

The Honorable Christopher M. Alston
Chapter 11
Hearing Location: Room 7206
Hearing Date: August 5, 2016
Hearing Time: 9:30 a.m.
Response Date: July 29, 2016

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON

In re

NORTHWEST TERRITORIAL MINT, LLC,
Debtor.

Case No. 16-11767-CMA

**ROSS HANSEN'S SUPPLEMENTAL
MEMORANDUM IN RESPONSE TO
MOTION FOR CONTEMPT**

This supplemental memorandum is submitted in response to the Trustee's motion for contempt against Mr. Hansen, based on depositions taken July 28 and July 29.¹ Complete copies of the depositions are attached to the Declaration of Jim Frush.

Return of Retainer. The Trustee claims that Mr. Hansen's request to Mr. Tracy to return the retainer provided by Ms. Erdmann was a violation of the stay. In his deposition, the Trustee admitted that he told Mr. Hansen that if the retainer was Ms. Erdmann's, she should get it. After he consulted with counsel, the Trustee and his counsel said it was not to be released. Calvert Dep. at 120. Mr. Hansen was not aware of the Trustee's change in position when he went to retrieve the check that Mr. Tracy had promised. The Trustee cannot now be heard to complain about an act that the Trustee initially approved.

¹ The Trustee refused to continue his motion until after Mr. Hansen's counsel had the opportunity to depose the Trustee and employees who filed declarations in support of the motion.

1 Copies of Medallic Arts documents. The Trustee complains about Mr. Hansen’s efforts
2 to obtain copies of documents related to Medallic Arts. The Trustee admitted in his deposition
3 that he authorized Ms. Richardson, Mr. Hansen’s assistant, to communicate with Mr. Hansen,
4 and that he was prepared to let Mr. Hansen get copies of documents related to Medallic.
5 Calvert Dep. at 62. Mr. Hansen had a number of exchanges with Ms. Richardson regarding
6 documents. Ms. Richardson eventually went on vacation and never returned (i.e., she quit
7 working for NWTM). Trunkett Dep. at 30.

8
9 On May 17, Mr. Hansen called NWTM and spoke with Mr. Patrick Ward, a security
10 guard, telling him that he would be coming by the next day to pick up documents. Huffman
11 Dep. at 12. When Mr. Hansen arrived at NWTM on May 18, he went to Ms. Turkett’s office.
12 The descriptions of the events vary, but Mr. Hansen was only there a short time. He initially
13 spoke with Ms. Turkett, asking for the documents. She got through to one of the Trustee’s
14 representatives and was told not to give anything to Mr. Hansen. Mr. Huffman, the head of
15 security, told Mr. Hansen to leave. Mr. Hansen left and has not been back to NWTM.
16 Everyone agrees that Mr. Hansen was only seeking copies of documents related to Medallic.
17 See Trunkett and Huffman Deps.

18 Other Contacts with Employees. The Trustee complains about other contacts Mr.
19 Hansen had with employees. However, the Trustee is only able to name two individuals with
20 whom Mr. Hansen allegedly discussed future employment. While he “thinks” Mr. Hansen was
21 undermining him, he can only identify two such instances:
22

23
24 Q. What lack of cooperation are you talking about in that last sentence of
 paragraph seven?

25 A. I think he was undermining. I think we probably could have stated it
26 better. He has not cooperated with me in stabilizing the business affairs.
27 I think he was undermining me. I think he was talking behind the
 scenes. I think he was telling people to quit.

1 I think there was a lot of things going on and a lot of noise going on that
2 adversely impacted the assets of the estate; specifically, the employee
3 base, the customer base, the vendor base, and the like. So those are all
4 attributes that I believe are a violation of the automatic stay.

5 Q. Mr. Calvert, your testimony as to all of those communications with those
6 four categories of people are only specific with regard to two; employees
7 Destiny Krum and a female manager in Auburn. And you can't give
8 a single instance of any communication by Ross with other groups of
9 people or other employees, can you?

10 A. Nor did I pursue finding them.

11 Calvert Dep at 88-89.

12 A conversation between Mr. Hansen and Mr. Wagner (who had been elevated to
13 President of NWTM by the Trustee) appears to be the last contact with an employee raised in
14 the Trustee's motion. While their summaries of the discussion differ, Mr. Wagner admitted
15 that he engaged in the conversation voluntarily, and did not exercise his right to walk away.

