

1 UNITED STATES BANKRUPTCY COURT
2 WESTERN DISTRICT OF WASHINGTON AT SEATTLE

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5
6 IN RE:)
7 NORTHWEST TERRITORIAL MINT, LLC,)
8 Debtor.) 16-11767-CMA

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10 TRANSCRIPT OF THE DIGITALLY RECORDED
11 341 MEETING OF CREDITORS
12 MAY 11, 2016
13 (EXAMINATION OF ROSS HANSEN)
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11 ROY WOODCOCK
12 JAMES BAGOCIUS
13 JEFFREY McMEEL

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1 SEATTLE, WASHINGTON; MAY 11, 2016
2 --oOo--
3 MR. SMITH: Good afternoon. My name is Martin
4 Smith. I'm a trial attorney with the Office of the United
5 States Trustee. This is the meeting of creditors being held
6 in the Chapter 11 case of Northwest Territorial Mint, LLC,
7 Case Number 16-11767. It's approximately 2:00 p.m. on
8 May 11th, 2016. The meeting is being recorded. I will be
9 conducting the meeting.
10 This is the opportunity for the United States
11 Trustee and creditors or their representatives to ask
12 questions, in this case, of Mr. Hansen, the debtor's
13 representative, as well as -- after Mr. Hansen completes his
14 testimony, you'll be given an opportunity to ask questions of
15 Mr. Hansen under oath. Mr. Mark Calvert, the Chapter 11
16 trustee, will be available to answer questions, as well, as to
17 the status of the case and what he is doing at this point in
18 time.
19 UNIDENTIFIED MALE SPEAKER: Mr. Lovejoy? Just
20 one moment, sir.
21 MR. SMITH: Usually when there's technical
22 difficulties, it's operator error, but --
23 All right. Mr. Hansen, would you remain
24 standing and please raise your right hand?
25 Do you swear the testimony you're about to give

5

1 right?
2 MR. HANSEN: The Mint did Chapter -- filed
3 Chapter 11, yes.
4 MR. SMITH: Can you give me a brief summary of
5 the mint's operations before it filed Chapter 11 and what led
6 up to the need for filing Chapter 11?
7 MR. HANSEN: Sure. The mint is comprised of a
8 number of different entities. One of the entities is -- we
9 are a bullion mint, which I think most of you are here for,
10 where we both buy, sell, and manufacture different forms of
11 precious metals. Those precious metals are gold, silver,
12 platinum, and palladium.
13 We also have a custom minting division. The
14 custom minting division makes coins and medallions for
15 corporate, private, and governmental entities.
16 We also have an in-house product, where we
17 design a product that usually I, myself, or one of my staff
18 has designed. And we take -- we take that, and we sell it on
19 the web and also through other wholesalers.
20 We have another division, called Graco
21 Industries, which is a division of Northwest Territorial Mint,
22 where we manufacture the medals and ribbons for the U.S.
23 military and other government agencies, including everything
24 from the medal of honor to the purple heart.
25 MR. SMITH: And what were the events that led up

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1 is the truth, the whole truth, and nothing but the truth?
2 MR. HANSEN: I do.
3 MR. SMITH: Thank you. Please be seated.
4 Please state your name.
5 MR. HANSEN: It's Ross Hansen.
6 MR. McMEEL: I object.
7 MR. SMITH: Mr. McMeel, what's your objection?
8 MR. McMEEL: That's my witness.
9 Can I have your name, please?
10 MR. SMITH: I've already given you my name.
11 It's Martin Smith. I'm a trial attorney with the Office of
12 the United States Trustee. You're welcome to stay today. But
13 if you end up being disruptive, just know that we will need to
14 have you escorted out. Do you understand that?
15 MR. McMEEL: The objection was --
16 MR. SMITH: Okay. Your objection is noted.
17 MR. McMEEL: Thank you.
18 MR. SMITH: You're welcome.
19 Mr. Hansen, what was your position -- or what is
20 your position with the debtor in possession -- or the debtor,
21 Northwest Territorial Mint?
22 MR. HANSEN: My position was -- I was the
23 managing member and the CEO of Northwest Territorial Mint.
24 MR. SMITH: And you caused the mint -- I'll
25 shorthand it to "the mint" -- to file Chapter 11; is that

6

1 to the need for filing Chapter 11?
2 MR. HANSEN: The events that led up to the
3 filing of Chapter 11 were mainly the actions caused by a
4 Bradley S. Cohen. Mr. Cohen is an investor. He leads a group
5 of investors that have bought the building that we were
6 leasing in down at 1307 West Valley Highway. And that's been
7 the subject of about an eight-year-long series of lawsuits
8 that Mr. Cohen and his team of lawyers -- and I'm trying to be
9 nice here -- have filed against us.
10 And over time, between the judgments that they
11 have entered and the different things that they have done,
12 they have either judgments or have collected -- or damaged the
13 company in the tune of over \$50 million.
14 MR. SMITH: Let me back up for a second.
15 Something I should've mentioned before we actually got
16 started. But for today's meeting, there's to be no
17 photographer, no recording of today's meeting. There will be
18 a recording. It is being recorded, and you can request a copy
19 of the recording at a later date. But no individual recording
20 is allowed today.
21 Mr. Hansen, have you seen the bankruptcy
22 schedules that have been filed recently?
23 MR. HANSEN: No.
24 MR. SMITH: You haven't reviewed those at all?
25 MR. HANSEN: No. And I'd like to address that,

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1 if I could, and why that was. Before Mr. Calvert forced Diane
2 Erdmann and myself out of the company, the -- we were working
3 diligently, literally 16 hours a day, trying to get the
4 schedules put together and accurate. The schedules were very
5 inaccurate, and we were having to go through them
6 individually, one by one, and -- but from -- my understanding
7 is, is that after I was forced out of the company, Mr. Calvert
8 attempted to do those with staff. And I understand most of
9 the staff that was working on that has left, as one person
10 said, in disgust with Mr. Calvert.

11 But so the schedules -- what I have been told,
12 and I don't know how accurate this was -- is that they were
13 filed late yesterday afternoon. No copies of the schedules
14 have been sent to me or made available to me for my review.
15 Nor do I have access to the records of the company to make
16 sure that the schedules are accurate and true.

17 MR. SMITH: And just as an overview for
18 everybody here --

19 UNIDENTIFIED FEMALE SPEAKER: Can you speak into
20 your mic? I can't hear you very well.

21 MR. SMITH: Of course.

22 Just as an overview for --

23 MR. HANSEN: I apologize. Was that for me or
24 the trustee?

25 UNIDENTIFIED FEMALE SPEAKER: The trustee. Both

9

1 not have an interest in.

2 The first of those is an evidentiary hearing
3 scheduled for June 22nd at 9:30 on the seventh floor in front
4 of Judge Alston. That relates to whether the retainer that
5 was paid to the debtor's bankruptcy counsel should be property
6 of the estate or not -- the source of the money.

7 There's a hearing on a proposed sale. The
8 Chapter 11 trustee has -- and I'm sure he'll tell about you
9 this -- but has proposed a sale of the Texas facility. And
10 that sale hearing is scheduled for May 26th at 1:30 p.m. And,
11 again, like everything in this case, it will be in front of
12 Judge Alston on the seventh floor of this building.

13 And the third pending matter that I'm aware of
14 is, Judge Alston has what we affectionately call the Section
15 105 conference. It's kind of a status conference that, as a
16 judge, he holds early on -- fairly early on in a case to get a
17 sense of what's happening and to look at deadlines in the
18 case. It is in his courtroom. It is open for your attendance
19 if you want to go. And that is set for June 3rd at 1:30 p.m.

20 So at this time, since I don't have schedules to
21 ask Mr. Hansen about --

22 MR. HANSEN: Can I make a short comment, please?

23 MR. SMITH: Sure.

24 MR. HANSEN: If the schedules show that there's
25 only \$6 million of assets, then a fraud has been perpetrated

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1 of you, actually.

2 MR. HANSEN: Okay.

3 MR. SMITH: All right. And just to clarify, I
4 am not the trustee. I'm the attorney for the U.S. Trustee in
5 this case. Mr. Calvert is the trustee, and he's represented
6 by Mr. Gearin, who is sitting next to him.

7 But to put things in context, for those of you
8 who have not seen the schedules, which is probably most of you
9 since they were just recently filed and there are some
10 voluminous aspects to the schedules, as I understand them,
11 they list total assets for the company of \$6,476,000 and
12 change, liabilities of almost \$56,000,000, and that includes
13 about be 73,000 in secured claims and almost 56 million in
14 unsecured claims.

