission ("EEOC"). The EEOC had sued the Debtor prepetition
17 in the United States District Court for the Western District of Washington, alleging that the Debtor,
18 through its principal Ross Hansen had violated Title VII of the Civil Rights Act of 1964, by
19 subjecting female employees to an abusive and hostile work environment. The Trustee and the
20 EEOC agreed to a form of consent decree resolving the suit and granting the EEOC an allowed
21 unsecured claim.

22 The Nevada Department of Environmental Protection ("NDEP") filed suit against in Nevada
23 on January 29, 2016 alleging the violation of certain environmental laws for a combined 1,071 days
24 and asserting that it was owed civil penalties in an amount not to exceed \$25,000 per day. NDEP
25 asserted that the Debtor continued to incur fines on a daily basis. The Trustee entered into
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1 negotiations with NDEP and eventually achieved a settlement with NDEP whereby NDEP would be
2 allowed an unsecured prepetition claim.

3 **D. Litigation against Medallic LLC**

4 NWTM's Dayton, Nevada location is a manufacturing facility that includes a satellite
5 corporate office, a 118,000-square foot minting facility, and storage vaults. It has been occupied by
6 the Debtor since 2009. The real property where the Debtor's Dayton facility is located was originally
7 owned by Medallic Art Company Ltd ("Medallic Ltd"), and entity owned by Robert and Connie
8 Hoff. In early 2009, the Debtor engaged and paid a Nevada based law firm to negotiate the
9 acquisition, by NWTM, of substantially all of Medallic Ltd's personal property assets, including its
10 equipment, archived materials, and goodwill and to negotiate a purchase option and lease for the
11 Dayton facility. However, according to the purchase documents, the eventual buyer was a newly
12 formed entity, owned by Ross Hansen and Dick Bressler. Mr. Hansen and Mr. Bressler, in these
13 proceedings, took the position that such assets had been transferred to an entity known as Medallic
14 Art Company, LLC ("Medallic LLC"), which was formed by Mr. Hansen in 2010.

15 After the acquisition of the Medallic assets, Ross Hansen moved NWTM employees and
16 equipment of the Debtor located in Auburn, Washington, to the Dayton facility at a substantial cost
17 to the Debtor. The Debtor announced in press releases and internal memoranda that the Debtor had
18 acquired Medallic Art Company and that the Debtor was combining the operations of the two
19 entities. After 2009, only NWTM manufactured product, had employees, and conducted business
20 operations in Dayton. All payroll for employees working in Dayton and other facilities of the Debtor
21 was paid by NWTM. Since July 2009, NWTM, and only NWTM, actively used the "Medallic" name
22 in commerce.

23 Hansen took the position in the bankruptcy case that the Dayton facility lease and the
24 operating assets acquired from the Hoffs in 2009 were the property of Medallic LLC and that the
25 bankruptcy estate owed significant rents and royalty payments to Medallic LLC. On August 12,
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1 2016, Medallic Art Company commenced an adversary proceeding (the “Medallic Litigation”)
2 against the Trustee by filing its Complaint for Declaratory, Injunctive, and Other Relief. Medallic
3 LLC asserted that the Debtor has no ownership right to any assets or property purchased from the
4 Hoffs in 2009 and that the license, royalty, and lease agreements between Medallic LLC and NWTM
5 are valid and enforceable. Medallic LLC also sought judgment for conversion and damages on
6 account of the Trustee exercising control over property interests that Medallic LLC asserted were its
7 own.

8 The Trustee answered the Complaint and asserted counterclaims for substantive
9 consolidation, alter ego, fraudulent transfer and other bases of recovery against Medallic LLC.
10 Medallic LLC and its attorneys (whom the Trustee eventually learned incurred in excess of \$400,000
11 in fees in connection with their representation of Medallic LLC), forced the Trustee to incur
12 substantial fees in the Medallic Litigation by, among other things, commencing the action, moving
13 to withdraw the reference of all aspects of the adversary proceeding to the United States District
14 Court, vigorously opposing the Trustee’s request to bifurcate the litigation, and by issuing numerous
15 discovery requests that required the Trustee and his counsel to preserve, collect, review and produce
16 thousands of documents. The Trustee engaged in motion practice, including by moving for
17 determination, on summary judgment, of the estate’s rights in the Dayton lease, conducting
18 depositions of Ross Hansen and various third party witnesses, and propounding discovery. On the
19 eve of trial, Medallic LLC capitulated, and entered into a stipulated form of judgment, which granted
20 all relief requested by the Trustee and denied the relief requested by Medallic LLC. In particular, the
21 judgment substantively consolidated the assets and liabilities of Medallic LLC with the assets and
22 liabilities of the Debtor.

