

Debtor Northwest Territorial Mint, LLC

Case Number	⇒	
Report Mo/Yr	⇒	16-11767CMA

April 2016

UST-17, OTHER INFORMATION

	Yes	No																		
<p>Question 4 - Insurance and Bond Coverage. Did the debtor renew, modify, or replace any insurance policies during this reporting month?</p> <p style="text-align: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="text-align: right;"><input checked="" type="checkbox"/> X</p> <p>Renewals:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>Provider</u></td> <td style="width: 33%;"><u>New Premium</u></td> <td style="width: 33%;"><u>Is a Copy Attached to this Report?</u></td> </tr> </table> <p>Changes:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;"><u>Provider</u></td> <td style="width: 33%;"><u>New Premium</u></td> <td style="width: 33%;"><u>Is a Copy Attached to this Report?</u></td> </tr> </table> <p>Matson Charlton Surety \$1,500.00/Yr Yes</p> <p>Were any insurance policies canceled or otherwise terminated for any reason during the reporting month? If yes, explain.</p> <p style="text-align: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="text-align: right;"><input type="checkbox"/> X</p> <p>Were any claims made during this reporting month against the debtor's bond? (Answer "No" if the debtor is not required to have a bond. If yes, explain.)</p> <p style="text-align: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="text-align: right;"><input type="checkbox"/> X</p>	<u>Provider</u>	<u>New Premium</u>	<u>Is a Copy Attached to this Report?</u>	<u>Provider</u>	<u>New Premium</u>	<u>Is a Copy Attached to this Report?</u>														
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<p>Question 5 - Personnel Changes. Complete the following:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Full-time</th> <th style="width: 20%; text-align: center;">Part-time</th> </tr> </thead> <tbody> <tr> <td>Number of employees at beginning of month</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> <tr> <td>Employees added</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> <tr> <td>Employees resigned/terminated</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> <tr> <td>Number employees at end of month</td> <td style="border: 1px solid black;"></td> <td style="border: 1px solid black;"></td> </tr> <tr> <td style="text-align: right;">Gross Monthly Payroll and Taxes</td> <td colspan="2" style="text-align: center;">\$</td> </tr> </tbody> </table> <p><i>See Exhibit 10</i></p>		Full-time	Part-time	Number of employees at beginning of month			Employees added			Employees resigned/terminated			Number employees at end of month			Gross Monthly Payroll and Taxes	\$			
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<p>Question 6 - Significant Events. Explain any significant new developments during the reporting month.</p>																				
<p>Question 7 - Case Progress. Explain what progress the debtor made during the reporting month toward confirmation of a plan of reorganization.</p>																				

UST-17 Other Information

Exhibit 11

Significant events are in two categories: operational issues and bankruptcy issues.

On the operational side, we have reorganized the management of the company and have reduced staffing. The focus on the operational side is in, cutting expenses, moving to less expensive office space, management training, increasing sales and implementing systems and internal controls. The company did not have an accounting system for the monthly financial statements for the past 5 years and did not complete a tax return since 2010. The Trustee has implemented financial recordkeeping and reporting measures to get a standard balance sheet and income statement completed and is considering the cost benefit of the implementation of the Epicor financial systems.

Recently, the company has implemented a billing system that uses an on line email approval process of invoices and payment of billings. As you can see in the monthly bankruptcy reports, the company has very limited payables post-petition. The new system conserves significant time and accounting staff resources which can be used to help with other matters including bankruptcy reporting and claim reconciliation.

The company will be implementing the ADP Human Resources application. The company in the past had problems tracking vacation, sick leave and vacation time. The accounting staff have had to manually input data when received from the production and office personal. The ADP system will allow the company to ensure all company policy manuals are acknowledged by all employees. This will help to ensure all employees periodically review and understand employee policies.

The Trustee filed motion for contempt of the automatic stay against Ross Hansen for some of his actions in the case, including but not limited to, requesting an employee to damage estate equipment and for the moving of 176 pounds of silver from Federal Way to the Dayton Plant for the purpose of taking possession of those assets by Medallic Art Company LLC.

We are in the process of building a data base of cash in and cash out from 2007 to 2016. We are unable to complete the data base because the Debtor's records are missing a significant number of banking records. We have identified a number of areas that will required additional analysis including payments to American Express. The data base will be a key tool in the analysis of the flow of funds for the company.

UST-17 Other Information

Exhibit 11

Significant Events:

Filed a response to Medallic litigation and made certain counter claims

Anticipate Mediation with Medallic in October.

Moved corporate office to a Kent facility, saving approximately \$12,000 per month.

Filed an appeal on Diane's position to have money held until American Express transactions are reconciled.

Identified issues with sales tax compliance and started correction of the situation

Continue to respond to subpoenas and to provide information requested to the FBI.

Hired two new sale people to help improve sales volume

UST-17 Other Information

Exhibit 12

Case Progress:

Reconciled core and non-core operating financial statements and presented to creditors committee and filed in the August MOR. Identified adjustment to original filed bankruptcy schedules. We also completed a preference analysis and presented to the creditors committee for discussion.