15 The assets consist primarily of inventory, at
16 about \$5 million, accounts receivable at about \$1.4 million,
17 cash of just over \$4,000, and deposits and prepayments of just
18 over \$57,000. So according to the schedules filed by the
19 Chapter 11 trustee, as you can tell, there's quite a shortfall
20 between the \$56 million in liabilities and the \$6.5 million in
21 assets.

22 Something else, before we open up the floor --
23 informationwise, before we open up the floor for questions
24 with Mr. Hansen, is there are three matters that are currently
25 pending in front of the Bankruptcy Court that you may or may

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1 upon this court.

2 In my discussions with Mr. Calvert, Mr. Calvert
3 wanted -- before the employment of Mr. Calvert, Mr. Calvert
4 had specifically instructed me to take any asset and
5 substantially discount it and try to make the value of that
6 asset look, quote, as small as possible.

7 We had determined, in the company, that the
8 assets -- and maybe Mr. Calvert has some funny math -- but
9 that the assets of the company were somewhere between 20 and
10 \$25 million.

11 Now, where Mr. Calvert comes up with that
12 number, I have no idea. But I have to tell you, when I hear
13 things like this, it makes my blood boil. Because I think
14 Mr. Calvert is perpetrating -- if that's what Mr. Calvert has
15 sworn to, then Mr. Calvert needs some help with his math.

16 MR. SMITH: Well, with that, let me put
17 something in context for all of you here. This was filed at
18 the instruction -- the Chapter 11 case was filed at the
19 instruction of Mr. Hansen. The Court concluded that
20 Mr. Hansen should no longer be in charge of the assets and the
21 operations of the company and appointed Mr. Calvert, who is
22 now in charge of those operations and those assets. The Court
23 found cause to do that. And that is the context in which
24 everybody's testimony should be considered today.

25 I will open up the floor for questions. I'm

12

1 going to start with Mr. Gearin, if he has any. There's a
2 lectern over there, if you wouldn't mind. There's also a
3 microphone at the lectern -- or there was.

4 Is that our second mic?

5 MR. HANSEN: I'd also like to note for the
6 audience here, I'm not lawyered-up here. You're not seeing me
7 with a battery of attorneys. I'm here as Ross Hansen. I'm
8 not shielding or protecting myself as -- most people have
9 said, Oh, my God, you've got to need a wall of attorneys.

10 And what I've done is I've shown up in front of
11 all of you to answer your questions and help you recover as
12 much money as possible. So I want that noted.

13 Mr. Gearin?

14 MR. GEARIN: Sure. Mr. Hansen --

15 MR. SMITH: Mr. Gearin, for the recording, would
16 you just state your name and who you represent?

17 MR. GEARIN: This is Michael Gearin, K&L Gates;
18 and I represent the Chapter 11 trustee, Mr. Calvert.

19 Let's start out with this. We'll start out with
20 the \$25 million in assets that the company owns, according to
21 you. What are those assets and where are they?

22 MR. HANSEN: Mr. Gearin, your client and I put
23 together a spreadsheet, before he was appointed as the Chapter
24 11 trustee, listing all the assets. All of those -- those
25 spreadsheets, all of those assets, you have -- are in your

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1 memory --

2 MR. GEARIN: Yes. I want --

3 MR. HANSEN: You bet ya. We can start out by --
4 the bullion business. We have approximately a quarter million
5 bullion names. Each of those names and each of those
6 addresses have value to the company. Typically, those are
7 sold between 15 and \$20 a name.

8 You have a website that --

9 MR. GEARIN: Let me stop you. So you're talking
10 about customer lists? Is that what you're talking about?

11 MR. HANSEN: Correct.

12 MR. GEARIN: You're saying the customer list --
13 with how many names on it?

14 MR. HANSEN: Approximately a quarter million.

15 MR. GEARIN: And you think that has value of how
16 much, again?

17 MR. HANSEN: Well, when Mr. Calvert and I looked
18 at it, we figured out that that had a value of somewhere
19 between 3 and \$6 million.

20 MR. GEARIN: Okay. The customer list. Now what
21 else?

22 MR. HANSEN: We have a very robust website that
23 we've put together. We estimate that that website has a
24 value -- that somebody else would buy -- you know, a website
25 is a tool. A website has a tremendous amount -- I mean, if

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1 possession. And despite repeated requests from me to get
2 documents from you, I can't get the simplest questions
3 answered from you. So it's a little -- it's disingenuous of
4 you to be asking me for documents --

5 MR. SMITH: I'm going to --

6 MR. HANSEN: -- when you won't provide them.

7 MR. SMITH: Wait, wait, wait. I'm --

8 MR. GEARIN: He's not answering my question.

9 MR. SMITH: We're going to keep the waters as
10 calm as possible today. I know there's a lot of emotion. I
11 know there's a lot of financial pain and distress that's
12 occurred because of this filing and the actions leading up to
13 it. So with that understanding, let's try and keep things
14 down.

15 Mr. Gearin asked you a question, and he didn't
16 ask you for an infomercial. So please answer the question if
17 you have personal knowledge to answer it with.

18 MR. GEARIN: Do you remember the question?

19 MR. HANSEN: Why don't you go ahead and
20 answer -- ask it again.

21 MR. GEARIN: Right. The question is -- you just
22 stated that there's \$25 million of assets in the company. I
23 want to know what those assets are. Let's start with that.
24 What are those assets?

25 MR. HANSEN: Okay. If you'd like me to go by

14

1 you remember, the Clinton -- I mean the Obama administration
2 spent billions putting together a website. Well, we
3 have spent --

4 MR. GEARIN: Mr. Hansen, I'm going to interrupt
5 you. We're going to -- this is going to be a long course of
6 discussion if you --

7 MR. HANSEN: And it will be if you keep
8 interrupting me. If you want me to explain, I'm happy to
9 explain.

10 MR. GEARIN: I asked you -- you told me about
11 the website. How much is the website worth?

12 MR. HANSEN: Okay. I believe the website -- the
13 bullion website is worth about \$3 million. And that's
14 according to your own people.

15 MR. GEARIN: Okay. So a customer list, a
16 website. What else?

17 MR. HANSEN: Okay. Then you have the equipment
18 of Northwest Territorial Mint. The equipment of Northwest
19 Territorial Mint -- I don't have the equipment list in front
20 of me. But you have everything from coining presses to laser
21 machines to some very sophisticated equipment. And that --
22 and, again, I don't have my schedules in front of me -- is
23 somewhere between 3 and \$6 million.

24 MR. GEARIN: Where is that equipment? Is it in
25 Texas, Nevada, Washington? Where is it?

16

1 MR. HANSEN: You have equipment in Texas, Green
2 Bay, and Washington. And some of the -- some of the equipment
3 is in Nevada and Hawaii.

4 MR. GEARIN: Is all the equipment in the Nevada
5 facility property of the debtor?

6 MR. HANSEN: I'm not understanding that
7 question.

8 MR. GEARIN: You told me there's equipment in
9 Nevada.

10 MR. HANSEN: There's Medallion Art equipment in
11 Nevada, and there's Northwest Territorial Mint equipment in
12 Nevada. And we gave you schedules of which is which.

13 MR. GEARIN: Well, I think what I received from
14 you, Mr. Hansen, was one schedule.

15 And for the record, let's ask this question:
16 Did Mr. Wenokur, your prior counsel who withdrew, did he pass
17 along to you a request for information that I transferred to
18 him?

19 MR. SMITH: Could you be more specific,
20 Mr. Gearin, as to what the nature of the information requested
21 was?

22 MR. GEARIN: I will.

23 Did Mr. Wenokur pass along a request for
24 information about the location of assets belonging to the
25 debtor? Did he pass along my request for that information?

17

1 So those inventories, which are in your control,
2 are worth more than what you just told to the court that
3 the -- the value of the whole estate is worth.

4 MR. GEARIN: Well, let's break it down. How
5 much bullion is there? When you left control of the business,
6 how much bullion was owned by the mint?

7 MR. HANSEN: Well, we don't -- I don't have that
8 schedule in front of me. But I'll tell you what. You just
9 did a complete inventory. How many ounces of gold were in the
10 company when you took it over?