23 While the fees and costs associated with the Medallic Litigation were substantial, the Trustee
24 was compelled to defend the claims asserted by Medallic LLC in the Medallic Litigation and
25 prosecute his counterclaims. The Medallic Litigation was critical to the Trustee’s ability to preserve
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1 the enterprise value of the company. The assets of the Debtor that are located in Dayton, Nevada are
2 essential for the Debtor's operations. If the Hansen and Medallic LLC had prevailed on its claims
3 against the Debtor, Medallic LLC would have been awarded title to assets in Dayton, and granted a
4 considerable money judgment against the Debtor for the Debtor's use of such assets. Under those
5 circumstances, the Trustee would have no chance of reorganizing the Debtor's business and the
6 Trustee would have been forced to immediately liquidate the Debtor's operations.

7 **E. Trustee's Plan of Reorganization and Sale Efforts**

8 Until April of this year, the Trustee was confident that he would be able to file a chapter 11
9 plan of reorganization that contemplated operating the company for a period of five years before
10 selling it at the end of the term. The Trustee believed that the business could generate payments to
11 creditors in the amount of \$5 million during these five years, plus even greater amounts upon a sale
12 at the end of the five-year term. The Trustee believed that the business' cash flow was sufficient to
13 support the proposal of such a plan. For instance, at the end of March, the Trustee projected a cash
14 balance of nearly \$1.5 million at the end of 2017—even after payment of \$400,000 in professional
15 fees. Leading up to April 2017, the Trustee spent many hours researching, and formulating a chapter
16 11 plan, including consulting with his counsel on the tax implications of such a plan. However, in
17 April 2017, the sales for the business imploded and the Trustee was forced to defer the chapter 11
18 plan as contemplated. Since April 2017, the Trustee has made efforts to market the business for a
19 potential § 363 sale to an interested buyer.

20 **CASE STATUS**

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

22 The Trustee was appointed as Chapter 11 Trustee on April 11, 2017. The Trustee has
23 faithfully performed all the administrative duties of the Trustee, including but not limited to
24 preparing bankruptcy schedules and statements of financial affairs for the case; preparing monthly
25 financial reports; responding to the informational requests of the Department of Justice and Federal
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1 Bureau of Investigation; reviewing filed claims; and interfacing with the more than 3,000 creditors
2 of the Debtor who filed claims totally more than \$50 million.

3 The Debtor's monthly operating reports contain up-to-date information regarding the amount
4 of cash on hand or on deposit in the Debtor's estate, and the Debtor's operating profits or losses, and
5 the amount of unencumbered funds in the Debtor's estate. To the best of the Trustee's knowledge,
6 the Trustee has filed all monthly operating reports through the date of this Application, and has paid
7 all quarterly United States Trustee's fees. As set forth herein, the Trustee continues to attempt to
8 recover assets for the benefit of creditors, improve sales of the company, and preserve the Debtor's
9 enterprise value for the benefit of the estate's creditors.

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

11 True and correct copies of the Trustee's billing statements are attached to the Declaration of
12 Mark Calvert in Support of this Application, filed contemporaneously herewith. The billing
13 statements contain itemized time records which include the date the service was rendered, the
14 identity of the person providing the services, a detailed description of the services performed and the
15 total hours and amount of compensation requested. The Trustee has not moved for approval of fees
16 or expenses by the Court in this case or been paid any fees in connection with the case. The
17 Trustee's ordinary course travel expenses for traveling to the various locations of the Debtor's
18 businesses have been paid in the ordinary course. To date, the Trustee has been reimbursed for
19 \$26,052.18 in ordinary course travel expenses. The Trustee's financial consultants Cascade Capital
20 Group LLC received an interim payment of \$110,338.70 in fees in December 2016, pursuant to
21 authority in the Order Establishing Procedures for Interim Payment of Fees and Costs of
22 Professionals [Dkt. No. 394]. However, in 2017, Cascade paid back \$100,000 of that amount to
23 assist in addressing cash flow pressures for the estate's business to help protect the potential
24 enterprise value of the Debtor's business.

