

JAN 29 2019

MARK L. HATCHER, CLERK  
OF THE BANKRUPTCY COURT

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PO Box 821  
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January 24, 2019

The Honorable Christopher M. Alston  
United States Bankruptcy Court  
700 Stewart Street #6301  
Seattle, WA 98101

Re: 16-11767-CMA, Northwest Territorial Mint

Dear Judge Alston,

I am writing to provide information regarding the \$260,000<sup>1</sup> order that was stolen or lost around April, 2017, since several creditors have written about it<sup>2</sup> (as well as the previously mentioned uninsured and likely prohibited<sup>3</sup> shipment of cash that was stolen or lost in August, 2018<sup>4</sup>). They found out about it through me<sup>5</sup>, so I feel it is appropriate that I provide further details.

As of yesterday, I no longer believe myself to be a creditor of the estate<sup>6</sup>, so I understand that you may not consider my letter, and I would certainly respect that decision. I believe this information should at least be in the court docket.

#### **Details of Stolen/Lost \$260K Order**

In summary, the largest order<sup>7</sup> that NWTM took during the bankruptcy was shipped uninsured with no return address<sup>8</sup>, stolen, and NWTM replaced the order, causing a roughly \$240,000 loss to the estate.

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<sup>1</sup> The order was for roughly \$260K; I estimate the loss to NWTM as roughly \$240K, based on the value of 194 ounces of gold.

<sup>2</sup> Dockets 1986 and 1992.

<sup>3</sup> UPS states that they prohibit shipment of "Gold or other precious metals" unless there is a contract in place with a company "with the ability to comply with all applicable regulations". See <https://www.ups.com/us/en/help-center/shipping-support/prohibited-items>.

<sup>4</sup> I wrote about this in docket 1940, page 18 under "Misc: Final Pieces"

<sup>5</sup> I discovered this information while reviewing NWTM documents sent to me, and then posted about this information on my blog. I do not believe anyone outside of NWTM was aware until then.

<sup>6</sup> I never received my money order back, and assumed that NWTM deposited it until I read docket 1950, paragraph 21. I then contacted the post office, who confirmed that the money order was not cashed, and issued a replacement which I received yesterday.

<sup>7</sup> This can be confirmed by looking at the weekly sales figures for NWTM salespeople per the "Control Board".

<sup>8</sup> There is no indication of a \$260,000 insurance payment in the monthly operating reports. There was no return address according to the Paul Wagner email of August 14, 2017 2:25PM.

NWTM salesman Marty Colwell took the order for W. R. Berkley during the week of March 21, 2017<sup>9</sup>, with a \$122,500 deposit placed on roughly \$260,000 order<sup>10</sup> on March 22, 2017<sup>11</sup>. It appears to have been an order for 194 1-ounce gold medals<sup>12</sup>. NWTM processed the order, and shipped it in early April, 2017, with it being delivered to the wrong address on April 18, 2017<sup>13</sup>.

Somehow, it took 3 1/2 months for NWTM to discover that the largest order they took in bankruptcy was missing<sup>14</sup>.

This was, not surprisingly, a big issue. Paul Wagner wrote "I can't find any high priority than to get this invoice paid<sup>15</sup>" and "Getting this invoice paid by next week is the key to whether or not I sell off our A/R again next week or we hold it together. No pressure.<sup>16</sup>"

Employees scrambled to find out what happened. They contacted W. R. Berkley to find out what the tracking number was. They discovered that the package had been delivered months earlier, to the wrong address: a hotel nearby<sup>17</sup>. They contacted the hotel, only to get mixed messages, with the story being that it should have been sent back to UPS after 30 days, but that they do not keep records of returned packages<sup>18</sup>.

On August 4, 2017, the decision was made to replace the order<sup>19</sup>, at a cost of about \$240,000. Marty Colwell discussed the issue in an "autopsy" or "post-mortem" at the August 22, 2017 management meeting<sup>20</sup>.

It is not known if Calvert filed a police report. If not, why not?

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<sup>9</sup> His bookings that week were \$301,855 compared to his average of \$47,828 per week in 2016, according to the June 26, 2017 "Control Board".

<sup>10</sup> The deposit was \$122,500, and Paul Wagner refers to a \$140,000 invoice in an August 2, 2017 email. Docket 1309 page 33 shows a \$143,200.98 "A/R Factored Deposits" payment that appears to be for this order.