11 MR. GEARIN: Well, I think those --

12 MR. HANSEN: How many ounces of gold --

13 MR. SMITH: Wait, wait --

14 MR. HANSEN: -- were in the inventory when you
15 took it over?

16 MR. SMITH: Wait, wait, wait. These are for
17 questions of you.

18 MR. HANSEN: Okay.

19 MR. SMITH: These are not for your questions of
20 Mr. Gearin. So --

21 MR. HANSEN: He can't --

22 MR. SMITH: -- to the degree he has questions --

23 MR. HANSEN: He can't answer that question.

24 MR. SMITH: He doesn't have to answer that
25 question.

19

1 MR. HANSEN: No. But if you need that
2 information, most of that information is in your possession.
3 And I have asked you for that information, and you've refused
4 to give it to me.

5 MR. GEARIN: Well, your counsel and I have
6 engaged in a discussion about an exchange of discovery. I
7 have never received anything from your counsel -- from your
8 personal counsel about --

9 MR. HANSEN: I'm sorry. Are you testifying now,
10 sir?

11 MR. GEARIN: I'm responding to some of the
12 statements you just made. Let's move on.

13 MR. HANSEN: Okay.

14 MR. GEARIN: We've got the equipment. What
15 other assets? We've got a customer list, a website, and
16 equipment.

17 MR. HANSEN: Then you have the inventory of
18 Northwest Territorial Mint. And that inventory consists of a
19 number of things. We have bullion, which is pretty
20 substantial. You have finished product. And then you have
21 raw goods. And when I talk about raw goods, I'm talking about
22 boxes that we package our product in. We have brass. We have
23 nickel. We have gold, silver, platinum that we use for custom
24 products. We have gold, silver, platinum, and palladium that
25 we sell individually.

18

1 MR. GEARIN: Mr. Hansen, I'm not here to answer
2 questions. The purpose of this meeting is for you to answer
3 questions for the benefit of the creditors.

4 MR. HANSEN: Well, you know, earlier you made a
5 statement that the value was this. And so I'm asking you for
6 the breakdown of that.

7 MR. SMITH: You're not asking him, because he's
8 not going to answer. So --

9 MR. HANSEN: Well, I tell you what. I don't
10 know because it was located in a number of different
11 ways{sic}. And we were still working on the schedules when I
12 was forced to leave the company.

13 MR. GEARIN: Where was the bullion located?

14 MR. HANSEN: Which bullion?

15 MR. GEARIN: The bullion of the company. You
16 just told me that the company had significant value -- bullion
17 with significant value. Where was it stored?

18 MR. HANSEN: Okay. The bullion was stored at
19 our location in Federal Way in a number of different vaults.
20 We had bullion in two vaults down in Federal Way -- I mean --
21 I'm sorry -- in Auburn, Washington. And we had bullion down
22 in Tomball -- I'm sorry -- not Tomball, Texas, but in Dayton,
23 Nevada.

24 MR. GEARIN: So those three locations? Vaults
25 in Federal Way, vaults in Auburn, and vaults in Dayton,

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1 Nevada?

2 MR. HANSEN: Yeah. There would've been some
3 smattering of some small amounts of precious metals at some of
4 the other locations and also out on -- in some of the retail
5 locations that we do business with that hadn't been paid for
6 yet.

7 MR. GEARIN: And you don't have a -- you did not
8 have a -- let me ask this question: How did you keep track of
9 the value of what was in those vaults, the identity of what
10 was in the vaults and the value of those items?

11 MR. HANSEN: Well, there are -- again, there's
12 different baskets of metal, and you were -- Mr. Calvert was
13 given lists of what those metals were and where those metals
14 were at. And we were happy to assist in any of that.

15 MR. GEARIN: Did you keep a log of what was
16 taken into the vault and what was brought out of the vault?

17 MR. HANSEN: This is something that -- there are
18 inventory logs, and that is something that the inventory
19 people would be responsible for.

20 MR. GEARIN: Who are the inventory people?

21 MR. HANSEN: Well, we had different people at
22 different locations. So why don't you be more specific?

23 MR. GEARIN: All right. Who was responsible for
24 the vault in Federal Way?

25 MR. HANSEN: Diane Erdmann was the responsible

21

1 person for the vault. She was the vault manager in Federal
2 Way.

3 MR. GEARIN: And Diane Erdmann is your
4 girlfriend; is that correct?

5 MR. HANSEN: That's true.

6 MR. GEARIN: How long have -- have you and
7 Ms. Erdmann been living together for some period of time?

8 MR. HANSEN: Yes, we have.

9 MR. GEARIN: How long?

10 MR. HANSEN: About 17 years.

11 MR. GEARIN: All right. So Ms. Erdmann was
12 responsible for managing the vault in Federal Way. Did she
13 keep a log of all the activities in that vault?

14 MR. HANSEN: She kept an inventory of what was
15 brought in and what was shipped out on a daily basis. Yes.

16 MR. GEARIN: Did she keep track of the
17 materials -- well, let me start with this: Did you take
18 materials out of that vault? Did you remove materials from
19 the vault in Federal Way?

20 MR. HANSEN: Yes, on a daily basis.

21 MR. GEARIN: All right. And did Ms. Erdmann
22 keep track of all of those withdrawals?

23 MR. HANSEN: No. When -- how that would work
24 is, when a customer would come in and want to look at precious
25 metals, they would come in and they'd sit in our office. We

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1 would go in, and we -- either myself or a salesman would walk
2 in there and would ask: We need to see Krugerrands, Maple
3 Leafs, American Eagles.

4 And those were passed over, and we'd show the
5 customers, and we would come back and then either return it or
6 bring the cash back. And all of those sales were logged.
7 Yes.

8 MR. GEARIN: So all the transactions? Your
9 testimony is that Ms. Erdmann or somebody under her control
10 logged all of the transactions whenever you took something
11 from the vault or put something back in the vault?

12 MR. HANSEN: I believe that any -- any sales
13 transaction or any movement of the metals, you know, were
14 accounted for. Now, what those records -- and how that was
15 all done is something that's coordinated between our facility
16 in -- at different locations. And I -- I specifically don't
17 have all the details on that. That's something I entrusted
18 other people with.

19 MR. GEARIN: Did you ever instruct Ms. Erdmann
20 or anyone else to stop keeping records of vault transactions?

21 MR. HANSEN: Not to my knowledge.

22 MR. GEARIN: So back to -- to recapture, your
23 testimony is you don't recall that the value of the bullion
24 inventory is or was on, say, April 1st, the date --

25 MR. HANSEN: That value would be on a --

23

1 changing on a daily basis. It would change on the sales. It
2 would change on what came in. And it would change on, also,
3 the spot price of the metal on a daily basis. So that number
4 is a moving number.

5 MR. GEARIN: Can you give me an order of
6 magnitude? Is it a million dollars? Is it \$20 million? Is
7 there any -- I'm talking about April 1st, the day the petition
8 was filed.

9 MR. HANSEN: You know, I don't have that number
10 because my schedules are not in front of me.

11 MR. GEARIN: Who's the vault manager in Auburn?

12 MR. HANSEN: I just testified to that. Oh,
13 in -- I apologize. In Building B? There's people down there
14 who -- who aren't really -- there's not really a vault down
15 there. There's two safes down there that metal is kept in.
16 And then there is a secured room down there. And I'll be
17 honest with you; the lady's name escapes me. But I could get
18 that for you. And she's the one that was responsible for, not
19 only the precious metals, but the high value coins. Because
20 we keep quite a bit of precious metals in there that get
21 inventoried that also are engraved.

22 MR. GEARIN: But you don't recall her name?

23 MR. HANSEN: Well, if you give me just a
24 minute -- I've got 250 employees, and I can't think of her
25 name right now. But I'll be happy to supplement that shortly.

24

1 MR. GEARIN: Okay. Did you, likewise -- did
2 she, that employee, keep a record of all the transactions in
3 and out of that vault?

4 MR. HANSEN: I believe she did. Yes.

5 MR. GEARIN: Same thing in Dayton. Do you
6 remember who the vault manager is there?

7 MR. HANSEN: The vault manager down there -- I
8 believe who was ultimately responsible was Jeff Goodfellow,
9 who -- but he had one of his employees who would give me a
10 weekly update. And also Don Ruth, who is the manager down
11 there, would give me a metals need on a weekly basis.

12 MR. GEARIN: And was that a written report?

13 MR. HANSEN: Yes.

14 MR. GEARIN: And that would be a report of the
15 contents of the vaults in Dayton?

16 MR. HANSEN: Yes.

17 MR. GEARIN: Mr. Hansen, did you come to the
18 Federal Way facility and remove precious metals or coins from
19 the vault on Easter Sunday of this year?

20 MR. HANSEN: I -- I honestly don't recall.

21 MR. GEARIN: You don't recall whether you
22 visited -- did you visit the office in Federal Way on Easter
23 Sunday in 2016?

