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

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

9 In re:

10 NORTHWEST TERRITORIAL MINT,  
11 LLC

12 Debtor.

Case No. 16-11767-CMA

K&L GATES LLP APPLICATION FOR  
COMPENSATION

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14 Pursuant to 11 U.S.C. § 330 and Local Rule 2016, K&L Gates LLP (“K&L Gates”) counsel  
15 for Chapter 11 Trustee Mark Calvert, hereby submits this application (the “Application”) for  
16 compensation for professional services rendered from April 1, 2016 through July 31, 2017 (the  
17 “Application Period”). K&L Gates submits this Application in compliance with the Court’s direction  
18 that the Trustee and his counsel file fee applications and set them for hearing on October 6, 2017.  
19 The application is for fees in the amount of \$2,260,236.51 and costs in the amount of \$121,018.90  
20 for a total application of \$2,381,255.41. The Application is supported by the Declaration of  
21 Michael J. Gearin in Support of K&L Gates LLP Application for Compensation, filed concurrently  
22 herewith (the “Gearin Dec.”) In support of this application, K&L Gates represents and states as  
23 follows:  
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K&L GATES LLP APPLICATION  
FOR COMPENSATION - 1

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1 **CASE OVERVIEW AND STATUS**

2 K&L Gates is the counsel to Mark Calvert, the appointed Chapter 11 Trustee for the  
3 Northwest Territorial Mint, LLC (“NWTM”, “Mint” or “Debtor”). This Application provides the  
4 Court and creditors with information regarding K&L Gates’ services in support of the Trustee’s  
5 efforts to return value to creditors in an extremely difficult case. <sup>1</sup> The Trustee’s efforts in this case  
6 on behalf of creditors and those of K&L Gates have been singularly focused on preserving and  
7 realizing on the enterprise value of the business of the bankruptcy estate for the benefit of creditors.  
8 Since the very inception of the bankruptcy case, absent preservation of the enterprise value of the  
9 business of the estate, there would be little, if any, return to creditors in this case.

10 K&L Gates has supported the Trustee’s investigation of the financial affairs of the Debtor  
11 and preservation of the value of the business. K&L Gates has been directly involved in and  
12 supported the Trustee’s streamlining of the business of the Debtor: supporting court approvals of  
13 sales of assets, reduction in employee force and disposition of real property leases. K&L Gates  
14 assisted the Trustee in resolving the approximately fifteen lawsuits or threatened lawsuits that the  
15 Trustee faced upon his appointment. K&L Gates successfully prosecuted the litigation against  
16 Medallic Art Company, resulting in the substantive consolidation of the assets of Medallic with  
17 those of NWTM, which litigation was essential to the reorganization efforts of the estate. K&L  
18 Gates successfully defended the claims of the landlord for the Dayton facility who had asserted  
19 approximately a half million dollars of cure costs against the estate. K&L Gates has assisted the  
20 Trustee in preserving and producing in litigation voluminous and disorganized records of the Debtor.  
21 K&L Gates assisted the Trustee in his vigorous investigation of the more than \$12 million in missing  
22 precious metal inventory of the Debtor and in the identification and return of approximately  
23 \$900,000 of customer owned precious metal. K&L Gates preserved and registered valuable  
24 tradename rights for the bankruptcy estate. K&L Gates and the Trustee have worked with the

25 \_\_\_\_\_  
<sup>1</sup> A detailed narrative of the affairs of the bankruptcy case is contained in the Trustee’s Application for Compensation, filed with the Court on September 15, 2017 at Dkt. #1201 which narrative is hereby incorporated by reference.

1 Official Unsecured Creditors' Committee (the "Committee") and have kept the Committee informed  
2 throughout the case. K&L Gates has been actively involved in communications with a large creditor  
3 body.<sup>2</sup> K&L Gates assisted the Trustee in drafting a proposed Plan of Reorganization which was  
4 presented to the Committee for consideration.

5 The Trustee continues to believe that if the enterprise value of the business can be preserved,  
6 there can be a significant return to the estate's roughly 3,000 creditors. While the Trustee has made  
7 significant progress in stabilizing and preserving the business of the debtor and in resolving complex  
8 disputes regarding the ownership of assets that are essential to the ongoing business of the estate, it  
9 is premature at this juncture of the case to determine to what extent the estate will succeed in  
10 realizing on the enterprise value of the company. K&L Gates is committed to seeing through the  
11 Trustee's efforts to bring a meaningful return to creditors in this case and continues to believe that  
12 that goal is achievable.