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C. Source of Payment and Amount of Unencumbered Funds

The Trustee does not presently seek approval of his fees and costs herein. If and when the estate generates sufficient operational profits or proceeds from the sale of the business, the Trustee will seek approval of his fees and costs. The Debtor’s monthly operating reports contain up-to-date information regarding the amount of cash on hand or on deposit in the Debtor’s estate, and the Debtor’s operating profits or losses, and the amount of unencumbered funds in the Debtor’s estate. Per the July monthly operating report, the estate held as of July 31, 2017, cash of \$282,511, accounts receivable of \$883,087 and inventory of \$1,885,075. While there are filed secured claims, the Trustee does not believe that there are any material secured claims against cash, inventory or receivables other than the DIP financing facility.

D. Other Employed Professionals

The Trustee has engaged Cascade Capital Group (“Cascade Capital”) as accountants to the Trustee. Miller Nash Graham & Dunn has been employed as counsel for the Official Unsecured Creditors’ Committee (the “Committee”). Loraine Barrick and Lorraine Barrick LLC have been employed by the Committee as a financial advisor, but have not yet provided any services to the estate. James G. Murphy has been employed by the Trustee as Auctioneer, but has not incurred any fees other than his initial appraisal fee of \$2,500 which has been paid as provided in his employment order.

SUMMARY OF PROFESSIONAL SERVICES BY PROJECT CATEGORY

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

<u>EXHIBIT</u>	<u>DESCRIPTION</u>
Exhibit A	Itemized Billing Statements
Exhibit B	Summary Sheet of Monthly Fees by Project Category

1 Exhibit C Summary Sheet of Monthly Hours by Project Category

2 Exhibit D Summary Sheet of Monthly Expenses by Category

3 The exhibits submitted in connection with this Application demonstrate the amount of fees
4 the Trustee incurred in his capacity as Trustee from April 2016 through July 2017 (the “Application
5 Period”). The Trustee’s hourly rate was \$400 during the Application Period, except that travel was
6 billed at a rate of \$200 per hour. The exhibits break down, by each month, the amount of hours
7 worked by the Trustee and the amount of fees the Trustee incurred. The exhibits further describe the
8 number of fees and hours worked by the Trustee within particular project categories.

9 As the exhibits demonstrate, the Trustee incurred a total of \$602,160.00 in fees during the
10 Application Period. The Trustee’s fees were for the following categories of tasks, each of which are
11 described in more detail below: Bank Database, Bankruptcy Admin, Bankruptcy Schedules, Cash
12 Flow Management, Claims, Committee, Court Hearing, Insolvency, Investigation – Fraud, Job
13 Costing, Medallic, Monthly Operating Reports, Operations, Plan of Reorganization, Sale of Assets,
14 Sale of Company, and Travel

15 Exhibit D is a chart showing the amount of costs the Trustee incurred in his capacity as
16 Trustee during the Application Period. The chart breaks down the fees he has incurred on a monthly
17 basis and further describes the expenses using the following specific categories: Travel (Airfare),
18 Travel (Meals), Travel (Ground), Travel (Lodging), Travel (Misc), Amicus Law Group, Matson
19 Surety –Bond, and Hoff Testimony. The Trustee incurred a total of \$26,534.13 in expenses during
20 the Application Period, of which \$24,666.58 have been reimbursed by the Debtor as ordinary course
21 travel expenses.

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 A 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 Bank Database (Total Hours: 3.8). This category represents fees incurred in connection with
4 data collection of all bank/cash data, categorizing all transactions, and analysis of data. The Trustee
5 incurred a total of \$1,520.00 in fees in this category during the Application Period. While the
6 Trustee's hours in this category were limited, Cascade's time was much more significant. The
7 database is a tool that allows the Trustee to explore, analyze, and identify financial trends, the flow
8 of funds, and the availability of funds. The database has been used in all aspects of the case,
9 including fraudulent transfer analysis, analysis of distributions to owners and investigation of
10 missing inventory. It is the tool that allowed the estate to confirm storage and lease customer
11 payments for inventory returned to them, and it allowed the Trustee to track the source of funds used
12 by Ross Hansen in the acquisition of the assets owned by Medallic Art Company, Ltd. The database
13 was also instrumental in the Trustee's determination of the Debtor's insolvency dating back to 2008,
14 and his determination that the Debtor used subsequent customer deposits to buy inventory to fulfill
15 older customer orders. Using the database, the Trustee has been able to distinguish the amount of
16 missing cash and inventory from amounts lost in the operations of the Debtor's business. The
17 database will also be used by the Trustee to complete tax returns for the Debtor for the past 6 years.