24 MR. HANSEN: I'm in the offices every day.
25 Diane and I work every day.

25

1 out -- any metal out of the vault for personal use; is that
2 correct?

3 MR. HANSEN: Not to my knowledge.

4 MR. GEARIN: What did you -- did you take
5 anything out of the vault for personal purposes?

6 MR. HANSEN: For what purposes? I mean, when
7 you say, "personal purposes," what are you talking about?

8 MR. GEARIN: Well, you just used that term. I'm
9 using --

10 MR. HANSEN: No. You used that term.

11 MR. GEARIN: All right. Did you take anything
12 out of the vault -- anything out of the vault and consume it
13 for your personal use? Cash --

14 MR. HANSEN: Oh, yes.

15 MR. GEARIN: -- gold, silver, whatever?

16 MR. HANSEN: Of course. We -- how we pay
17 ourselves is -- is -- you know, I can take an owner's draw.

18 MR. GEARIN: And you took those draws in cash
19 from the vault?

20 MR. HANSEN: Normally, yes.

21 MR. GEARIN: Did you take precious metals as
22 owner's draws as well?

23 MR. HANSEN: Not that I recall.

24 MR. GEARIN: So you always took cash? That was
25 the way you took an owner's draw?

27

1 MR. GEARIN: So you don't recall whether you
2 came into the premises on Easter Sunday of this year, and you
3 don't recall whether you went into that vault?

4 MR. HANSEN: You know, if you have something
5 that you would like me to review -- we have security tape.
6 You keep referencing security tape. But we take -- we take --
7 we're in the office, literally, every day. Diane and I work
8 seven days a week.

9 MR. SMITH: Let me clarify. I assume that's
10 past tense, that you're no longer in the office?

11 MR. HANSEN: That's past tense. Correct.

12 MR. SMITH: And to follow up on Mr. Gearin's
13 question, when is the last time that you recall removing coins
14 or precious metals from the vault?

15 MR. HANSEN: The metals were -- Diane was
16 shipping product to our customers, and still would be, up
17 until the day that Mr. Calvert took over and told us to quit
18 shipping metals.

19 MR. SMITH: When's the last time that you
20 personally took coins or bullion from the vault, not for a
21 sale, but for your own personal needs?

22 MR. HANSEN: Well, I've never taken metal out of
23 the vault for personal needs.

24 MR. SMITH: Okay. Thank you.

25 MR. GEARIN: So you've never taken anything

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1 MR. HANSEN: Well, you know, when you say this,
2 in what type of time? I've owned this company for 35 years.
3 And so when you say, have you always done this or always done
4 that, you know, I want to be as accurate as possible. Give me
5 specific dates and times, and I'll be happy to answer it. But
6 I feel like I'm getting trapped here. Okay?

7 MR. GEARIN: I think I asked you a broad
8 question about --

9 MR. HANSEN: Well, I want you to ask a specific
10 question.

11 MR. GEARIN: Well, Mr. Hansen, I'll control the
12 questions that I ask, please. You just be kind enough and
13 polite enough to answer the questions, and I'll frame them the
14 way I'd like to frame them.

15 MR. HANSEN: You got it.

16 MR. GEARIN: So I want to go back to -- did you
17 get any salary from the company?

18 MR. HANSEN: I took my compensation as owner's
19 draws. I did not take a salary.

20 MR. GEARIN: All right. And when you took an
21 owner's draw, did you -- were you paid in the form of a check
22 at any time during the time you controlled the company?

23 MR. HANSEN: You know, I don't recall.

24 MR. GEARIN: Okay.

25 MR. HANSEN: I know there was times when they

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1 were writing me checks. And I know there was times when we
2 just took cash as a -- as owner's draws.

3 MR. GEARIN: Was it your common practice to take
4 cash from the vault as an owner's draw?

5 MR. HANSEN: Yes.

6 MR. GEARIN: And were all of those owner's draws
7 recorded and tracked through the company business records?

8 MR. HANSEN: I believe they would've been. They
9 would've been in the cash log.

10 MR. GEARIN: Were they reflected in your
11 personal tax returns? Were those draws reflected in your
12 personal tax returns?

13 MR. HANSEN: Again, I believe that they were.
14 But I would -- I'd want to refer to my CPA counsel on that.

15 MR. GEARIN: Have you filed personal tax
16 returns?

17 MR. HANSEN: I have not for the last three
18 years.

19 MR. GEARIN: For the last three years. Prior to
20 -- so the last year you filed was in 2000 and --

21 MR. HANSEN: I don't recall. And you know this
22 even better than I do. You've beat me over the head with it a
23 number of times.

24 MR. SMITH: Just answer his questions, please.

25 MR. GEARIN: Mr. Hansen, for the record I've

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1 MR. SMITH: That's a simple -- it's a simple
2 question.

3 MR. HANSEN: That's not a simple question.

4 MR. SMITH: Did you take possession of and
5 remove metal from the vault on Easter Sunday?

6 MR. HANSEN: During that period of time, we were
7 moving metal between different locations, as we always do.

8 And could we have moved metal from one location to another? I
9 think it's very possible. Did I remove it for my personal
10 use? The answer is no.

11 MR. SMITH: Did you remove any metal and take it
12 to your residence?

13 MR. HANSEN: Not that I'm aware of.

14 MR. SMITH: Well, who else would be aware?

15 MR. HANSEN: Diane Erdmann. But I don't believe
16 we would've ever taken any metal out of the vault and taken it
17 to my personal residence. You know what? That is not true.
18 And I'm going to -- I'm going to modify my -- I'm going to
19 modify my -- my comment about that.

20 Diane Erdmann and I work many, many hours. And
21 it is not uncommon for us, when we leave at the end of the
22 day, for us to take work home, which includes grading coins,
23 which includes pulling stones that are in jewelry, and also
24 going through and writing down dates and things. So we do
25 take metals home, and we take metals back.

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1 never spoken to you before, other than a 30-second
2 conversation in court about two weeks ago.

3 MR. SMITH: Let's get back to the questions.

4 MR. GEARIN: I think you just testified that the
5 last tax return was about three years ago. Did you file tax
6 returns every year prior to that time?

7 MR. HANSEN: I believe we have.

8 MR. GEARIN: All right. I want to go back to
9 the question I asked you before about Easter Sunday.

10 MR. SMITH: Mr. Gearin, you've got a very deep
11 voice that I know I have trouble hearing at times. So if you
12 could just speak up, that would be appreciated.

13 MR. GEARIN: All right. I will.

14 MR. SMITH: Thank you.

15 MR. GEARIN: Easter Sunday -- again, I want to
16 be very specific. I'm asking you: Did you take any
17 quantities of gold, silver, or precious metals out of the
18 vault at Federal Way on Easter Sunday 2016?

19 MR. HANSEN: I don't recall.

20 MR. GEARIN: So you could have taken precious
21 metals on that day; is that your -- is it possible?

22 MR. HANSEN: It's -- well, when you say, "take,"
23 tell me in what context. Did we move metal? Or did we take
24 metal and go bury it in the yard? What are you asking,
25 Mr. Gearin?

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1 So you know what? You're correct. We do take
2 stuff home. It's taking it home so we can work on it, and we
3 bring it back.

4 MR. SMITH: And when you take things home, where
5 does that get logged?

6 MR. HANSEN: We don't log it.

7 MR. SMITH: So how does anybody know whether you
8 brought it back?

9 MR. HANSEN: Well, as the owners of the company,
10 I don't think that we're, you know, concerned about Diane and
11 I, you know, making sure that we bring it back.

12 MR. SMITH: Well, I think the creditors are
13 concerned, so I'm just asking if --

14 MR. HANSEN: Well, of course they are.

15 MR. SMITH: You had said there was a log, and
16 I'm trying to understand the parameters of the log.

17 MR. HANSEN: Every --

18 MR. SMITH: Let me finish. It sounds like, when
19 you and Diane take things, that doesn't -- whether it comes
20 back or not, that doesn't make the log. Is that a fair
21 statement?

22 MR. HANSEN: Usually not. No.

23 MR. SMITH: Okay.

24 MR. HANSEN: What happens at the end of the day
25 depends on how much time we have and what we're intending to

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1 do.

2 Diane -- if you get on her computer, you'll find
3 that she'll often be working until one, two, or three o'clock
4 in the morning, trying to get orders processed so that when
5 the shippers come in at 6:00 a.m. in the morning, they have
6 their shipping instructions so they can jump on things and get
7 them done right away.