### 13 **FACTS**

#### 14 **1. Dates of Appointment of Trustee and Administrative Duties.**

15 On April 1, 2016, the Debtor filed a voluntary petition for relief under chapter 11 of the  
16 Bankruptcy Code in the Bankruptcy Court. The Trustee was appointed over the bankruptcy estate of  
17 Northwest Territorial Mint, LLC on April 11, 2016.

#### 18 **2. Employment of K&L Gates LLP.**

19 This court entered its Interim Order Authorizing Employment of K&L Gates as Attorneys for  
20 Trustee (the "Interim Order") (Dkt. 60) on April 13, 2016. The court entered its Final Order  
21 Authorizing Employment of K&L Gates as Attorneys for Trustee (the "Final Order") (Dkt. 262) on  
22 May 17, 2017.

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<sup>2</sup> More than 3000 creditors filed claims in this case in dollar amounts in excess of \$70 million.

1     **3.     Prior Compensation and Reimbursement of Expenses.**

2             K&L Gates has not previously applied for approval of its fees and expenses. On June 9,  
3     2016, the Court entered an Order Establishing Procedures for Interim Payment of Fees and Costs to  
4     Professionals (“Procedures Order”) (Dkt. 394). From the inception of his appointment, the Trustee  
5     has maintained working cash flow projections. In November, 2016, the Trustee’s cash flow  
6     projections supported an ability to make an interim distribution on professional fees, projecting a  
7     cash surplus in August 2017 of approximately \$1 million, after making an interim distribution to  
8     professionals totaling \$400,000. Pursuant to the Procedures Order, K&L Gates served a Notice of  
9     Intent to Make Distributions on Professional Fees and Expenses (“Notice of Intent to Pay”) on the  
10    parties required under the Procedures Order. No objections were received to the Notice of Intent to  
11    Pay and after consultation with the Trustee, the Committee consented to the interim payment of fees.  
12    On December 13, 2016 K&L Gates received \$232,671.12 as an interim distribution on its accrued  
13    fees, but has received no other distributions since.

14    **4.     Source of Payment and Amount of Unencumbered Funds.**

15             The Debtor’s monthly operating reports contain information regarding the amount of cash on  
16    hand or on deposit in the Debtor’s estate, and the Debtor’s operating profits or losses, and the  
17    amount of unencumbered funds in the Debtor’s estate. Per the July monthly operating report, the  
18    estate held as of July 31, 2017, cash of \$282,511, accounts receivable of \$883,087 and inventory of  
19    \$1,885,075. In June, 2017, the Trustee entered into a court approved factoring agreement and  
20    borrowed funds on a secured basis under that facility. Per the monthly operating reports, the balance  
21    on the factoring loan as of July 31, 2017 was \$232,949. K&L Gates is not aware that there are any  
22    claims that are secured by cash, inventory or accounts receivable of the Debtor other than the DIP  
23    loan. At such time as K&L Gates requests approval of its compensation requested payment shall be  
24    from unencumbered funds of the estate.

1 **5. Other Employed Professionals.**

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

9 **6. Financial Condition of the Estate**

10 During the course of the Trustee’s administration of the case, the estate has remained current  
11 on its payment of postpetition taxes and United States Trustee’s fees. The July monthly operating  
12 report reflects a post petition accounts payable balance, excluding taxes and professional fees of  
13 \$158,079.19. The Trustee obtained court approval for a DIP loan which balance at month end July,  
14 2017 was \$232,949. The Trustee currently lacks sufficient cash to pay administrative claims. Cash  
15 flow from business operations has tightened due to unanticipated reduced revenues in the Spring of  
16 2017. The Trustee has indicated that he has observed an improvement in sales activity for product  
17 deliveries in the Fall, 2017 including an increase in larger custom minting orders. This increase in  
18 sales activity provides room for optimism regarding the prospects of the business. The Trustee  
19 anticipates that the sale of the Company as a going concern or reorganization of the Company on  
20 terms providing dividends to creditors post confirmation will eventually provide the resources for  
21 payment of administrative expenses and distributions to creditors. The Trustee is also in discussion  
22 with potential purchasers who have expressed interest in purchasing the company on a going concern  
23 basis, or otherwise investing in the business.