18 Bankruptcy Admin (Total Hours: 110.90). Among other services provided in this category
19 during the Application Period, the Trustee (i) performed duties related to initial takeover of company
20 as trustee; (ii) conducted meetings with Ross Hansen; (iii) bonded the company; (iv) made sure that
21 adequate insurance was in place; (v) met with lawyers; (vi) indexed files; (vii) compiled and
22 reviewed documentation related to my understanding the bankruptcy case; (viii) restricted duties and
23 access of employees to precious metals. The Trustee incurred a total of \$44,360.00 in fees in this
24 category during the Application Period.

1 Bankruptcy Schedules (Total Hours: 3.2). This category includes work associated with the
2 gathering of financial and operating data for the schedules filed with the Bankruptcy Court. The
3 Trustee incurred a total of \$1,280.00 in fees in this category during the Application Period. The
4 Trustee’s time in this category was limited as the schedules were completed by Cascade and K&L
5 Gates, with the Trustee reviewing the completed schedules.

6 Cash Flow Management (Total Hours: 58.40). Among other services provided in this
7 category, the Trustee created a rolling daily cash flow with daily cleared incoming and outgoing cash
8 transactions. The Trustee’s daily cash flow schedule includes projections through the end of 2017 to
9 help manage cash. Cash flow shortfalls have been an ongoing and extensive issue NWTM has faced
10 since the petition date. The Trustee also analyzed the need and timing of DIP financing on a strategic
11 basis several times in order to help the Debtor remain a going concern. The Trustee incurred a total
12 of \$23,360.00 in fees in this category during the Application Period.

13 Claims (Total Hours: 137.0). Among other services provided in this category, the Trustee
14 negotiated resolution of the claims asserted by the EEOC and NDEP, analyzed missing asset claims,
15 conducted analysis of storage customer claims, verified ownership of stored inventory, conducted
16 proof of claim reconciliations, and reviewed and responded to customer inquiries from many of the
17 approximately 3,000 of the Debtor’s creditors—many of whom the Trustee has been obligated to
18 speak with on a number of occasions. The Trustee incurred a total of \$54,800.00 in fees in this
19 category.

20 Committee (Total Hours: 153.70). Among other services provided in this category during
21 the Application Period, the Trustee drafted reports for the Unsecured Creditors Committee (the
22 “Committee”), communicated with the Committee, and participated with meetings with the
23 Committee. The Trustee has worked closely with the Committee to ensure that they have adequate
24 information and help them understand the realities of this case and the Trustee’s efforts. The Trustee
25 incurred a total of \$61,480.00 in fees in this category during the Application Period.

1 Court Hearings (Total Hours: 152.10). This category consists of time related to court
2 hearings, including meetings with the Trustee’s counsel in preparation for the hearings. This
3 category includes time reviewing declarations and attending court when appropriate. Throughout the
4 case, the Court has had a number of questions concerning many of the motions filed by the Trustee.
5 The Trustee sought to provide the Court with adequate information to address all of its concerns,
6 which in certain instances called for the Trustee’s attendance with counsel in Court. The Trustee
7 incurred a total of \$60,840.00 in fees in this category during the Application Period.

8 Insolvency (Total Hours: 4.3). This category consists of work the Trustee performed relating
9 to the collection and analysis of financial data related to NWTM and Medallic LLC. The time in this
10 category was limited for the Trustee, and more significant for Cascade. The Trustee incurred a total
11 of \$1,720.00 in fees in this category during the Application Period.

12 Investigation – Fraud (Total Hours: 30.7). Among other services provided in this category
13 during the Application Period, the Trustee searched for missing inventory, collected and analyzed
14 data related to the Debtor’s payment of the American Express card in Diane Erdmann’s name,
15 reviewed correspondence related to Ross Hansen and Diane Erdmann, responded to information
16 requests from the FBI and Department of Justice, and participated in depositions of Ross Hansen and
17 Diane Erdmann. The Trustee incurred time in this category based on what the Trustee determined
18 was normal and appropriate in a bankruptcy case. The Debtor’s lack of adequate records, internal
19 controls, segregation of duties by staff, and customer storage records all resulted in a significant
20 amount of work and effort than what is typically required. The Trustee incurred a total of \$12,280.00
21 in this category during the Application Period.