8 MR. SMITH: Mr. Gearin, do you have further
9 questions?

10 MR. GEARIN: I do. I want to follow up with
11 some of the -- you say there may be some materials that were
12 moved from the vaults at the mint to your personal residence?

13 MR. HANSEN: Yes. And they're always brought
14 back.

15 MR. GEARIN: I understand there was some --
16 there was personal property seized at your residence recently;
17 is that right, under a levy from a judgment creditor?

18 MR. HANSEN: Correct.

19 MR. GEARIN: Was any of the property that was
20 seized -- was that property that had come from the mint? Was
21 there mint property stored at your house?

22 MR. HANSEN: No.

23 MR. GEARIN: How do you know that?

24 MR. HANSEN: No. Because what happens is -- and
25 this is -- I want to explain this, because this is an

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1 were taken from the vault.

2 MR. SMITH: Where was the location of her safe
3 that was opened?

4 MR. HANSEN: It was in the den of our house.

5 MR. SMITH: Were precious metals and coins also
6 found in your attic?

7 MR. HANSEN: Not that I recall. But there
8 could've been something there that, you know --

9 MR. SMITH: Where would those come from?

10 MR. HANSEN: There could've been some coins left
11 over from a coin collection I had a long time ago. I -- I
12 honestly don't know. I was not allowed to look at what was
13 taken, so I have no idea what was taken. And despite
14 requests, we haven't found anything.

15 MR. GEARIN: But your --

16 MR. HANSEN: Oh, you know what? I -- I want to
17 modify so I'm accurate. Yes, there was coins taken from my
18 attic. And what they were -- they were jars of change.

19 MR. SMITH: Okay.

20 MR. GEARIN: But your testimony is that
21 there's -- everything that was taken from your house, you're
22 saying belonged to Ms. Erdmann?

23 MR. HANSEN: No. That's not true. I didn't
24 testify to that.

25 MR. GEARIN: Okay. But you did tell me that

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1 important issue.

2 MR. SMITH: As long as it's in response to the
3 question --

4 MR. HANSEN: It is in response to the question.

5 MR. SMITH: -- and not just a narrative.

6 MR. HANSEN: How I met Diane Erdmann is -- Diane
7 Erdmann lost her husband. He was in the service. And she got
8 approximately \$140,000 worth of insurance money when her
9 husband passed away. And she, like the rest of you, likes
10 precious metals. And back -- and I still remember the day --
11 on Valentine's Day in 1997, Diane came in to buy some precious
12 metals from me.

13 UNIDENTIFIED FEMALE SPEAKER: And she's still
14 got them.

15 MR. HANSEN: And we --

16 MR. SMITH: Please, no comments.

17 MR. HANSEN: And we met, and she bought precious
18 metals. Over the next couple of months, she came back a
19 couple of other times and bought precious metals from me. And
20 those precious -- the money that she got back in '97 and '98
21 are her property, and she's always maintained her property.
22 And to keep it separate, Diane went and bought her own safe,
23 which I do not have access to. And she keeps her records in
24 her safe separate from me and the mint. And it was that safe
25 that got opened under a court order, and her precious metals

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1 none of it belonged to the mint.

2 MR. HANSEN: None of the precious metals in the
3 house belonged to the mint.

4 There was also some medallions and some -- some
5 books that belonged to Medallion Art Company, which is the
6 other entity that's not in bankruptcy. And they were clearly
7 marked with identifiers and with their inventory numbers in
8 the front.

9 MR. GEARIN: Did you instruct Ms. Erdmann to go
10 and remove materials from the vault in Auburn in March of
11 2016?

12 MR. HANSEN: For what purpose?

13 MR. GEARIN: I don't know. I'm asking you. Did
14 you ever do that? In March of 2016, did you ever instruct her
15 to go down and take materials out of the vault in Auburn?

16 MR. HANSEN: I would have to know the context.
17 You know, we talk every day. Are you talking about shipping
18 to customers? Delivering to customers? Under what form?

19 MR. GEARIN: All right. What about this: Did
20 you ask her to go after hours -- after business hours and go
21 down and remove materials out of the vault in Auburn in March
22 of 2016, for any purpose?

23 MR. HANSEN: I -- I have no idea what you're
24 talking about, so --

25 MR. GEARIN: I'm asking. It's a simple

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1 question. Did you or did you not ask her to go down and take
2 materials out of those vaults in Auburn?

3 MR. HANSEN: For which purpose?

4 MR. SMITH: Well, he's making it easy. He's
5 saying, "for any purpose."

6 MR. HANSEN: I have no idea. I have no idea
7 what you're talking about, and I -- I -- you know, I don't
8 know what you're referring to and/or what context. You're
9 asking me, over a 30-day period of time, did I ever instruct
10 Diane Erdmann to take material to what? Building B? To ship
11 to a customer? To deliver to a customer?

12 MR. GEARIN: That wasn't my question. Listen to
13 the question, if you would. It's a simple yes or no. It's a
14 yes-or-no question.

15 MR. HANSEN: I would have to say I don't know,
16 because I don't know what you're referring to.

17 MR. GEARIN: Have you ever -- I don't want to
18 interrupt you. Go ahead and finish.

19 MR. HANSEN: I simply don't know, because I
20 don't know what you're referring to.

21 MR. GEARIN: So you don't know whether you ever
22 told her to go down and take materials out of the vault after
23 hours in March of 2016?

24 MR. HANSEN: Well, first of all, there's no
25 after hours with us. Okay? We work all the time. So I

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1 Ms. Erdmann to ship materials from Federal Way to Dayton,
2 Nevada?

3 MR. HANSEN: After Mr. Gearin[sic] was
4 appointed?

5 MR. GEARIN: Mr. Calvert.

6 MR. HANSEN: Or Mr. Calvert was appointed?

7 MR. GEARIN: Let's say April -- let's go from
8 April 10 forward. Did you instruct Ms. Erdmann to make a
9 shipment of materials from Federal Way to Dayton, Nevada?

10 MR. HANSEN: Anything after Mr. Calvert was
11 appointed would've been shipped with the consent of
12 Mr. Calvert.

13 MR. GEARIN: All right. Well, let's go back.
14 Let's take it a little farther back. After the bankruptcy
15 petition was filed, after April 1st, did you instruct
16 Ms. Erdmann to pack up some materials and ship them to Dayton,
17 Nevada?

18 MR. HANSEN: Yes.

19 MR. GEARIN: And did you instruct her to have --
20 to tell the employees of Dayton not to open those materials
21 up?

22 MR. HANSEN: No, I don't -- I don't -- I
23 don't -- didn't speak to anybody down at Dayton.

24 MR. GEARIN: All right. What did you have her
25 ship to Dayton, Nevada?

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1 object to your question.

2 MR. GEARIN: After 5:00 p.m. After 5:00 p.m.,
3 normal business hours, did you ask Ms. Erdmann to go and
4 remove materials from the vault at --

5 MR. HANSEN: Diane and I work usually until 7:00
6 every night, so --

7 MR. SMITH: So what's the answer to the
8 question?

9 MR. HANSEN: I have no idea what he's referring
10 to, so --

11 MR. SMITH: He's referring --

12 MR. HANSEN: I'm just --

13 MR. SMITH: It can't be -- Mr. Hansen, it can't
14 -- I mean, you may not remember. But the question can't be
15 any simpler. Did you instruct your girlfriend to go take
16 precious metals out of the vault outside of business hours on
17 that day -- or in that month?

18 MR. HANSEN: I -- I don't recall.

19 Easy on that, because I don't know what you're
20 referring to.

21 MR. SMITH: Can we move on, Mr. Gearin?

22 MR. GEARIN: Yeah. Let's move on.

23 I want to go -- move forward to the time frame
24 of about April 10th, April 11th, when Mr. Calvert was
25 appointed. And I want to ask about -- did you instruct

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1 MR. HANSEN: I don't specifically -- I think
2 what you're referring to -- and you keep asking these vague
3 questions -- in the -- well, you are. Don't laugh, because
4 these are --

5 MR. SMITH: Stop the commentary and just answer
6 the question.

7 MR. HANSEN: Okay. Well, I want to answer the
8 questions in the most accurate way, because I feel like he's
9 trying to set me up for some type of entrapment here.

10 So what happened was, when we were going through
11 the vault and inventorying the vault product -- in the vault,
12 we have product that belongs to customers. We have products
13 that are finished -- unfinished product that needs to go to
14 various locations for finishing. There was also some product
15 in there that had recently come up for photographing, to be
16 used on the web, that were Medallie Art products. We did
17 take -- so it wouldn't be confused in the overall count, we
18 took some boxes of material of Medallie Art, stuff that's all
19 listed and hallmarked with Medallie Art, and we shipped it
20 down to Medallie Art Company -- or to the location down there,
21 to be put into the Medallie Art inventory.