<sup>11</sup> Docket 985 page 31, "3/22/2017 WIRE WR BERKLEY CORP \$122,500.00 Custom Customer"

<sup>12</sup> Paul Wagner refers to 800 pieces shipped overseas in his August 2, 2017 email. Marty Colwell states in his response that it was 194 pieces, to Irving, TX. The spot price of 1-ounce of gold on March 21, 2017 was \$1,241.60, which works out to a cost of about \$240,000 for 194 ounces of gold, which seems in line for a \$260K order.

<sup>13</sup> Marty Colwell states in an email that W.R. Berkley told him that the tracking showed that it was delivered to a hotel across the street on April 18, 2017. I'm not sure why NWTM had to contact W.R. Berkley to get the tracking number.

<sup>14</sup> Paul Wagner's email of August 2, 2017 9:59AM states "I was told yesterday by Marty...", and Wagner was under the impression that the order hadn't been fulfilled yet(i). The order was shipped no later than April 17, 2017 since tracking shows that it was delivered on April 18, 2017.

<sup>15</sup> Paul Wagner email of August 2, 2017 9:59AM.

<sup>16</sup> Paul Wagner email of August 2, 2017 10:11AM.

<sup>17</sup> The street number was changed from "222" to "221", and "EAST" was changed to "WEST". The result just happened to be a hotel, which would accept an unexpected package.

<sup>18</sup> This comes from the string of emails.

<sup>19</sup> Marty Colwell's email of August 7, 2017 1:07PM "... the 194 pieces that we decided to replace on Friday"

<sup>20</sup> See "Management Meeting Agenda: Aug 22 2017".

### **\$240K Loss Hidden from the Court?**

It seems clear that a series of poor decisions caused a \$240K loss to the estate in August, 2017. So how did it go unnoticed by the observers?

It appears that the \$240K loss was handled in the August, 2017 income statement by reducing the total sales figure: essentially pretending that NWTM had \$240K less sales than it actually did. The only accounting categories with amounts greater than \$170,000 are Core Operating Sales (\$803,277), Cost of Goods Sold (\$244,376), Salary & Wages (\$279,510). Looking at other months, it is inconceivable that a \$240K loss worked into Cost of Goods Sold or Salary & Wages<sup>21</sup>. The August, 2017 Income Statement shows the lowest Core Operating Sales of any full month that NWTM was in bankruptcy<sup>22</sup>.

That covers the income statement, but what about a \$240,000 payment for gold? That would appear in the bank statements, so wouldn't that appear in the Statement of Disbursements? It does:

The August, 2017 Monthly Financial Report<sup>23</sup> shows \$234,831.60 in disbursements to A-Mark Precious Metals<sup>24</sup>. However, these were made in 6 separate payments, with none over \$100,000. Was the gold ordered in 6 separate purchases for a legitimate reason, or to avoid having a massive \$240,000 payment in the monthly financial report?

Gearin will certainly either ask for this letter to be stricken, or call it unsubstantiated allegations (or worse). Please ask yourself what would happen if I did what bankruptcy laws allow, and provided this to the Unsecured Creditors Committee. Would Northrup investigate (if so, please order him to do so before getting paid), or ignore me (if so, please ask him why)?

An audit would provide evidence to help show either that Calvert handled this properly, or that he indeed reduced the sales number in order to hide the \$240K loss. **If creditors are indeed crazy, an audit would put issues like this to rest, and allow the professionals to get paid.**

Sincerely,

Joshua Gibbons

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<sup>21</sup> The fact that we would even consider looking for a \$240K loss of bullion in a "Salary & Wages" category goes to the core of why an audit of Calvert's books is necessary. I'll happily come up with 100 mis-categorized entries in the Monthly Financial Reports if called upon to do so.

<sup>22</sup> Core Operating Sales for December, 2017 were lower, but that was the month NWTM shut down.

<sup>23</sup> Docket 121

<sup>24</sup> This is a bit less than the value of the amount of gold replaced, likely because NWTM used some gold already on hand.