1 **7. Narrative Summary of Services Performed.**

2 K&L provided services to the Trustee on a broad range of matters. Initially, the Trustee  
3 required legal support in the preservation of the financial records of the Debtors, identification and  
4 preservation of all of assets of the Debtor and communications with creditors and former staff  
5 regarding the Debtors' operations and financial circumstances. K&L assisted in the drafting of  
6 formal and informal discovery from third party sources including financial institutions, professionals  
7 previously engaged by the Debtors and other creditors in support of the Trustee's investigation.  
8 K&L assisted in drafting and facilitated the filings of schedules and statements of financial affairs  
9 for the Debtor. K&L Gates assisted the Trustee in obtaining approval for the employment of  
10 executives of the company and professionals who have provided services to the bankruptcy estate.  
11 K&L Gates has provided services in analyzing and seeking the recovery of assets of the bankruptcy  
12 estate. K&L Gates has assisted the Trustee in obtaining court approval to sell certain assets of the  
13 estate. K&L Gates has assisted the Trustee in addressing business issues involving customer issues,  
14 employment matters, landlord matters and matters involving parties who have provided financing to  
15 the estate. K&L Gates has assisted in the analysis of complex tax matters relating to the Trustee's  
16 formulation of a plan of reorganization and has supported the Trustee in multiple complex and  
17 difficult litigation matters. K&L Gates participated in meetings with the Trustee and the Federal  
18 Bureau of Investigation ("FBI") in response to discovery requests from the United States  
19 Government and assisted in the production of records to the Government in connection with  
20 subpoenas directed to the Trustee.

21 **8. Summary Record Of Services Rendered And Statement Of Expenses.**

22 Attached as Exhibit B to the Gearin Dec. are copies of K&L Gates' itemized invoices for  
23 fees and expenses incurred from April 1, 2016 through July 31, 2017 (the "Application Period").  
24 K&L Gates has expended 5965.1 hours representing the Trustee and has incurred fees of  
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1 \$2,260,236.51 and expenses of \$121,018.90 for a total application amount of \$2,381,255.41 during  
2 the Application Period.

3 The billing statements are provided on a monthly basis and fees are segregated by the  
4 following project categories as recommended by the Office of the United States Trustee in its Fee  
5 and Expense Guidelines. A brief summary of the primary services performed under each project  
6 category follows:

7 <b>70010</b>	<b>Asset Analysis &amp; Recovery</b>	<b>Hours: 329.9</b>	<b>Amount:\$ 129,509.00</b>
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8 Fees in this category include work in the identification and preservation of assets of the  
9 Debtor including precious metal assets and cooperative efforts with creditors to identify and preserve  
10 assets. Fees were also incurred in assessing relationships with creditors including the analysis of  
11 storage, leasing and consignment relationships and the preservation of records of the Debtor. The  
12 Trustee was dealing with garnishments of the bank accounts of the Debtor at the time of this  
13 appointment and K&L Gates assisted in the resolution of those garnishment issues. Fees were also  
14 incurred in the initial assessment of the relationship between NWTM and Medallic Art Company  
15 and the claims to ownership of assets. Fees were incurred in assessing the insurance coverage rights  
16 of the Trustee and addressing inquiries from creditors regarding insurance coverage for the benefit of  
17 creditors.

19 <b>70020</b>	<b>Asset Disposition</b>	<b>Hours: 388.9</b>	<b>Amount:\$ 141,595.50</b>
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20 Fees in this category were related to sales of assets by the trustee and the filing of motions  
21 seeking authority from the Court for such sales. In particular, the Trustee negotiated a purchase and  
22 sale agreement for the sale of the Tomball, Texas assets and filed a motion to approve that sale. The  
23 sale was contested by Medallic Art Company as controlled by Ross Hansen and after a multiple day  
24 evidentiary hearing, the Trustee obtained approval to sell the Tomball assets. Fees in this category  
25 also include the support for the analysis and documentation of customer owned inventory and the

1 Trustee's motions to return such customer owned inventory. K&L Gates submitted detailed and  
2 comprehensive evidence to the Court in connection with multiple inventory return motions in order  
3 to obtain court approval to return inventory. K&L assisted the Trustee in filing motions to sell  
4 excess equipment and obtained court approval for those sales.