22 Job Costing (Total Hours: 3.2). This category consists of work the Trustee performed related
23 to the gathering of production data, die cost analysis, and various categories of custom orders cost to
24 determine business profitability. The Trustee incurred a total of \$1,280.00 in this category during the
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1 Application Period, as some of the job costing time was allocated by the Trustee to the Operations
2 category described below.

3 Medallic (Total Hours: 24.0). Among other services provided in this category, the Trustee
4 performed services related to the verification and identification of assets allegedly owned by
5 Medallic, analysis of transfer of assets to Graco, review and analysis of Medallic LLC financial
6 statements, and preparation of analysis to be presented at trial. The Medallic Litigation required a
7 significant amount of time to confirm the flow of funds, the Debtor's insolvency, and fraudulent
8 transfers. The bulk of the work in this category appears in Cascade's application. The Medallic
9 Litigation was critical to this bankruptcy estate. As explained above, the Trustee's ownership of the
10 Medallic-related assets is absolutely essential to running the Debtor's business and preserving its
11 enterprise value. The Trustee incurred a total of \$9,600.00 in this category during the Application
12 Period.

13 Monthly Operating Reports (Total Hours: 18.0). This category consists of efforts the Trustee
14 took to collect data from accounting staff for the required operating reports. The Trustee analyzed
15 financial statement data for accuracy and drafted write-ups of significant monthly events. The
16 Trustee incurred a total of \$7,200.00 in fees in this category during the Application Period.

17 Operations (Total Hours: 385.60). This category consists of work performed by the Trustee
18 in dealing with daily operational issues that arise in connection with the Debtor's business. The
19 Trustee evaluated issues, formulating solutions, providing directions to managers with respect to
20 such issues. This is the largest category of time for the Trustee. The operations of the Debtor were in
21 disarray upon the Trustee's appointment and lacked any structure. The Trustee focused on cutting
22 costs to achieve profitability. This category included the Trustee's time related to operating issues
23 for staffing, compensation, healthcare, safety compliance, environmental compliance, product
24 pricing, and production scheduling. The Trustee incurred a total of \$154,240.00 in fees in this
25 category during the Application Period.

1 Plan of Reorganization (Total Hours: 226.2). Among other services provided in this category,
2 the Trustee conducted personnel review, performed company-wide lease reviews and negotiations,
3 evaluated the Debtor's operations, formulated a financial model for a reorganization plan, conducted
4 budget plan, worked on sales order process optimization, and evaluated the possible sale of the
5 company. The Trustee incurred a total of \$90,480.00 in fees in this category during the Application
6 Period.

7 Sale of Assets (Total Hours: 90.80). This category consists of the Trustee's creation of an
8 unsolicited buyers list and price model for the Trustee's sale of the Graco business in Tomball,
9 Texas, and the sale of excess equipment and fixtures in Nevada. This category also included the
10 Trustee's time to retain an auction firm to value the Debtor's equipment, determine ownership of
11 equipment, determine whether equipment could be sold, sell some equipment, and list other
12 equipment. The Trustee incurred a total of \$36,320.00 in fees in this category during the Application
13 Period.

14 Sale of Company (Total Hours: 57.90). This category consists of work performed by the
15 Trustee to evaluate the possible sale of the entire company, including creating a buyers list,
16 formulating price models, extensive correspondence with potential buyers, meeting with potential
17 buyers, creating and sending potential buyers requested information. The Trustee incurred a total of
18 \$23,160.00 in fees in this category during the Application Period.

19 Travel (Total Hours: 91.2). This category consists of time spent by the Trustee traveling to
20 local and out-of-state locations. The Trustee has billed his travel time at half his \$400 per hour rate
21 for this case. The Trustee incurred a total of \$18,240.00 in fees in this category during the
22 Application Period.

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CONCLUSION

The Trustee submits the foregoing Application and specifically reserves the right to request approval of the fees and costs described herein pursuant to 11 U.S.C. § 330 and LBR 2016-1 at a later date.

DATED this 15th day of September, 2017.

/s/ Mark Calvert
Mark Calvert, Chapter 11 Trustee

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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 September 15, 2017, 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.

Also on September 15, 2017, she caused the foregoing document to be placed in the mail to the Parties at the addresses listed below:

Northwest Territorial Mint LLC
c/o Ross Hansen, Member
P.O. Box 2148
Auburn, WA 98071-2148

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 15th day of September, 2017 at Seattle, Washington.

/s/ Denise A. Lentz
Denise A. Lentz