22 MR. SMITH: For people here who may not be
23 aware, what's your relationship to Medallie Art company?

24 MR. HANSEN: I am 50 percent owner of Medallie
25 Art, and I'm the managing member.

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1 MR. SMITH: And who's the other 50 percent
2 owner?

3 MR. HANSEN: It's Dick Bressler.

4 MR. SMITH: Thank you.

5 MR. GEARIN: I want to circle back to what was
6 shipped. But while we're on this subject, did you purchase
7 your 50 percent interest in Medallion Art Company with money
8 that came from the mint?

9 MR. HANSEN: We're talking a transaction that
10 happened back in 2009. And I believe, right now, that
11 question of that is subject to some legal litigation that has
12 yet to be determined. So I'm not going to answer that until
13 the lawyers can be through with that.

14 MR. GEARIN: Well, I don't think that's your
15 prerogative here. You're here under oath today, and you're
16 supposed to answer questions --

17 MR. HANSEN: Well, I don't -- I -- I can't
18 answer that question because I don't have a legal opinion on
19 that yet, sir.

20 MR. GEARIN: It's not a legal -- it's a factual
21 issue. The question is --

22 MR. HANSEN: It's --

23 MR. GEARIN: -- where did you get the money to
24 buy your 50 percent interest in Medallion Art Company?

25 MR. HANSEN: Again, sir, I'm not going to answer
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1 that question until we have a legal opinion on that.

2 MR. SMITH: Are you asserting your Fifth
3 Amendment?

4 MR. HANSEN: I'm not saying it's a Fifth
5 Amendment. What I'm saying is, is that I don't know --
6 under -- how to answer that question.

7 MR. SMITH: You don't know what the source of
8 your money was? Or you don't want to state what the source of
9 your money was?

10 MR. HANSEN: Well, what there is -- there's a
11 bunch of legal nuances here. I took that money as my monies
12 because I own Northwest Territorial Mint. And I have my own
13 sources of money, and I purchased my interest in -- not only
14 used my monies, but also used other assets that I owned to
15 purchase that company.

16 MR. SMITH: Were any of the assets that were
17 used to purchase Medallion Art precious metals owned by the
18 mint?

19 MR. HANSEN: I don't recall. I think we
20 actually bought precious metals from Medallion Art, instead of
21 the other way around.

22 MR. SMITH: Who is "we"?

23 MR. HANSEN: I think Northwest Territorial
24 Mint -- there was inventories of metals that were at Medallion
25 Art, that were separate from the sale, that became property of
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1 Medallion -- or that were property of Medallion Art that became
2 property of Northwest Territorial Mint in the sale.

3 MR. SMITH: Did you use any of the cash that was
4 in the possession of the mint to purchase some or all of your
5 interest in Medallion Art?

6 MR. HANSEN: Again --

7 MR. SMITH: Cash is cash. Did you use the
8 mint's cash?

9 MR. HANSEN: I didn't use -- I did not use any
10 cash. When you say -- there was no green cash exchanged in
11 this transaction. This was all wired funds. This was all
12 monies that were sent through lawyers and different accounts.

13 MR. SMITH: So did any of the funds that were
14 wired come out of any accounts owned by the mint?

15 MR. HANSEN: I don't recall.

16 MR. GEARIN: So you don't remember where you got
17 the money to buy your interest in Medallion Art; is that your
18 testimony today?

19 MR. HANSEN: It's not that I don't remember. I
20 just don't remember all the -- the legal nuances that we did
21 to make that transaction happen. And I don't -- I want to
22 make sure -- I know where you're going with this, and I want
23 to make sure that I'm technically accurate.

24 MR. GEARIN: Mr. Hansen, I'm not going anywhere.
25 I'm asking you some very straightforward and specific
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1 questions.

2 MR. HANSEN: Move on, Mr. Calvert{sic}, because
3 I'm through with that question.

4 MR. SMITH: You don't have the right or the
5 ability to tell Mr. Gearin to move on. So tone it down.

6 Mr. Gearin, would you ask your next question,
7 please?

8 MR. GEARIN: Let's go back to what you shipped,
9 that you say was Medallion Art's property. What was shipped?
10 Specifically, what goods, that you assert belonged to Medallion
11 Art Company, did you --

12 MR. HANSEN: There was medallions. Most of them
13 were hallmarked. They were -- they're a product of -- that
14 had come out of the archives.

15 Northwest Territorial Mint -- just to clarify,
16 Northwest Territorial Mint leases the assets of Medallion Art
17 and leases the facility that it operates in from Medallion Art.
18 Medallion Art is a -- has equipment, has a trade name, and it
19 also has coining dies; and it has a very extensive archive.
20 And those items are leased to Northwest Territorial Mint. And
21 Northwest Territorial Mint was allowed to move in some of
22 their equipment, into the facility in Nevada, so this could
23 all be facilitated.

24 And often, Northwest Territorial Mint and
25 Medallion Art will take assets back and forth so that -- in
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1 this purpose, these assets were -- were sent up as samples for
2 the art department to copy. We often take medallions that
3 have interesting designs or unique designs, and we give them
4 to the art department -- or we give them to the die
5 department, for them to copy all or part of the images so that
6 we can develop new product.

7 MR. GEARIN: All interesting. But you still
8 haven't answered the specific question, or the direct
9 question. That was: What did you ship? What was shipped
10 from Federal Way to Dayton?

11 MR. HANSEN: Well, I don't recall exactly what
12 was shipped. My specific instructions were to clean up the
13 estate so that we could avoid some of these issues that I know
14 you want to make hay out of. If there's any product that has
15 come out of the Medallion Art inventory, ship it back down to
16 the inventory so that it can be in the proper place. We do
17 this on a daily basis.

18 MR. GEARIN: So you're talking about Medallion
19 Art inventory. How did you identify it? How did you
20 determine what inventory was Medallion Art inventory?

21 MR. HANSEN: Well, in most cases, it's -- it's
22 got inventory numbers on it and also is hallmarked "Medallion
23 Art Company" on the side of the product.

24 MR. GEARIN: And was that product produced or
25 manufactured within the -- since 2009?

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1 MR. HANSEN: Some of it. But most of it, not.
2 Most of it's very old, old inventory.

3 MR. GEARIN: But it was kept in Federal Way?

4 MR. HANSEN: No. It had been sent to Federal
5 Way. It had been acquired through a number of different
6 sources. But mainly it had been shipped up for the purposes
7 of the art department.

8 MR. GEARIN: Do you have a list of that
9 equipment -- of what you directed Ms. Erdmann to ship to
10 Dayton?

11 MR. HANSEN: I -- I -- I told her to ship it.
12 And I'm assuming she would've put together a packing slip, but
13 I don't know how she did that. My instructions to her were:
14 If there is any clearly identifiable Medallion Art material
15 that is here, let's clean it up, you know, for the trustee and
16 make sure that it goes in the proper pile.

17 MR. GEARIN: Who's the landlord in Dayton?

18 MR. HANSEN: The landlord is a gentleman by the
19 name of Bob Hoff. He's the former owner of Medallion Art
20 Company.

21 MR. GEARIN: Who's the tenant?

22 MR. HANSEN: I am.

23 MR. GEARIN: You personally?

24 MR. HANSEN: Yes.

25 MR. GEARIN: You, Mr. Hansen. Who has been

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1 paying the rent on the Dayton facility since 2009?

2 MR. HANSEN: Northwest Territorial Mint, under
3 an agreement that I have with them, pays the rent for the
4 facility.

5 MR. GEARIN: All of it? All the rent?

6 MR. HANSEN: All the rent.

7 MR. GEARIN: Since 2009?

8 MR. HANSEN: Yeah. And your --

9 MR. GEARIN: Is there a written agreement
10 between you, Mr. Hansen, and the mint with respect to that
11 lease?

12 MR. HANSEN: Again, I have asked you for all the
13 documents that exist, and you've refused to turn them over.

14 MR. GEARIN: Well, that doesn't go to the
15 question of, is there a written -- are you telling me there is
16 a written agreement, and we should go look for it?

17 MR. HANSEN: I believe there is. But, again, I
18 want to review the records. And your unwillingness to turn
19 them over is suspect.

20 MR. GEARIN: Well, thank you for that. What I
21 want to get to, though, is -- I'm asking you if you know that
22 there is a written agreement. And if there is, where is it?