<b>70030</b>	<b>Business Operations</b>	<b>Hours: 139.1</b>	<b>Amount: \$71,466.50</b>
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7 Fees in this category relate to the assessment of payroll and insurance issues, engagement  
8 with certain custom mint customers regarding delivery and contract issues, addressing issues with  
9 credit card payment firms, addressing certain landlord issues regarding performance obligations  
10 under real property leases, addressing notifications to insurers and time related to the employment of  
11 a production manager for the Dayton, Nevada facility.

<b>70040</b>	<b>Case Administration</b>	<b>Hours: 375.9</b>	<b>Amount: \$135,075.50</b>
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14 Fees in this category include on-going communications with the Trustee regarding  
15 administration of the bankruptcy case, preparation of bankruptcy schedules and statements of  
16 financial affairs, preparation for and attendance at the initial meeting of creditors. K&L Gates  
17 assisted in the preparation of initial pleadings including case administration motions and worked  
18 with the Trustee to coordinate communications with creditors via a hosted website and via other  
19 means. K&L Gates assisted the Trustee in preparations for and attendance at the initial status  
20 conference as ordered by the Court.

<b>70050</b>	<b>Claims, Administration, Objections</b>	<b>Hours: 233.3</b>	<b>Amount: \$71,346.50</b>
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23 Fees in this category include limited analysis of claims in connection with the drafting of a  
24 plan of reorganization and preparation of pleadings for multiple claims bar dates (one for NWTM  
25 and one for Medallic Art Company following substantive consolidation); work on claims databases



1 and consultations with creditors regarding the filing of claims. K&L Gates analyzed certain priority  
2 and secured claims of taxing authorities and communicated with taxing authorities regarding those  
3 claims issues. K&L Gates analyzed and addressed administrative claims by the seller of the Tomball  
4 Texas assets and sought to obtain approval of a compromise of those claims.

<b>70060</b>	<b>Employee Benefits/Pensions</b>	<b>Hours: 18.7</b>	<b>Amount: \$6,570.50</b>
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7 Fees in this category principally involved assessment of employee benefits including  
8 vacation and health insurance as well as assessment of potential WARN Act issues.

<b>70070</b>	<b>Fee/Employment Applications</b>	<b>Hours: 85.3</b>	<b>Amount: \$35,882.50</b>
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11 Fees in this category include preparation of applications for employment of Bill Atalla  
12 (“Atalla”) as Chief Executive Officer of the Debtor, as well as applications for the employment of  
13 James G. Murphy as Auctioneer, Cascade and K&L Gates. The employment of Atalla involved  
14 considerable dialogue with the Committee. K&L Gates participated in discussions with United  
15 States Trustee’s office regarding employment applications, prepared and reviewed employment  
16 applications, prepared necessary disclosures to the Court, and attended hearings on the employment  
17 of Atalla, Cascade, and K&L Gates and the employment applications of other professionals.

<b>70080</b>	<b>Fee/Employment Objections</b>	<b>Hours: 3.0</b>	<b>Amount: \$667.00</b>
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20 Fees in this category are very limited and principally involve addressing issues regarding the  
21 withdrawal of the law firm that had represented the Debtor.

<b>70090</b>	<b>Financing and Cash Collateral</b>	<b>Hours: 38.8</b>	<b>Amount: \$16,507.50</b>
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Fees in this category are principally related to the Trustee’s negotiation, documentation and motion to approve his factoring agreement with Prestige Capital which was approved by the Court in June, 2017.

<b>70100</b>	<b>Litigation</b>	<b>Hours: 293.2</b>	<b>Amount: \$109,932.00</b>
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At the commencement of the bankruptcy case, NWTM was involved in approximately 15 lawsuits or threatened lawsuits. Fees and costs in this matter relate to litigation searches, communicating with counsel representing the Mint in pending litigation, and understanding the nature and validity of claims asserted against the Mint. Fees and costs were also incurred ensuring that litigation was stayed. Fees and costs were incurred analyzing potential litigation claims and the taking of 2004 examinations. Fees and costs were incurred responding to 2004 motions brought by Medallic Art Company, LLC, and addressing efforts by Ross Hansen to interfere with administration of the estate.