**From:** Marty Colwell  
**Sent time:** Wednesday, August 02, 2017 4:45:38 PM  
**To:** Steve Mayer  
**Cc:** Jeff Goodfellow; Paul Wagner; Debi Davis  
**Subject:** RE: W R Berkley.....170997  
**Attachments:** Marty Colwell3.vcf

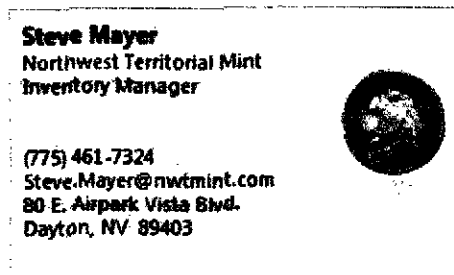
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Not yet. 2 messages so far today. Interestingly, the first time the nice lady said Security kept that log and transferred me to that email. The second time I called, I just asked for security and went to the voicemail for Loss Prevention instead.



**From:** Steve Mayer  
**Sent:** Wednesday, August 02, 2017 1:41 PM  
**To:** Marty Colwell  
**Cc:** Jeff Goodfellow; Paul Wagner; Debi Davis  
**Subject:** RE: W R Berkley.....170997

Where you able to get a hold of security at the hotel to see what their logs say?



**From:** Debi Davis  
**Sent:** Wednesday, August 02, 2017 10:31 AM  
**To:** Marty Colwell; Steve Mayer  
**Cc:** Jeff Goodfellow; Paul Wagner; Debi Davis  
**Subject:** RE: W R Berkley.....170997

Release 8

**Debi Davis**  
**Assistant to Mr. Marty Colwell, Director of Sales**  
**775-461-7332**

**From:** Marty Colwell  
**Sent:** Wednesday, August 02, 2017 10:30 AM  
**To:** Steve Mayer; Debi Davis  
**Cc:** Jeff Goodfellow; Paul Wagner  
**Subject:** RE: W R Berkley.....

The information I got from WR Berkley is that it was sent to

The shipment of 194 each to  
UNION STANDARD INSURANCE GROUP  
221 LAS COLINAS BLVD. WEST SUITE 1300  
IRVING TX 75039

Was delivered on 4/18/17 (delivery notification attached)

However, this street address is across the highway and is actually the Omni Mandalay Hotel. Someone from Union Standard (WR Berkely) eventually went there looking for it, but was told that after 60 days, unclaimed packages are shipped back. I've found the hotel online and called. I'm told that Security at the hotel does keep a log of shipments. But when I was connected to security, I only got voicemail. I'll try again in a couple hours.

**Marty Colwell**  
Northwest Territorial Mint  
Director of Sales




(800) 843-9854  
(775) 461-7331  
(775) 246-6006 Fax  
Marty@nwtmint.com

**From:** Steve Mayer  
**Sent:** Wednesday, August 02, 2017 10:21 AM  
**To:** Debi Davis  
**Cc:** Marty Colwell; Jeff Goodfellow; Paul Wagner  
**Subject:** FW: W R Berkely.....

What release were we given the wrong address to ship to?

I was told last week it was over a month ago this was delivered so not sure what we can do but try to contact whomever signed for this package.

**Steve Mayer**  
Northwest Territorial Mint  
Inventory Manager




(775) 461-7324  
Steve.Mayer@nwtmint.com  
80 E. Airpark Vista Blvd.  
Dayton, NV 89403

**From:** Jeff Goodfellow  
**Sent:** Wednesday, August 02, 2017 10:14 AM  
**To:** Steve Mayer  
**Subject:** FW: W R Berkely.....

Steve,

Can you get me the tracking and where this was delivered and who signed for it, etc..... I'll make some calls to try and track down the package. Thanks

**Jeff Goodfellow**  
Northwest Territorial Mint  
Production Manager



(775) 461-7389  
jeff.goodfellow@nwtmint.com  
80 E. Airpark Vista Blvd.  
Dayton, NV 89403

**From:** Paul Wagner  
**Sent:** Wednesday, August 02, 2017 10:11 AM  
**To:** Marty Colwell  
**Cc:** Jeff Goodfellow  
**Subject:** RE: W R Berkely.....

Ok, thanks for the update. Getting this invoice paid by next week is the key to whether or not I sell off our A/R again next week  
Case 16-11767-CMA Doc 2012 Filed 01/29/19 Ent. 01/29/19 14:23:35 Pg. 5 of 9

or we hold it together. No pressure.