In consultation with the creditors committee the trustee is working to reorganize the company vs selling the company to maximize the value of the company and therefore the recovery for the creditors. The Trustee has prepared and discussed a first draft of the financial restructuring model for discussion with the creditors committee and discussed with the creditors committee time line for filing of a plan of reorganization and major terms of the plan.

As of this date subject to resolution of pending litigation the Trustee anticipates filing a plan in the 4th quarter of 2016 and seeking confirmation of a plan early in Q2 of 2017.

UST-17 Other Information

Exhibit 11

Significant Events:

Obtained court approval on release of customer inventory

Reconciliation of storage customer records and missing product

Reconciliation of lease customer records and missing product

Reached settlement with Tomball landlord on settlement subject to court approval

Filed motion to assume the lease in Dayton, NV facility.

Reached a settlement with the EEOC subject to court approval

Reached a settlement with State of Nevada EPA and filed with court for approval

Retained a new production manager who will work with existing staff to improve quality minting operations

UST-17 Other Information

Exhibit 11

Significant Events:

Continued reconciliations for storage customer records and missing product

Continued reconciliations for lease customer records and missing product

Dayton lease assumption hearing scheduled for early December

Completed database of all cash transactions for review of all cash in/out

Filed motion to assume other leases

Strategic planning meeting - discussed post bankruptcy operations

Continued formulation of reorganization plan.

UST-17 Other Information

Exhibit 12

Case Progress:

Trustee presented and discussed draft of plan of reorganization with committee

UST-17 Other Information

Exhibit 11

Significant Events:

The operating business of the estate continues to experience a deterioration in sales due primarily to the bankruptcy. Sales staff are trying to sell through the negative internet press. We have hired 5 new sales people from October through December and look forward to an increase in sales in the coming months. New sales people take about 3 to 6 months to ramp up. We have experienced a few months of operating losses. In addition we have started the process of closing Auburn shipping and receiving operations and consolidating them to Dayton. We expect to complete the move by the end of January. The cost of the move is estimated to be approximately \$150,000 and the estimated annual savings are in excess of \$300,000. Thus there will be a negative cash impact for the first 6 months of 2017, but the cash flow return should be apparent by June of 2017. This is our slow time of the year. The company's cash reserves have been depleted and will remain tight. The months of March through June are the company's busy season in which cash reserves will likely improve.

The company has made an offer to hire a CEO subject to court approval. The CEO was a CEO of a fortune 1000 company and has extensive sales experience. We look forward to the courts approval of the employment of the CEO and in improvement in sale volumes that should result from his engagement.

The Committee has been provided with a draft plan of reorganization for review and comment. The goal remains to file the Plan and Disclosure Statement in the first quarter of 2017.

There are major legal issues over the substantive consolidation of Medallic Art Company LLC that will need to be resolved before the Plan and Disclosure Statement can be approved by the bankruptcy court. The trial on those issues has been scheduled for May of 2017. The Court ruled this month that the trial would be bifurcated to address substantive consolidation and alter ego issues in May 2017 leaving all other legal issues for trial in October 2017.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress:

The company continued to experience operating losses. The trustee believes the operating losses are principally due to the deterioration of sales based upon bankruptcy "headwinds" and seasonality. The Trustee anticipates that the company should break even in February and become profitable by the Spring.

The Trustee identified a CEO to lead the company out of bankruptcy and moved for authority to employ him. In his motion to employ the CEO, the Trustee discussed the skills and experience of the CEO. The CEO has significant sales experience. His retention was based in part on the need to grow the sales of the company. Only through an increase in sales will the company be successful enough to provide meaningful returns to creditors. The Committee interviewed the CEO and supported the Trustee's motion to employ him. The bankruptcy court approved the Trustee's employment of the CEO on February 3, 2017.

In January, 2017, the Trustee closed the company's Auburn operations and moved the shipping and receiving operations to Dayton, Nevada. The move will initially cost in excess of \$100,000, but will save the company in excess of \$300,000 annually going forward. The Trustee informed the Court that he preferred to withdraw his motion to assume the Auburn Lease and the Auburn lease was rejected as a consequence of applicable bankruptcy law.

The estate has a major pending litigation matter with Medallic Art Company LLC, an entity controlled by the former CEO of the Debtor, Ross Hansen. The trial for that litigation is presently set for the first week in May 2017. The litigation will resolve whether the assets and liabilities of Medallic will be substantially consolidated with those of NWTM. This matter will need to be resolved before the Trustee's presently intended Plan of Reorganization can be confirmed.