<b>70101</b>	<b>Trustee v Medallic Art Co LLC</b>	<b>Hours: 1177.8</b>	<b>Amount: \$490,371.00</b>
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Services in this category relate to the litigation in the adversary proceeding between the Trustee and Medallic Art Company. NWTM’s Dayton, Nevada location is a manufacturing facility that includes a satellite corporate office, a 118,000-square foot minting facility, and storage vaults. It has been occupied by the Debtor since 2009. The real property where the Debtor’s Dayton facility is located was originally owned by Medallic Art Company Ltd (“Medallic Ltd”), and entity owned by Robert and Connie Hoff. In early 2009, the Debtor engaged and paid a Nevada based law firm to negotiate the acquisition, by NWTM, of substantially all of Medallic Ltd’s personal property assets, including its equipment, archived materials, and goodwill and to negotiate a purchase option and lease for the Dayton facility. However, according to the purchase documents, the eventual buyer was

1 a newly formed entity, owned by Ross Hansen and Richard Bressler. Mr. Hansen took the position  
2 in this bankruptcy case that the Nevada based assets had been transferred to an entity known as  
3 Medallic Art Company, LLC (“Medallic LLC”), which was formed by Mr. Hansen in 2010 and  
4 owned by Hansen and Bressler.

5 After the acquisition of the Medallic assets, Ross Hansen moved NWTM employees and  
6 equipment of the Debtor located in Auburn, Washington, to the Dayton facility at a substantial cost  
7 to the Debtor. The Debtor announced in press releases and internal memoranda that the Debtor had  
8 acquired Medallic Art Company and that the Debtor was combining the operations of the two  
9 entities. After 2009, only NWTM manufactured product, had employees, and conducted business  
10 operations in Dayton. All payroll for employees working in Dayton and other facilities of the Debtor  
11 was paid by NWTM. Since July 2009, NWTM, and only NWTM, actively used the “Medallic” name  
12 in commerce.

13 Hansen took the position in the bankruptcy case that the Dayton facility lease and the  
14 operating assets acquired from the Hoffs in 2009 were the property of Medallic LLC and that the  
15 bankruptcy estate owed significant rents and royalty payments to Medallic LLC. On August 12,  
16 2016, Medallic Art Company commenced an adversary proceeding (the “Medallic Litigation”)  
17 against the Trustee by filing its Complaint for Declaratory, Injunctive, and Other Relief. Medallic  
18 LLC asserted that the Debtor has no ownership right to any assets or property purchased from the  
19 Hoffs in 2009 and that the license, royalty, and lease agreements between Medallic LLC and NWTM  
20 are valid and enforceable. Medallic LLC also sought judgment for conversion and damages on  
21 account of the Trustee exercising control over property interests that Medallic LLC asserted were its  
22 own.

23 The Trustee answered the Medallic complaint and asserted counterclaims for substantive  
24 consolidation, alter ego, fraudulent transfer and other bases of recovery against Medallic LLC.  
25 Medallic LLC and its attorneys (whom the Trustee eventually learned incurred in excess of \$400,000

1 in fees in connection with their representation of Medallic LLC), forced the Trustee to incur  
2 substantial fees in the Medallic Litigation by, among other things, commencing the action, moving  
3 to withdraw the reference of all aspects of the adversary proceeding to the United States District  
4 Court, demanding a jury trial, vigorously opposing the Trustee's request to bifurcate the litigation,  
5 and by issuing broad and burdensome discovery requests that required the Trustee and his counsel to  
6 preserve, collect, review and produce thousands of documents. The Trustee engaged in motion  
7 practice, including by moving for determination, on summary judgment, of the estate's rights in the  
8 Dayton lease, conducting depositions of Ross Hansen and various third party witnesses, and  
9 propounding discovery. On the eve of trial, Medallic LLC capitulated, and entered into a stipulated  
10 form of judgment, which granted all relief requested by the Trustee and denied the relief requested  
11 by Medallic LLC. In particular, the judgment substantively consolidated the assets and liabilities of  
12 Medallic LLC with the assets and liabilities of the Debtor.