23 MR. HANSEN: Well, it's in your possession.

24 MR. GEARIN: Where? It wouldn't be in my
25 personal possession. It would be in the company's possession.

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1 MR. HANSEN: It would be in the company's
2 possession. And that would either be in the legal department,
3 or it would be in the -- in the department of -- in the
4 accounting department.

5 MR. SMITH: Let me ask that a little
6 differently. Do you have a copy of that?

7 MR. HANSEN: I have some of the agreements, but
8 I don't have that particular document. No.

9 MR. SMITH: Does the landlord have a copy of it?

10 MR. HANSEN: No. That would be an agreement
11 between Northwest Territorial Mint and Medallion Art Company.

12 MR. SMITH: Does your accountant have a copy of
13 it?

14 MR. HANSEN: Not to my knowledge. I have not
15 asked him, to be honest with you. I haven't thought of that.

16 MR. GEARIN: Let's circle back to finishing up
17 this asset list.

18 MR. HANSEN: It's kind of a mute{sic} point
19 because you're about ready to get kicked out of it.

20 MR. SMITH: I'm sorry. What's that?

21 MR. HANSEN: Well, Medallion Art is -- is about
22 ready to evict Northwest Territorial Mint because they --
23 they're not paying the rent.

24 MR. GEARIN: Let's go back to the asset issue,
25 because I think we kind of (inaudible). I do have one

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1 question on the equipment. Is there equipment in China?
 2 MR. HANSEN: There's coining dies in China.
 3 Yes.
 4 MR. GEARIN: Coining dies in China. Where in
 5 China, and -- where in China?
 6 MR. HANSEN: They're at a company that we use
 7 over there as a manufacturer. There's actually two main
 8 companies. One is called Yong Tuo, and the other one is a
 9 company called Top Tree. And there's probably between 2 and
 10 \$4 million worth of coining dies there. Some of our lesser
 11 product is made in China. About 30 percent of our product is
 12 made in China.
 13 MR. SMITH: And are the coining dies owned by
 14 the mint?
 15 MR. HANSEN: Yes, they are.
 16 MR. SMITH: Is there any secured obligation
 17 against the coining dies?
 18 MR. HANSEN: There is a security interest on our
 19 coining dies by one of the creditors.
 20 MR. SMITH: Do you know what the total amount of
 21 debt against the coining dies is?
 22 MR. HANSEN: I do not. No.
 23 MR. GEARIN: Who's the creditor that has the
 24 security interest?
 25 MR. HANSEN: It was a gentleman by the name of

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1 John Demakowicz{phonetic}. And Mr. Demakowicz was
 2 Dr. Demakowicz, and he passed away. And I believe he assigned
 3 his rights to his wife, Shirley Demakowicz.
 4 MR. GEARIN: Could you spell that for me?
 5 MR. HANSEN: I can't. I -- but I could get that
 6 to you. I believe that's in the -- in the bankruptcy filing.
 7 MR. GEARIN: Okay. You're saying that the mint
 8 pledged the dies that are in China in support of obligations
 9 owed to Mr. Demakowicz; is that right?
 10 MR. HANSEN: No. What happened is, is that
 11 during a critical period of time, when the mint was expanding,
 12 Mr. Demakowicz loaned a substantial amount of money to the
 13 company. And as a security interest, I gave him an interest
 14 in my coining dies.
 15 MR. GEARIN: When did that happen?
 16 MR. HANSEN: I don't recall.
 17 MR. GEARIN: More than five years ago?
 18 MR. HANSEN: Again -- yes. I don't recall. But
 19 there's documents that will show all of that.
 20 MR. GEARIN: So we started a conversation about
 21 inventory, and we went down the path of discussing
 22 {inaudible}.
 23 Do you have an idea of what the total value of
 24 the inventory is?
 25 MR. HANSEN: Of which inventory?

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1 MR. GEARIN: Well, all of it. I want to talk
 2 about it globally. You said there were a number of different
 3 kinds of inventory. I understand that. There's bullion.
 4 There's precious -- there's coins. There's --
 5 MR. HANSEN: Okay. Well --
 6 MR. GEARIN: -- packaging materials --
 7 MR. HANSEN: -- if you would like, I can go down
 8 that list. Let's start -- let's start in China. You just
 9 brought up China. There are tens of thousands of coining dies
 10 located at both Top Tree and Yong Tuo. There's also certain
 11 packaging material. There's also other printing dies, and
 12 there's other -- other materials that are located in China.
 13 Estimate, at least a couple million dollars.
 14 Let's move to Auburn. Auburn is our Building B
 15 location. Auburn is -- I think it's a 13,000-square-foot
 16 facility. There's approximately, I'm guessing, a million and
 17 a half dollars -- I mean, not dollars -- but about a million
 18 and a half coins. There's inventory of header cards. There's
 19 inventory of boxes. There's inventory of metals, finished
 20 coins. And that's not including the equipment that's located
 21 there. There is -- it's an extensive facility. And we ship
 22 approximately \$6 million worth of product out of that building
 23 ever year.
 24 Then in --
 25 MR. GEARIN: So we're talking about values,

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1 right? You told me that there's header cards, and you just
 2 described those. How much is it worth -- in Auburn?
 3 MR. HANSEN: Not knowing what you've done with
 4 it since -- but at the time, I figured there was probably
 5 north of \$2 million worth of inventory in that building.
 6 MR. GEARIN: Now let's talk -- for future
 7 reference, let's talk about April 1, which is the bankruptcy
 8 petition date. You were still in control on that date. We'll
 9 use that as a reference point. All right?
 10 Okay. So now you've talked about Auburn and
 11 China. How about Federal Way --
 12 MR. HANSEN: Well, let me finish. Would you
 13 like me to finish your questions? Or do you want to just
 14 interrupt?
 15 MR. SMITH: Don't be snarky and just answer the
 16 question.
 17 MR. HANSEN: Well, I'm being snarky because he
 18 keeps interrupting.
 19 MR. SMITH: No. You're --
 20 MR. HANSEN: Would you like --
 21 MR. SMITH: -- being obstreperous.
 22 MR. HANSEN: Would you like -- what would you
 23 like me to answer?
 24 MR. GEARIN: I think I've asked you a question
 25 about the value of the inventory --

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1 MR. HANSEN: Of which inventory?
 2 MR. GEARIN: -- on April 1st.
 3 MR. HANSEN: Where?
 4 MR. GEARIN: You started to tell me about China.
 5 Now you've told me about Auburn.
 6 MR. HANSEN: Well, let me finish about Auburn.
 7 MR. GEARIN: Okay.
 8 MR. HANSEN: You have finished product in China.
 9 You have packaging in China. You have header cards in
 10 China -- I'm sorry -- in Auburn. I'm speaking about Auburn.
 11 I -- substitute "Auburn" for "China."
 12 MR. GEARIN: Okay.
 13 MR. HANSEN: You have finished goods -- rows and
 14 rows and rows of finished goods, partially finished goods, and
 15 goods that are to be shipped out. There's also coins. There
 16 are tens of thousands of proof sets, mint sets, U.S.
 17 government coins and other foreign -- other coins in there.
 18 That value there, I estimate probably in the neighborhood of
 19 three-quarters of a million dollars' worth of liquid value --
 20 and I'm -- and that's a -- that's a WAG, that's a guess -- of
 21 mint sets, proof sets of both the United States and other
 22 foreign government product.
 23 There's also two vaults down there, mainly, that
 24 has customer product that we're storing. It's not our
 25 inventory. It's actually customers' inventory. There are

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1 some goods that are ours, but mainly that's where customer
 2 goods -- some of where the customer goods were stored.
 3 That's -- that's Auburn.
 4 Let's go to Federal Way.
 5 MR. SMITH: Before we go -- oh, go ahead,
 6 Mr. Gearin.
 7 MR. GEARIN: You said two different things
 8 about --
 9 MR. HANSEN: Okay.
 10 MR. GEARIN: I want to correct the record.
 11 MR. HANSEN: Okay. Go ahead.
 12 MR. GEARIN: It may be just an honest mistake.
 13 Because you started talking about China, and then you started
 14 talking about Auburn. And I think you started to go back and
 15 talk about China again. So you told me there's about
 16 \$2 million of value in China in inventory. Then you gave me a
 17 number of categories: about a million and a half in coins,
 18 header cards, boxes, finished coins, and finished materials,
 19 et cetera. What's the total value of all of the inventory in
 20 Auburn?
 21 MR. HANSEN: I don't know what the precious
 22 metal value is of the inventory because I didn't handle that.
 23 That was -- that would rotate, depending on customers -- you
 24 know, what was in there, what was not.
 25 MR. GEARIN: You're talking about stored goods