The Trustee and his attorneys have drafted a Plan of Reorganization and the related financial projections and liquidation analysis and have consulted with the Committee about the terms of that plan. The Plan envisions a reorganization of the company around the operations in Dayton, Nevada to generate profits to be distributed to creditors. There are a number of complicated tax matters that have been addressed and will need to be refined in the plan. The committee is in the process of retaining a financial advisor to assist the committee with the review of the Trustee's financial projections and liquidation analysis.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress:

The company experienced an operating loss in February of \$11,538 down from a January loss of \$213,195. As mentioned in prior months the slower sales are principally due to the deterioration of sales, based upon bankruptcy "headwinds" and seasonality. The operating loss was due in part to lower sales from stock sales with the move of the Auburn plant. The company experienced delays in setting up the inventory system in connection with the Auburn move which delayed sales. The Trustee projects improved operational results in future months as the company enters into its traditionally stronger sales periods.

While the Trustee could have capitalized the Auburn move in accordance with Generally Accepted Accounting Principles, the full amount of move expenses was expensed (approximately \$100,000) below the operating line in an effort to be conservative. With the close of Auburn and the move to Dayton the Trustee estimates a reduction of operating expenses by approximately \$300,000 or more annually.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. Mr. Atalla has restructured the sales department and has hired a new marketing manager and is taking other immediate steps to enhance sales growth.

The company has been engaged in designing and building a cost accounting system, including the adding of time clock for operators to use and to stamp in the start and completion times and hours incurred. This has been a time consuming project but is near completion. For the first time the company now has job costing. This is allowing us to better understand our cost structure and profitability on a job by job basis. With job costing by department, we are better able to determine the right mixture of jobs to ensure all departments are being fully utilized through out a given period. While the Trustee could have capitalized the cost associated with the job costing system in accordance with Generally Accepted Accounting Principles, the full amount was expensed as part of normal operating labor costs, thus overstating operating losses or understating operating profits in an effort to be conservative.

The Trustee anticipates that the company will be profitable for March April, May and June, and working capital reserves should be rebuilt during that period.

The Trustee is focused on consolidating the company into the Dayton facility. The Trustee's objective is to have the company fully operating from the Dayton location by the beginning of 2018.

The company needs to clean up its operational premises to incorporate the equipment and personnel moved from Auburn to Dayton. The Trustee is actively marketing the sale of surplus equipment that is stored throughout the operations, both inside and outside. The company retained James Murphy Company, as approved by the Court, to complete a valuation of the equipment and to assist with the auction of the equipment as appropriate. The Trustee intends to market the surplus equipment for sale and propose for court approval controlled sales as much as possible and then propose for court approval an on-line auction of the balance in the August or September time frame and then scrap out any unsold items. This approach will allow maximization of the value of the surplus equipment. An offer for nine surplus pieces of equipment has been submitted to court for approval and is set for hearing on April 14, 2017.

The estate has a pending litigation matter with Medallic Art Company LLC, an entity controlled by the former CEO of the Debtor, Ross Hansen. The trial in that litigation is presently set for May and June, 2017 and is expected to be completed by the middle of June. The litigation will resolve whether the assets and liabilities of Medallic Art Company LLC will be substantially consolidated with those of the Mint.

The Trustee and his attorneys have drafted a Plan of Reorganization and have consulted with the Committee about the terms of that plan. The Plan envisions a reorganization of the company around the operations in Dayton, Nevada. The current plan is for the operating company to generate profits that will be distributed to creditors over some period of time. After an agreed upon period of time the company would be sold and sale proceeds would be allocated to creditors. The Committee has retained a financial advisor to assist the committee with the review of the Trustee's financial projections and liquidation analysis in connection with formulation and proposal of a plan.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress:

The company experienced an operating income of \$23,132 in March compared with a loss in February of \$11,538 down from a January loss of \$213,195. As mentioned in prior months the slower sales are principally due to the deterioration of sales, based upon bankruptcy "headwinds" and seasonality. The Trustee projects improved operational results in future months as the company enters into its traditionally stronger sales periods.

One of the significant adjustment is a \$932k adjustment to inventory, that is the amount of inventory that existed as of April 11, 2016, when the trustee took over that has been or will be returned to customers who own the inventory. This is a large adjustment that could not have been booked until all ownership of inventory was determined and confirmed.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. The company desire is to retain proven sales professionals with experience in the industry.

The company has been engaged in designing and building a cost accounting system, including the adding of time clock for operators to use and to stamp in the start and completion times and hours incurred. In the month of March, we were able to review the profitability of all 370 plus jobs for the month. The job by job profitability analysis will help us ensure all jobs are profitable.

The Trustee anticipates that the company will be profitable for March April, May and June, and working capital reserves should be rebuilt during that period. However, the company cash position remains an issue. Cascade Capital Group funded back to the company \$50,000 of professional fees which were paid on an interim basis to Cascade in December, 2016, to help fund working capital needs of the company. The trustee sees cash being tight until the company can grow sales to improve the overall all cash position of the company.

The Trustee has consolidated the majority of the operations of the company since his appointment and is focused on consolidating the company into the Dayton facility. The Trustee's objective is to have the company fully operating from the Dayton location by the beginning of 2018.

