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Honorable Christopher M. Alston
Chapter 11
Location: Seattle
Hearing Date: April 14, 2017
Hearing Time: 9:30 a.m.
Response Date: April 7, 2017

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6
7 UNITED STATES BANKRUPTCY COURT
8 WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 In re:

11 NORTHWEST TERRITORIAL MINT, LLC,

Case No. 16-11767-CMA

12 DECLARATION OF ERIN SHEAR IN
13 SUPPORT OF CHAPTER 11 TRUSTEE'S
14 OBJECTION TO APPLICATION FOR
ORDER AUTHORIZING LUC MARTINI
TO CONDUCT RULE 2004
EXAMINATIONS

15 Erin Shear declares as follows:

16 1. I am a Custom Sales Representative for Northwest Territorial Mint, LLC ("NWTM").

17 I have been employed by NWTM since 2007. I have reviewed records related to customers that
18 stored precious metal at NWTM or who leased precious metal to NWTM. NWTM kept ordinary
19 course business records regarding the storage or lease of precious metals by customers. Based on
20 my review of these records, it is my conclusion that there were approximately 100 customers with
21 storage agreements with NWTM and 28 with lease agreements.

22 2. I previously submitted declarations in support of the Trustee, Mark Calvert's, Motion
23 for Order Granting Authority to Return Stored Inventory, Other Customer Owned Inventory, and
24 Coining Dies. In my prior declarations I detailed my role in reconciling precious metals and
25 identifying them to specific customers. During this inventory process, no precious metals were
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DECLARATION OF ERIN SHEAR IN SUPPORT OF
TRUSTEE'S OBJECTION TO APPLICATION FOR
ORDER AUTHORIZING LUC MARTINI TO CONDUCT
RULE 2004 EXAMINATIONS - 1
500347221 v2

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1 located that could be identified to Luc Martini or Mike Ray Howard.

2 3. NWTM held inventory for customers under two types of agreements, storage
3 agreements and lease agreements. Under the lease agreements, the lessor agreed to lease NWTM a
4 fixed quantity of bullion to be used in its business operations and "repaid" in "like-kind" metal at a
5 future date. Under storage agreements, NWTM was supposed to store a customer's precious metal
6 on that customer's behalf.

7 4. At the Trustee's request, I performed an audit of the lease and storage customer
8 accounting records for all customers with a balance that remained as of the April 1, 2016, the
9 bankruptcy filing date. While I did most of the audit reconciliation work myself, Cascade Capital
10 Group completed the audits of the physical inventory of precious metals and other NWTM staff and
11 Cascade Capital Group staff also assisted with the reconciliation of lease and storage records. The
12 audit revealed a shortfall of precious metals that should have been held for customers in an amount
13 exceeding \$8 million.

14 5. After the Application for Order Authorizing Luc Martini to Conduct Rule 2004
15 Examinations was filed, counsel for the Trustee asked me to search the Debtor's records on hand for
16 any agreements between Mr. Martini and NWTM. I was able to locate two lease agreements
17 between Mr. Martini and NWTM. One provides for the lease of 9,000 troy ounces of silver. The
18 second calls for the lease of 19,360.32 troy ounces.

19 I declare under the penalty of perjury under the laws of the United States that the foregoing is
20 true and correct to the best of my knowledge.

21 EXECUTED this 7th day of April, 2017, at Kent, Washington.

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Erin Shear

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26 DECLARATION OF ERIN SHEAR IN SUPPORT OF
TRUSTEE'S OBJECTION TO APPLICATION FOR
ORDER AUTHORIZING LUC MARTINI TO CONDUCT
RULE 2004 EXAMINATIONS - 2
500347221 v2

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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 April 7, 2017, she caused
4 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 I declare under penalty of perjury under the laws of the State of Washington and the United
8 States that the foregoing is true and correct.

9 Executed on the 7th day of April, 2017 at Seattle, Washington.

10 /s/ Denise A. Lentz
11 Denise A. Lentz

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DECLARATION OF ERIN SHEAR IN SUPPORT OF
TRUSTEE'S OBJECTION TO APPLICATION FOR
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RULE 2004 EXAMINATIONS - 3
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