16 Wagner Dep. at 7. While Mr. Calvert claims that Mr. Hansen's alleged activities with
17 employees have disrupted the company, Mr. Wagner claims that morale has improved under
18 Mr. Calvert. Wagner Dep. at 27-28.

19 Destiny Krum. The only conversation between Mr. Hansen and an employee that Mr.
20 Calvert could identify as creating a potential problem (but that did not materialize) was the one
21 between Mr. Hansen and Ms. Krum. Destiny Krum is an hourly employee with Northwest
22 Territorial Mint. Krum Dep. at 4. Over the years, she and Diane Erdman became best friends.
23 Krum Dep. at 6. Destiny lives with her parents in Buckley, has an infant child, and is a single
24 mother relying completely on her paycheck for support. Her parents are not in a position to
25 provide health insurance for her daughter or support other than giving her a place to live. Krum
26 Dep. 13-15.

1 Among other duties, Destiny ran an engraving machine in Auburn until she left on
2 maternity leave in October 2014. Krum Dep at 8. Her engraving machine uses an off-the-shelf
3 software. Krum Dep. at 11.

4 Destiny was aware of the Suppression Memo which threatened her with immediate
5 termination if she spoke to Ross or Diane. Krum Dep. at 17-18. She believed if she violated
6 the order, she could be terminated immediately. Krum Dep. at 18-19. After she received the
7 Suppression Memo, she had several conversations with Diane and Mr. Hansen, either over the
8 phone or at the Hansen-Erdman residence. Krum Dep. at 26-27. After playing phone tag with
9 Ms. Erdmann, she received a call from Ms. Erdmann on May 13. Krum Dep. at 22. At some
10 point, Ms. Erdmann handed the phone to Mr. Hansen. Krum Dep. at 22. She spoke to
11 Mr. Hansen for about forty-five minutes. Krum Dep. at 23. In the call, Mr. Hansen told her to
12 back up the engraving machine files on a USB drive, which Krum surmised “made me feel like
13 he wanted me to get rid of the machine.” Krum Dep. at 31. Destiny didn’t want to tell
14 anybody about the conversation and wanted to act like it didn’t happen. Krum Dep. at 44. The
15 reason she didn’t want to tell anyone was because she was “scared shitless” and very much
16 afraid. Krum Dep. at 44-45. She was aware she could be fired for having the conversation.
17 Krum Dep. at 44. Destiny also lost sleep over having had the conversation. Krum Dep. at 48-
18 49.

21 At some point, Destiny talked to a fellow worker, Kathy Kelso, about her conversation
22 with Mr. Hansen, who then went to another person (James), who then reported to Dave
23 Huffman that Destiny had spoken with Mr. Hansen, apparently several weeks after the call.
24 Krum Dep. at 38-39.

1 As soon as word reached Mr. Huffman, he confronted Destiny in the engraving room at
2 Building B in Auburn and interrogated her about her conversation with Mr. Hansen. Krum
3 Dep. at 39. Some twenty minutes after Mr. Huffman confronted Destiny, she received a call
4 from Mr. Huffman and was told to come to the Federal Way Mint office. Krum Dep. at 51. At
5 that point, she met with Mr. Calvert, Mr. Huffman, and a woman from the legal department for
6 a couple of hours and signed a declaration. Krum Dep. at 52. The next day, Ms. Krum was
7 asked to sign a new declaration and Mr. Huffman delivered a copy of the Suppression Memo to
8 her in Auburn the same day. Krum Dep. at 41, 52-56.

10 Ms. Krum's testimony conflicts with that of Mr. Hansen with respect to her perception
11 of what he suggested that she do. It is clear that Ms. Krum did not know how to "get rid of the
12 machine" even if she thought that was what he was asking. Krum Dep. at 32. She did not do
13 whatever she thought it was that Mr. Hansen was asking her to do, and nothing happened for
14 after the call for several weeks, when Mr. Huffman learned of her conversation with Mr.
15 Hansen.

17 DATED this 2nd day of August, 2016.

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