The company needs to clean up its operational premises to incorporate the equipment and personnel moved from Auburn to Dayton. The Trustee is actively marketing the sale of surplus equipment that is now all stored at the Dayton premises. The company retained James Murphy Company, as approved by the Court, to complete a valuation of equipment and to assist with the auction of the equipment as appropriate. The Trustee intends to market the surplus equipment for sale and propose for court approval controlled sales as much as possible and then propose for court approval an on-line auction of the balance of surplus equipment and then scrap out any unsold items. This approach will allow maximization of the value of the surplus equipment. An offer for nine surplus pieces of equipment was submitted to the Court for approval and is set for hearing on April 14, 2017.

The estate has a pending litigation matter with Medallic Art Company LLC, an entity controlled by the former CEO of the Debtor, Ross Hansen. The trial in that litigation was set for May and June, 2017. However, in the week before the preparation of this report, Medallic filed a motion to dismiss its claims. Based upon the dismissal of Medallic's claims, the Trustee is preparing to enter a judgment substantively consolidating Medallic with the NWTM bankruptcy estate. The Trustee expects entry of that judgment in early May, 2017.

The Trustee and his attorneys have drafted a Plan of Reorganization and have consulted with the Committee about the terms of that plan. The Plan envisions a reorganization of the company around the operations in Dayton, Nevada. The current plan is for the operating company to generate profits that will be distributed to creditors over some period of time. After an agreed upon period of time the company would be sold and sale proceeds would be allocated to creditors.

The Trustee and his attorneys have drafted a Plan of Reorganization and have consulted with the Committee about the terms of that plan. The Plan envisions a reorganization of the company around the operations in Dayton, Nevada. The current plan is for the operating company to generate profits that will be distributed to creditors over some period of time. After an agreed upon period of time the company would be sold and sale proceeds would be allocated to creditors. The Committee has retained a financial advisor to assist the committee with the review of the Trustee's financial projections and liquidation analysis in connection with formulation and proposal of a plan.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress:

The company experienced an operating loss of \$242,368 in April compared with a profit in March of \$23,132. This was unexpected and a significant loss which adversely impacts the cash flow of the company. The Company's cash flow is very tight and the trustee is exploring options, including Debtor in Possession Financing and a possible sale of the Company. Only with a growth in sales will the Company be a viable Company. As mentioned in prior months the slower sales are principally due to the deterioration of sales, based upon bankruptcy "headwinds" and seasonality. While new marketing and sale programs have been implemented, the ability to remain a going concern will depend on the effectiveness of the sales.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. The company desire is to retain proven sales professionals with experience in the industry. Mr. Atalla, has implemented a number of new sales and marketing initiatives. These programs will need to become more effective for the Company to remain a going concern.

A local TV station completed a "Built in Nevada" news segment on the Company. The news clip can be viewed at the following web site. <Http://www.kolotv.com/contents/news/Made-in-Nevada-Medallie-Art-Company-420420304.html>. This is the start of some of our new marketing efforts.

The Trustee had anticipated that the company will be profitable for April, May and June. but with continued sales weakness the Company's working capital has deteriorated. Thus the company cash position remains an issue. The Trustee is looking at DIP financing as a possible way to provide working capital to allow time for new sales programs to kick in. The trustee sees cash being tight until the company can grow sales to improve the overall all cash position of the company. If sales growth does not materialize then the company will need to be sold in a 363 sale as a going concern.

The Trustee has consolidated the majority of the operations of the company since his appointment and is focused on consolidating the company into the Dayton facility. The Trustee's objective is to have the company fully operating from the Dayton location by the beginning of 2018.

The company needs to clean up its operational premises to incorporate the equipment and personnel moved from Auburn to Dayton. The Trustee is actively marketing the sale of surplus equipment that is now all stored at the Dayton premises. The company retained James Murphy Company, as approved by the Court, to complete a valuation of equipment and to assist with the auction of the equipment as appropriate. The Trustee intends to market the surplus equipment for sale and propose for court approval controlled sales as much as possible and then propose for court approval an on-line auction of the balance of surplus equipment and then scrap out any unsold items. This approach will allow maximization of the value of the surplus equipment.

The estate was successful in the pending litigation matter with Medallic Art Company LLC, an entity controlled by the former CEO of the Debtor, Ross Hansen. The trial was cancelled when Medallic Art Company capitulated and dismissed its claims. The Court has entered a judgment substantively consolidating The Medallic Art Company assets and liabilities with the NWTM bankruptcy estate effective April 1, 2016. With the consolidation of the operations, the Trustee is now in a position to market the Company as a going concern to potential buyers. Given the current cash position the company is moving forward with entertaining possible offers to buy the Company.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress:

The company experienced an operating income of \$26,892 in May compared with a loss in April of \$242,368. The loss in April was unexpected and a significant loss which adversely impacts the cash flow of the company. The May profit was also less than anticipated. The Company's cash flow is very tight and the Trustee has obtained approval of a factoring line. The company has the ability to obtain approximately \$500,000 in factoring financing. In addition the Trustee has started to market the company for sale because of the tight cash flow. The company continues to have slow sales due to bankruptcy "headwinds" and seasonality. While new marketing and sales programs have been implemented and are promising, the ability to remain a going concern will depend on the effectiveness of sales growth in the coming months.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. The company's desire is to retain proven sales professionals with experience in the industry. Mr. Atalla, has implemented a number of new sales and marketing initiatives. These programs will need to become more effective for the Company to remain a going concern.