Thanks.

-pw

**From:** Marty Colwell  
**Sent:** Wednesday, August 02, 2017 10:08 AM  
**To:** Paul Wagner; Steve Mayer  
**Cc:** Jeff Goodfellow  
**Subject:** RE: W R Berkely.....

Its 194, and I was wrong – it's Texas, not overseas.



**From:** Paul Wagner  
**Sent:** Wednesday, August 02, 2017 9:59 AM  
**To:** Steve Mayer  
**Cc:** Jeff Goodfellow; Marty Colwell  
**Subject:** W R Berkely.....

Steve,

I was told yesterday by Marty that we need to find 800 pieces of product we shipped overseas before they pay our invoice for \$140,000. I need this money. I can't find any high priority than to get this invoice paid.

Please provide me an update – daily – of what we're doing and progress made on fulfilling this order.

Thanks.

-pw

**From:** Marty Colwell  
**Sent time:** Monday, August 07, 2017 1:07:50 PM  
**To:** Paul Wagner  
**Subject:** FYI  
**Attachments:** Marty Colwell.vcf

Regarding my rather large commission on WR Berkley.....I did not put in for pay on the 194 pieces that we decided to replace on Friday. That lowered my commission by a little over \$500.00.

Also, the woman there is not responding to my voicemails nor emails. Seriously, the last time we spoke on the phone, she was basically spitting out her words. She's very unhappy with me. Nothing I said regarding the schedule was correct – it was almost like the old days, except that we actually had the silver.

**Marty Colwell**  
Northwest Territorial Mint  
Director of Sales



(800) 843-9854  
(775) 461-7331  
(775) 246-6006 Fax  
Marty@nwtmint.com

**From:** Marty Colwell  
**Sent time:** Thursday, August 03, 2017 12:27:48 PM  
**To:** Steve Mayer; Paul Wagner; Debi Davis  
**Subject:** RE: the lost Berkley package  
**Attachments:** Marty Colwell.vcf

According to Reggie Cooper, the Director of Loss Prevention at the Omni Hotel, when a package is not claimed for 30 days, it is simply given back to UPS (or whatever company) and they do not keep a record of that transaction. I'm thinking there's a good chance this silver was stolen.....

Steve, can you verify with UPS that this sort of thing can happen?

**Marty Colwell**  
Northwest Territorial Mint  
Director of Sales



(800) 843-9854  
(775) 461-7331  
(775) 246-6006 Fax  
Marty@nwtmint.com



**Management Meeting Agenda: Aug 22 2017**

Attendees: Bill Atalla, Paul Wagner, Marty Colwell, Irina Pernoll, Jeff Goodfellow, Mike White, Dennis Timm, Edgar Chacon, Matt Lee, Annette, Laura Jones, Alan Lance (712.770.4010 access 857832#)

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- Custom Sales: Marty**
    - Sales update Last Week
    - August Forecast
    - Key jobs in the pipeline to watch
    - Die pricing
    - Charging for artwork
    - Autopsy for W.R. Berkely
  - Marketing: Irina**
    - Custom marketing support
    - Stock promotional cadence (law enforce)
    - SEO
    - Web: Photocoin, Knife, Best Sellers, Maco
    - Pre-sell – Titanic, Dinas
    - Mailing lists: gun ranges
    - Other
  - Engineering: Mike**
    - Art: Jobs, Turn-around, productivity
    - Engravings
  - Accounting: Annette**
    - Collections last week.
    - Payroll
  - Quality: Laura**
    - Returns: Rate and reason
    - Spoilage – units
  - Maintenance: Alan**
    - Update on Connie's punch list.
  - Stock Business: Paul**
    - Stock Sales recap
  - Production: Jeff**
    - On-Time Delivery last week
    - \$ and units shipped last week
    - Backlogs / balance in shop
    - Pulling forward as much Sept as possible.
  - Scheduling: Edgar**
    - Back Ordered for key top sellers
    - IT Service
  - Operations: Matt**
    - Census – headcount by location.
    - Open positions
    - Recent RH's / terminations
    - Communication of Labor Day weekend schedule.
  - Die Shop: Dennis**
    - # of Completed Jobs Last Week
    - Estimated jobs to Complete this week
    - August target