13 While the fees and costs associated with the Medallic Litigation were substantial, the Trustee  
14 was compelled to defend the claims asserted by Medallic LLC in the Medallic Litigation and  
15 prosecute his counterclaims. The Medallic Litigation was critical to the Trustee's ability to preserve  
16 the enterprise value of the company. The assets of the Debtor that are located in Dayton, Nevada are  
17 essential to the Debtor's operations. If the Hansen and Medallic LLC had prevailed on its claims  
18 against the Debtor, Medallic LLC would have been awarded title to assets in Dayton, and granted a  
19 considerable money judgment against the Debtor for the Debtor's use of such assets. Under those  
20 circumstances, the Trustee would have no chance of reorganizing the Debtor's business and the  
21 Trustee would have been forced to immediately liquidate the Debtor's operations. K&L Gates  
22 services in support of the Trustee in this litigation was essential to the reorganization efforts of the  
23 estate.

1	<b>70102</b>	<b>Trustee v Diane Erdmann</b>	<b>Hours: 419.7</b>	<b>Amount: \$163,223.50</b>
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3 Fees in this category include those incurred in the investigation of Diane Erdmann's exercise  
4 of control over and appropriation of assets of the Mint in the period preceding its Chapter 11 filing  
5 and an investigation of the inventory management and recordkeeping done by Ms. Erdmann with an  
6 eye towards identifying whether Mint assets were being held by her or by third parties for her  
7 benefit. Because it was known that Diane Erdmann sold gold coins to pay the advance fee deposit to  
8 the Tracy Law Group, PLLC ("TTLG") and because the King County Sheriff seized significant  
9 amounts of coins and bullion from Diane Erdmann's residence, the Trustee was compelled to  
10 investigate whether Mint assets had been diverted, not only to fund the retainer for the Mint's  
11 bankruptcy lawyer, but also whether Diane Erdmann had stockpiled Mint assets to fund future  
12 expenses of Hansen and Erdmann.  
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14  
15 K&L Gates assisted the Trustee in gathering and reviewing records maintained by the Mint  
16 including surveillance video and records maintained by Diane Erdmann related to cash and  
17 inventory held by the Mint. Fees in this category also include interviewing Mint employees  
18 regarding Diane Erdmann's access to bullion, behavior prior to the bankruptcy filing, and potential  
19 diversion of assets. Fees in this category also relate to the evidentiary hearing ordered by the Court  
20 to determine ownership of the advance fee deposit held by the TTLG, including discovery  
21 conferences and planning, communications with opposing counsel, document review and  
22 production, negotiation of a protective order, interviewing and deposing parties with knowledge  
23 regarding the facts and circumstances surrounding the sale of gold coins to the Seattle Coin Shop  
24 and Diane Erdmann's recordkeeping and vault activities, drafting of a trial brief, negotiating a pre-  
25

1 trial order, witness and trial preparation, and trial. Fees in this category also include analysis of  
2 appeal issues, and fees related to an appeal, including a motion for stay pending appeal and briefing  
3 the appeal, attending hearing on motions, and settlement negotiations.

4 <b>70103</b>	<b>Cohen v Hansen, NW Territorial Mint et al. King County Case</b>	<b>Hours: 6.6</b>	<b>Amount: \$2,586.50</b>
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6 Fees incurred in this matter include the analysis and investigation of the status of post-  
7 judgment proceedings pending in the State of Nevada and the status of a King County Superior  
8 Court proceeding supplemental to the judgment. Fees were incurred consulting with counsel who  
9 represented the Mint pre-bankruptcy regarding the merits of an appeal, and analysis of whether to  
10 pursue an appeal. Fees were also incurred communicating with plaintiff's counsel regarding  
11 information they had discovered in their efforts to enforce the Nevada judgement, and ownership of  
12 coins and bullion seized by the King County Sherriff.