The Trustee had anticipated that the company would be profitable for April, May and June. The company's cash position remains an issue. The Trustee has obtained DIP financing as a possible way to provide working capital to allow time for new sales programs to kick in. The trustee sees cash being tight until the company can grow sales to improve the overall cash position of the company. If sales growth does not materialize, then the company will need to be sold in a 363 sale as a going concern.

The Trustee has consolidated the majority of the operations of the company since his appointment and is focused on consolidating all of the company into the Dayton facility. The Trustee's objective is to have the company fully operating from the Dayton location by the beginning of 2018.

The company needs to clean up its operational premises to incorporate the equipment and personnel moved from Auburn to Dayton. The Trustee is actively marketing the sale of surplus equipment. In addition the Trustee obtained court approval for the disposal of smaller scrap equipment at the Dayton facility. The Trustee intends to market the surplus equipment for sale

The estate was successful in the pending litigation matter with Medallic Art Company LLC, an entity controlled by the former CEO of the Debtor, Ross Hansen. The trial was cancelled when Medallic Art Company capitulated and dismissed its claims. The Court has entered a judgment substantively consolidating The Medallic Art Company assets and liabilities with the NWTM bankruptcy estate effective April 1, 2016. With the consolidation of the operations, the Trustee is now in a position to market the Company as a going concern to potential buyers. Given the current cash position, the company is moving forward entertaining possible offers to buy the Company.

As part of the Medallic litigation above, the Trustee obtained the payment records to the Medallic Art Attorneys. The payment records show that the Medallic Art Attorneys were paid from the liquidation of gold and silver. We filed a 2004 motion (discovery motion) with the court to obtain records from the company that purchased the gold and silver. As of this point in time over \$500,000 of gold and silver has been liquidated to pay Ross Hansen and Diane Erdman attorneys. The trustee has also filed motions with the Bankruptcy court to do additional depositions of Ross Hansen and Diane Erdman to determine the source of the gold and silver that was liquidated. This is of grave concern to the Trustee. Not just because of the funds used to pay the Medallic Art attorneys, but the amount of professional fees incurred by the estate to pay for the litigation against Medallic Art, likely in excess of \$750,000. Trustee is trying to move as quickly as possible to determine if additional gold and silver may be held by Ross Hansen and Diane Erdman and the source of the gold and silver sold.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress:

The company experienced an operating loss of \$136,031 in June compared with a profit of \$26,892 in May. The loss in June was expected and the company expects to have a loss in July and August, but the losses are anticipated to be less than \$100,000 per month. The company's cash flow is very tight and the Trustee has obtained approval of a factoring line to remain a going concern. The company has the ability to obtain approximately \$500,000 in factoring financing. In an effort to manage the company's cash flow the recently retained CEO will forego the moving bonus of \$50,000 previously paid per his employment contract. The company booked the adjustment in June as a receivable and will receive the money in July. In addition the Trustee has started to market the company for sale because of the tight cash flow. The company continues to have slow sales due to bankruptcy "headwinds" and seasonality. While new marketing and sales programs have been implemented and are promising, the ability to remain a going concern will depend on the effectiveness of sales growth in the coming months.

The company was in possession of a Remington at the time of bankruptcy and has recently obtained the second Remington that was given as a gift by Ross Hansen to R. Books. Mr. Brooks agreed to return the Remington and the company is now in possession of both. These were not previously recorded on the financial statements, the company made the inventory adjustment of \$20,000 for each Remington in June, which is the scrap metal value of the pieces. The company is actively pursuing buyer's for these pieces.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. The company's desire is to retain proven sales professionals with experience in the industry. Mr. Atalla, has implemented a number of new sales and marketing initiatives. These programs will need to become more effective for the Company to remain a going concern. In addition the Trustee has been forced to make additional reductions in work force. In addition the Trustee is looking at a pay cut for all employees to help manage the down turn in sales.

The company's cash position remains an issue. The Trustee has obtained DIP financing as a possible way to provide working capital to allow time for new sales programs to kick in. The Trustee sees cash being tight until the company can grow sales to improve the overall cash position of the company. If sales growth does not materialize, then the company will need to be liquidated.

The Trustee has consolidated the majority of the operations of the company since his appointment and is focused on consolidating all of the company into the Dayton facility. The Trustee's objective is to have the company fully operating from the Dayton location by the beginning of 2018.

The company needs to clean up its operational premises to incorporate the equipment and personnel moved from Auburn to Dayton. The Trustee is actively marketing the sale of surplus equipment. In addition the Trustee obtained court approval for the disposal of smaller scrap equipment at the Dayton facility. The Trustee intends to market the surplus equipment for sale

The estate was successful in the pending litigation matter with Medallic Art Company LLC, an entity controlled by the former CEO of the Debtor, Ross Hansen. The trial was cancelled when Medallic Art Company capitulated and dismissed its claims. The Court has entered a judgment substantively consolidating The Medallic Art Company assets and liabilities with the NWTM bankruptcy estate effective April 1, 2016. With the consolidation of the operations, the Trustee is now in a position to market the Company as a going concern to potential buyers. Given the current cash position, the company is moving forward entertaining possible offers to buy the Company.

As part of the Medallic litigation above, the Trustee obtained the payment records to the Medallic Art Attorneys. The payment records show that the Medallic Art Attorneys were paid from the liquidation of gold and silver. We filed a 2004 motion (discovery motion) with the court to obtain records from the companies that purchased the gold and silver. The records produced from coin and precious metal dealers disclosed that as of this point in time over \$700,000 of gold and silver has been liquidated to pay attorneys for Medallic Art Company and attorneys who represent the personal interests of Ross Hansen and Diane Erdman. The Trustee has filed motions with the Bankruptcy court to do additional depositions of Ross Hansen and Diane Erdman to determine the source of the gold and silver that was liquidated. This is of grave concern to the Trustee. Not just because of the funds used to pay the Medallic Art attorneys, but the amount of professional fees incurred by the estate to pay for the litigation against Medallic Art, likely in excess of \$750,000. Trustee is trying to move as quickly as possible to determine if additional gold and silver may be held by Ross Hansen and Diane Erdman which is property of the bankruptcy estate and the source of the gold and silver sold by Hansen and Erdman.

The Trustee is in litigation with the Dayton landlord on what "cure" costs are for the Dayton Lease. The landlord has provided a list of repairs that total over \$500,000. As of this point the Trustee believes that there are no unpaid cure costs and that the company has over paid per the lease agreement for repairs that were not NWTM responsibility. The continued trial on the lease cure issues is scheduled for July 25 and July 26. If the estate is not successful in limiting the cure costs, the Company may need to be closed and liquidated.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress:

After adjustment for excess accruals, the company experienced an operating profit of \$60,805 in July compared with a operating loss of \$136,031 in June. The loss in June was expected and the company expects to have a loss in August of less than \$100,000. The trustee anticipates that the Company will be profitable in September and through the end of the year.

The company continues to have slow sales due to bankruptcy "headwinds" and seasonality. While new marketing and sales programs have been implemented and are promising, the ability to remain a going concern will depend on the effectiveness of sales growth in the coming months. The company's cash flow is very tight and the Trustee has obtained approval of a factoring line to remain a going concern. The company has the ability to obtain approximately \$500,000 in factoring financing. The Trustee has marketed the company for sale because of tight cash flow.

Upon the start of the case in April of 2016, the company had experienced a significant number of credit card refund requests. Consequently, the credit card company requested a large deposit. The company had little cash and thus agreed to allow the credit card company to withhold approximately \$40,000 from sales as security against potential chargebacks. After 15 months there have been no credit card refund requests. As a result, the credit card company has agreed to reduce the deposit by \$40,000. The full amount of the deposit refund will be recognized in the month of August.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. Mr. Atalla, has implemented a number of new sales and marketing initiatives. The Company is also in discussion with other major distribution networks regarding selling NWTM and Medallie products and inventory.

The company has a sales program with Amazon. Upon his appointment, the trustee wished to conservatively estimate and reserve for Amazon related sales taxes and thus accrued \$10,000 per month for reserves for such taxes since the outset of the case. After additional analysis the trustee has concluded that the sales taxes have been properly accounted for and paid and that no additional accrual or reserve is required. Thus, we reversed the accrual for the Amazon related sales tax reserve in the month of July of 2017.

The company needs to clean up its operational premises to incorporate the equipment and personnel moved from Auburn to Dayton. The Trustee obtained approval to sell some surplus equipment in April, 2017 and is actively marketing the sale of additional surplus equipment. The Trustee obtained court approval in June, 2017 for the disposal of smaller scrap equipment at the Dayton facility.

The trustee obtained Court approval to conduct a deposition of Diane Erdman regarding her sales of significant quantities of gold and silver over the past year. The deposition was conducted in July, 2017.

The Trustee is in litigation with the Dayton landlord on what "cure" costs are for the Dayton Lease. The landlord has provided a list of repairs that total over \$500,000. As of this point the Trustee believes that there are no unpaid cure costs and that the company has over paid per the lease agreement for repairs that were not NWTM's responsibility. The continued trial on the lease cure issues was held on July 25 and July 26. The court has not ruled on the amount of cure costs.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress August 2017:

The company experienced an operating loss of \$100,937 in August compared with a operating profit of \$60,805 in July. The loss was expected and the company expects to have a profit in September. The trustee anticipates that the Company will be profitable September through the end of the year.