13 <b>70104</b>	<b>EEOC v NW Territorial Mint, LLC USDC Case</b>	<b>Hours: 91.6</b>	<b>Amount: \$37,462.00</b>
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14  
15 Fees incurred in this matter are related to an enforcement action brought against the Debtor  
16 by the United States Equal Employment Opportunity Commission ("EEOC") in the United States  
17 District Court for the Western District of Washington (the "EEOC Action"). Fees were incurred  
18 analyzing the claims and investigating the factual allegations asserted in the EEOC Action,  
19 communicating with the EEOC regarding the effect of the bankruptcy automatic stay on the EEOC  
20 Action, addressing deficient and outstanding discovery due the EEOC, attending depositions of  
21 employees conducted by the EEOC, and providing status reports requested by the United States  
22 District Court for the Western District of Washington. Fees in this matter also related to the  
23 negotiation of a settlement of the EEOC Action and form of a consent decree, and seeking approval  
24 of the settlement.  
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<b>70105</b>	<b>State of NV v Hansen, NWTM et al, Nevada State Court Case</b>	<b>Hours: 12.8</b>	<b>Amount: \$4,421.00</b>
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Fees incurred in this matter relate to an action that was pending in the State of Nevada at the commencement of the Mint’s bankruptcy proceeding in which the Nevada Department of Environmental Protection (“NDEP”) sought a substantial judgment against the Mint for violation of environmental regulations. Fees arise from the investigation of the factual and legal basis for NDEP’s claims, communications with NDEP’s counsel, and the negotiation and consummation of a settlement of NDEP’s claims.

<b>70106</b>	<b>David T. Achord v NW Territorial Mint, LLC USBC Adv Case</b>	<b>Hours: 10.9</b>	<b>Amount: \$3,652.50</b>
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Fees in this category relate to the disposition of a nondischargeability complaint filed against the estate by a customer of the Debtor. The Trustee obtained dismissal of this case.

<b>70107</b>	<b>American Express Fraudulent Transfer Action</b>	<b>Hours: 360.50</b>	<b>Amount: \$139,855.50</b>
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Fees in this category include research and related analysis regarding potential fraudulent transfer claims against Diane Erdmann, reviewing and analyzing voluminous credit card statements, drafting a complaint, drafting a motion for prejudgment writ of attachment and hearings on the motions. Also included are fees incurred in responding to two dispositive motions filed by Diane Erdmann, and a revision of the complaint based on the Court’s ruling. Included in this category are fees incurred in settlement negotiations and preparation for a mediation which Diane Erdmann cancelled. Fees were incurred drafting discovery requests, and responding to Diane Erdmann’s interrogatories and requests for production of documents, as well as conferring regarding discovery, and drafting a motion to compel based on Ms. Erdmann’s failure to participate in discovery.

<b>70110</b>	<b>Meeting and Communications with Creditors</b>	<b>Hours: 161.2</b>	<b>Amount: \$71,656.00</b>
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Fees in this category include preparation for and attendance at multiple Committee meetings as well as communications with hundreds of creditors requesting information about activity in the bankruptcy case.

<b>70120</b>	<b>Plan and Disclosure Statement</b>	<b>Hours: 102.4</b>	<b>Amount: \$41,571.50</b>
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Fees in this category include analysis and drafting of a reorganization plan and disclosure statement. K&L Gates met with the Trustee and his financial advisors in formulating the draft of the plan. K&L Gates met with the Committee and presented the draft plan to the Committee.

<b>70130</b>	<b>Relief from Stay and Adequate Protection</b>	<b>Hours: 140.1</b>	<b>Amount: \$49,062.00</b>
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Fees in this category are principally related to the defense of a motion brought by the Tomball, Texas landlord for relief from stay to commence litigation against the estate and the drafting of the estate's motion seeking a finding of contempt against Ross Hansen for violation of the automatic stay.

<b>70140</b>	<b>Tax Issues</b>	<b>Hours: 49.5</b>	<b>Amount: \$30,949.50</b>
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Fees in this category include the analysis of certain tax claims in connection with the sale of assets and analysis of tax attributes of the Debtor in connection with the formulation of a plan of reorganization.

<b>70150</b>	<b>Assumption and Rejection of Leases and Contracts</b>	<b>Hours: 480.7</b>	<b>Amount: \$201,494.00</b>
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Fees in this category include addressing the disposition of multiple leases including the Federal Way, Auburn and Tomball leases. K&L Gates assisted the Trustee in resolution of a dispute



1 with the Auburn landlord regarding the rejection of the Auburn lease and the ensuing landlord's  
2 appeal. K&L Gates brought a motion to assume the Dayton Nevada lease which was contested by  
3 Medallic LLC and eventually resolved in the Medallic litigation. K&L Gates also incurred  
4 significant fees in this category in the litigation, including a multiple day evidentiary hearing with  
5 the Dayton landlord over disputed cure costs. The Dayton landlord asserted a half million dollars of  
6 cure claims following the Trustee's assumption of the lease. After trial, the Court determined the  
7 cure claims in amounts less than one hundred thousand dollars.