The company continues to have slow sales due to bankruptcy "headwinds" and seasonality. While new marketing and sales programs have been implemented and are promising, the ability to remain a going concern will depend on the effectiveness of sales growth in the coming months. The company's cash flow is very tight and the Trustee has obtained approval of a factoring line. The company has the ability to obtain approximately \$500,000 in factoring financing. The Trustee has marketed the company for sale because of tight cash flow.

At the commencement of the case in April of 2016, the company had experienced a significant number of credit card refund requests. Consequently, the credit card company requested a large deposit. The company had little cash and thus agreed to allow the credit card company to withhold approximately \$40,000 from sales as security against potential chargebacks. After 15 months there have been no credit card refund requests. As a result, the credit card company has agreed to reduce the deposit by \$40,000. The full amount of the deposit refund was recognized in the month of August.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. Mr. Atalla, has implemented a number of new sales and marketing initiatives. The Company is also in discussion with other major distribution networks regarding selling NWTM and Medallic products and inventory. One former sales employee has taken a position with a direct competitor who had executed a nondisclosure and nonsolicitation agreement with the estate in connection with its expression of interest in acquiring the estate's business. The former employee appears to be contacting customers of the estate and attempting to divert business to the competitor. The competitor's violation of its nonsolicitation agreement with the estate may adversely impact operational results and give rise to actionable claims.

The company has a sales program with Amazon. Upon his appointment, the trustee wished to conservatively estimate and reserve for Amazon related sales taxes and thus accrued \$10,000 per month for such taxes since the outset of the case. After additional analysis the trustee has concluded that the sales taxes have been properly accounted for and paid and that no additional accrual is required. Thus, we reversed \$150,000 in accruals in July and an additional \$30,000 in August 2017.

The company needs to clean up its operational premises to incorporate the equipment and personnel moved from Auburn to Dayton. The Trustee obtained approval to sell some surplus equipment in April, 2017 and is actively marketing the sale of additional surplus equipment. The Trustee obtained court approval in June, 2017 for the disposal of smaller scrap equipment at the Dayton facility. We have sold some scrap equipment in August and the sale was recorded below the operating line as a non-recurring item.

The trustee obtained Court approval to conduct a deposition of Diane Erdmann regarding her sales of more than \$700,000 of gold, silver and platinum over the past year after Erdmann had testified under oath in June, 2016 that she had only \$1,000 in cash and six ounces of silver and had made representations to the Bankruptcy Court that she was without significant assets. More than \$500,000 of proceeds of precious metals sold by Erdmann over the past year were paid to attorneys representing Erdmann, Ross Hansen and Medallic Art Company, an entity controlled by Hansen. The Erdmann deposition was conducted on August 3, 2017. At the deposition, Diane Erdman invoked her 5th amendment rights in connection with questioning regarding her liquidation of the precious metals and her prior sworn testimony. The trustee continues to investigate and to develop further evidence that the precious metal sold by Erdmann was property of the estate and whether are bases to recover the transfers of the precious metal and its proceeds.

The Trustee prevailed in the litigation with the Dayton landlord over the cure items that were required in connection with the estate's assumption of the Dayton lease. The Court's ruling sharply limited the cure obligations from the nearly \$500,000 alleged by the landlord. The Company is working to promptly perform the cure list as ordered by the Court.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress September 2017:

The company experienced an operating profit of \$12,119 in September compared with a operating loss of \$100,937 in August. The profit was expected and the company expects to have to be breakeven through the balance of the year. We expect to see a stronger 1Q and 2Q than last year.

The company continues to have slow sales due to bankruptcy "headwinds" and seasonality. While new marketing and sales programs have been implemented and are promising, the ability to remain a going concern will depend on the effectiveness of sales growth in the coming months. The company's cash flow is very tight and the Trustee has obtained approval of a factoring line. The company has the ability to obtain approximately \$600,000 in factoring financing. The Trustee has marketed the company for sale because of tight cash flow.

Diane Erdmann's Motion for disbursal of Funds held by Trustee was approved. Court ordered disbursal of funds in total of \$125,857.50 on 9/26/17. The Company distributed funds per the order on 9/30/17.

The Court approved retention of a CEO for the company in early February. Mr. Atalla, the CEO, is managing the day to day operations in Dayton and working closely with the Trustee on operational changes. Mr. Atalla is focused on rebuilding the sales organization and driving growth in sales for the company. Mr. Atalla, has implemented a number of new sales and marketing initiatives. The Company is also in discussion with other major distribution networks regarding selling NWTM and Medallic products and inventory.