<b>70160</b>	<b>Avoidance Action Analysis</b>	<b>Hours: 46.2</b>	<b>Amount: \$18,481.00</b>
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10 Fees in this category relate to the Trustee's general assessment of rights of recovery under  
11 fraudulent transfer and preference theories as well as the assessment of certain specific claims.

<b>70200</b>	<b>Real Estate</b>	<b>Hours: 6.7</b>	<b>Amount: \$3,119.50</b>
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14 Fees in this category relate to the documentation of leases for facilities in Virginia and Green  
15 Bay, Wisconsin.

<b>70210</b>	<b>Reporting</b>	<b>Hours: 16.8</b>	<b>Amount: \$5,595.00</b>
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18 Claims in this category are principally related to the filing of monthly reports with the Court.

<b>70230</b>	<b>Intellectual Property Advice and Trademark Registration</b>	<b>Hours: 8.2</b>	<b>Amount: \$4,021.50</b>
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21 This category and two related categories are related to the estate's evaluation and  
22 preservation of trademark rights for the tradenames Medallic and MACO. In the related trademark  
23 categories (70230 5.5 hours and \$2,167.50 and 70240 5.5 hours and \$2,360.50) the Trustee  
24 registered tradenames.  
25

77100	Electronic Discovery Fees and Costs	Hours: 723.5	Amount: \$269,954.01
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These fees and costs relate to the preservation of records of the Debtor, and the production of records in response to discovery requests under BR 2004 orders and in litigation. Approximately \$196,000 of these fees and costs relate to preserving records to ensure that allegations of spoliation would be defended and in responding to voluminous discovery requests propounded by Medallic in the Medallic litigation. Other significant electronic discovery services were provided in connection with the Erdmann American Express litigation and the Hoff litigation (addressing the cure costs for the Dayton lease).

99999	Costs	Hours: N/A	Amount: \$121,018.90
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Categories of costs include trademark application fees, postage, copying expenses, online research costs, and the costs of conducting depositions and obtaining transcripts of depositions and court hearings.

**CONCLUSION**

Based on the foregoing, K&L Gates submits its application for fees of \$2,260,236.51 and reimbursement of expenses of \$121,018.90 for a total application amount of \$2,381,255.41 for the period April 1, 2016 through July 31, 2017 reserving 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.

K&L GATES LLP

By /s/ Michael J. Gearin  
 Michael J. Gearin, WSBA #20982  
 David C. Neu, WSBA #33143  
 Brian T. Peterson, WSBA #42088  
 Attorneys for Mark Calvert, Chapter 11 Trustee

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

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

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

15 Executed on the 15th day of September, 2017 at Seattle, Washington.

16 /s/ Denise A. Lentz

17 Denise A. Lentz

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UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

In re:  
  
NORTHWEST TERRITORIAL MINT, LLC,  
  
Debtor.

Case No. 16-11767-CMA  
  
ORDER ON K&L GATES LLP  
APPLICATION FOR COMPENSATION

THIS MATTER came on before the Court upon the K&L Gates LLP Application for Compensation (the "K&L Gates Application"). The Court having considered the K&L Gates Application, the Declaration of Michael J. Gearin in support thereof, and the pleadings filed herein, and having found that notice of this hearing was sufficient, and that good cause exists to defer ruling on the K&L Gates Application, it is hereby ORDERED:

1. The Court defers ruling on the K&L Gates Application until such time as K&L Gates LLP seeks approval of its fees and expenses as disclosed in the application and authority to disburse funds to satisfy fees and expenses which are allowed at such time.

///END OF ORDER///

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Presented by:

K&L GATES LLP

/s/ Michael J. Gearin

Michael J. Gearin, WSBA #20982

David C. Neu, WSBA #33143

Brian T. Peterson, WSBA #42088

Attorneys for Mark Calvert, Chapter 11 Trustee