The Trustee is in discussions with a potential buyer for the estate and continues to entertain offers for the operating business. The terms are under discussion and we anticipate obtaining a term sheet in the next 30 days. The Trustee objective as of this point is to sell the company to maximize the recovery for the estate and for creditors. Any party with an interest in acquiring the business should contact the Trustee. Total filed claims are in excess of \$70 million and the recovery will be limited such that creditors should not expect a high percentage of recovery on their claims. If the tight cash flow issues cannot be resolved, the Trustee will need to close the business and liquidate the assets on terms that will provide very little return to creditors.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress October 2017:

The company experienced an operating profit of \$24,883 in October compared with an operating profit of \$12,119 in September. The profit was expected, and the company expects to have to be breakeven through the balance of the year. However, the estate continues to incur non-operating administrative expenses and cash flow remains poor.

The company continues to have slow sales due to bankruptcy "headwinds" and seasonality. While new marketing and sales programs have been implemented and are promising, the ability to remain a going concern will depend on the effectiveness of sales growth in the coming months. The company's cash flow is very tight, and the Trustee has obtained court approval of a factoring line. The company has the ability to obtain a maximum of \$1,000,000 in factoring financing under the approved line. The Trustee has continued to market the company because of the tight cash flow and has engaged in substantive discussions with multiple parties regarding a going concern sale of the business.

The Trustee has been presented with a written offer to purchase the business in the form of an executed asset purchase and sale agreement which would be subject to court approval. The Trustee is presently verifying the source of funding for this offer before the offer will be accepted and presented to the Court for approval. The Trustee anticipates obtaining confirmation of funds before the end of November and assuming such confirmation of funds, intends to file the motion to approve the sale in November and close the sale before the end of the year. The terms of the sale as currently presented would provide a limited recovery for general unsecured creditors. If the tight cash flow issues cannot be resolved, the Trustee will need to close the business and liquidate the assets on terms that will provide no return to general unsecured creditors.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress November 2017:

The company experienced an operating loss of \$57,716 in November compared with an operating profit of \$24,883 in October.

The company continues to have slow sales due to bankruptcy "headwinds" and seasonality. While new marketing and sales programs have been implemented and appeared promising, the ability to remain a going concern heavily depended on the effectiveness of sales growth that did not materialize. The company's cash flow remained very tight through November, even after the Trustee obtained court approval of a factoring line, leaving the Trustee with no other option than to close down the company at the end of December if a potential buyer does not materialize. As stated in last month's MOR the Trustee has been marketing the company for sale for some time and has actively pursued multiple potential buyers for the company. In November, the Trustee was presented with a written offer to purchase the business in the form of an executed asset purchase agreement which would be subject to court approval. The Trustee has since vigorously attempted to verify the source of funding for this offer but has not been able to do so. Verification of funds is required before the offer will be accepted and presented to the Court for approval. As of December 18, 2017 the Trustee has no buyer

The terms of the executed asset purchase agreement would provide full recovery to secured, administrative and priority creditors. The recovery for general unsecured creditors would be limited if any. The sale of the Company on terms expressed in the written offer would enable the employees of NWTM to maintain their jobs and the Dayton lease obligation would be paid by the buyer, thus reducing the claims by the land lord against the available sale proceeds.

If the buyer's funds do not materialize, the Trustee is working with another potential buyer that would offer a liquidation value vs a going concern value for the company's assets. This offer would provide limited recovery to the secured and administrative creditors with no expected return to the priority creditors or the general unsecured creditors.

If neither offer materializes the company will need to be liquidated through an auction of the assets. If the company is liquidated at auction secured creditors will be paid and administrative expenses will be paid at a significant discount.

UST-17 Other Information

Exhibit 11

Significant Events and Case Progress December 2017:

The company experienced an operating loss of \$454,200 in December compared with an operating loss of \$57,716 in November. The loss is due to limited sales and minimal production and closing of the company the last week of December.

While new marketing and sales programs were implemented and appeared promising, the ability to remain a going concern heavily depended on stable sales levels and sales growth that did not materialize and for that reason, the business was

The Trustee has been marketing the company for sale since May of 2017, and has actively pursued multiple potential buyers for the company. In November, the Trustee was presented with a written offer to purchase the business in the form of an executed asset purchase agreement which would be subject to court approval. However, the Trustee did not present it to court as the Trustee was not able to confirm funding necessary to close the transaction

The Trustee had a new buyer come to the table in early December interested in the business, but again the Trustee was unable to confirm the buyers source of funding as of December 26, 2017

With no confirmed funding from potential buyers and limited cash available to continue running the business, the trustee made the decision to close the company December 26th and the business was closed on December 29, 2017.

The estate continues to run a skeleton crew to finalize and ship certain work in process orders and some staff are assigned tasks to close down the company by the end of February and to work to liquidate the assets of the estate.

While the Trustee believed in the potential of the company, the deterioration in the monthly sales while in bankruptcy resulted in insufficient cash flow to remain a going concern. The Trustee did not want to close the business he was forced to do so under the circumstances based upon the performance of the business.