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1 now?
 2 MR. HANSEN: Stored goods. I don't know what
 3 the stored goods was.
 4 MR. GEARIN: How do you keep track of that?
 5 MR. HANSEN: That would've been mainly done by
 6 the people who handled the storage agreements, which was
 7 Amelia Swan. And I -- I hate to ask this question, but --
 8 right in the middle of all this -- but normally, when you go
 9 to testify or something, there's a jug of water or something
 10 on the table. Is there -- I'm getting parched. Is there a --
 11 MR. SMITH: We will get you some.
 12 MR. HANSEN: I appreciate that.
 13 MR. SMITH: We normally don't go this long
 14 either, so we don't typically have that.
 15 MR. HANSEN: You know, this is important stuff,
 16 and I'm here to answer the questions.
 17 MR. GEARIN: Okay. So let's finish that.
 18 MR. HANSEN: Okay.
 19 MR. GEARIN: What's the total value? Set aside
 20 the stored goods.
 21 MR. HANSEN: Okay. Set aside the precious
 22 metals that's in -- in there. It's --
 23 MR. GEARIN: That would be stored goods, right?
 24 MR. HANSEN: The stored goods. Probably
 25 somewhere between a million and a half and \$3 million.

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1 MR. GEARIN: Now, you've given me some pretty
 2 big ranges here, right?
 3 MR. HANSEN: Correct.
 4 MR. GEARIN: You've given me a million and a
 5 half to 3. You gave me 1 to 3 earlier, in terms of equipment
 6 values. When's the last time -- does the mint keep
 7 ordinary-course-of-business records? Do you keep financial
 8 statements?
 9 MR. HANSEN: Do you want to talk about financial
 10 statements, or do you want me to continue with inventory?
 11 MR. GEARIN: I tell you what. I think it's a
 12 pretty straightforward --
 13 MR. HANSEN: Because you keep jumping around.
 14 MR. GEARIN: Why don't you answer the question
 15 about the financial statements very briefly. And then we'll
 16 come back to the inventory.
 17 MR. HANSEN: Okay.
 18 MR. GEARIN: Do you keep financial statements?
 19 MR. HANSEN: To the best of our ability, yes.
 20 MR. SMITH: Has the company produced financial
 21 statements in the last two years?
 22 MR. HANSEN: No.
 23 MR. SMITH: In the last five years?
 24 MR. HANSEN: Yes.
 25 MR. SMITH: So let's break it down, then. In

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1 the last three years?

2 MR. HANSEN: Okay. Again, I want to -- I would
3 refer to the documents.

4 But, Mr. Gearin, you're asking these questions.
5 You know the answers to these, but I'm --

6 MR. SMITH: No, no, no. This is my -- this is
7 my question.

8 MR. HANSEN: Okay.

9 MR. SMITH: If you have a problem with my
10 question, you direct it to me, not Mr. Gearin.

11 MR. HANSEN: I thought Mr. Gearin was asking the
12 questions.

13 MR. SMITH: Right now, I'm asking --

14 MR. HANSEN: Okay. Go ahead.

15 MR. SMITH: -- this question. Have you kept --
16 has the company produced financial statements in the last
17 three years?

18 MR. HANSEN: Not complete financial statements,
19 no.

20 MR. SMITH: Why not?

21 MR. HANSEN: Because a few years ago -- and I'll
22 tell you what. This is another point of contention. Back in
23 2008, when the -- everything exploded -- our business
24 exploded. We went from a \$50 million a year company to over a
25 \$300 million a year company. And we were operating under an

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1 source. And we went to SAP, which is the largest computer
2 system in the world for -- and we contracted with them. We
3 spent a bunch of money, a bunch of time, trying to put a
4 system together and it failed. They just couldn't get it
5 right.

6 MR. SMITH: Now what year are we?

7 MR. HANSEN: That was 2009 into 2010.

8 So we switched gears, and we went into -- and we
9 realized SAP was not going to work. It's not an uncommon
10 thing for Enterprise systems. And what we were trying to do,
11 as the company was expanding -- we were trying to get a system
12 that could tie in all of our different operations so that, you
13 know, Auburn could look at what the inventory in Texas was and
14 vice versa, and we had have these efficiencies.

15 And the system that we chose after the SAP
16 failure was a system called Epicor. And Epicor -- I signed a
17 multimillion-dollar deal with Epicor for them to come in and
18 install a system. It's about a three-year process. During
19 that process, of which we spent over \$2 million putting the
20 system together -- and that's just on direct cost, and not our
21 labor costs -- we were being sued by Mr. Cohen. And
22 Mr. Cohen was bleeding the company dry. And during that
23 period of time, as we were migrating information over -- and
24 it was extremely complicated, extremely expensive -- we ran
25 out of money. We ran out of money for that. And what we did

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1 operating system called E2. That's an E2 Shop System. It's
2 an Enterprise system that ties in our shipping, our inventory,
3 and our customer management.

4 Right in the middle of that crazy time, when the
5 business was melting down, all of a sudden our computer system
6 went on the fritz. And we were trying to figure out what was
7 going on.

8 MR. SMITH: Do you know what year that was?

9 MR. HANSEN: That was 2008.

10 And what we found out was, the computer had a
11 limitation that it would only allow 30,000 customer names.
12 And when we put in a customer name, more than 30,000, it would
13 kick one out or it would overwrite or it would have a problem.
14 And it took us a little bit to discover what the problem was.
15 So we immediately launched in and said, Oh, my God, we need a
16 better computer system.

17 At the same time, the business was expanding
18 rapidly. And I don't know if any of you have ever tried to
19 manage a computer system, especially a robust Enterprise
20 Resource System. It's incredibly complicated. It's
21 incredibly expensive. So what we did is, we looked around.
22 We needed an immediate fix. This was something very, very
23 serious. Customers were calling us, looking up their customer
24 number, and finding different information.

25 So what we did was -- is we immediately sought a

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1 is, we said, Instead of spending the millions of dollars to
2 get the ERP system operating functionally -- we had to stop
3 doing that. And we said, Let's focus on our core business.

4 And so what we've been doing is -- we had to
5 slow down the migration of all this information and tying all
6 these different groups together and said, Let's focus on the
7 day-to-day operation, instead of trying to do the forensic
8 accounting from the past. And that's why that hadn't got
9 done. We were simply out of money for that purpose.

10 MR. GEARIN: But you stopped doing financial
11 statements at least three years ago, correct? Is that what I
12 heard you say?

13 MR. HANSEN: What we did was, we were doing the
14 financial statements that would keep us in business on a daily
15 basis. But for an overall system, you're correct. We -- we
16 stopped doing that. Yes.

17 MR. GEARIN: All right. Let's go -- let's move
18 back to the inventory. I think you've told me about China and
19 Auburn. And I think you were just about to start talking
20 about Federal Way.

21 MR. HANSEN: Okay. In Federal Way, besides just
22 having the desk, the chairs, and the things that support the
23 50-some employees that we have there, we have websites.
24 Northwest Territorial Mint controls approximately 35 -- 38
25 different websites. These websites -- you know, a lot of

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1 people don't think websites are a value, but they have a
2 tremendous value. We have literally spent millions of dollars
3 putting together our websites.

4 We've also spent a significant amount of money
5 developing new products. Currently, right now, we have over
6 18,000 skews. That's individual stock products. And so --
7 and I would call it -- Federal Way, we have -- not only do we
8 have our inventory of machines, of computers, but we have the
9 websites that we control from there. We have the servers.
10 And then we have the precious metals that are in the vault.

11 The most valuable asset is going to be the
12 websites. Because tens of thousands -- hundreds of thousands
13 of hours and, literally, millions of dollars was spent
14 promoting those websites and developing those websites.

15 MR. GEARIN: You're getting distracted, because
16 you already told me about the websites earlier. And what I'm
17 focusing on right now is the inventory. So we're talking
18 about inventory in Federal Way.

19 MR. HANSEN: I thought you were talking about
20 the assets. I apologize. I'm talking about all the assets of
21 the company.

22 MR. GEARIN: And I'm trying to focus you on --
23 we're talking about specifics now. We've walked through some
24 very specific line items --

25 MR. HANSEN: Okay.

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1 MR. GEARIN: -- and different kinds of assets,
2 and now we're focusing on inventory. And I want to talk about
3 inventory in Federal Way and how much that is worth.

4 MR. HANSEN: Okay. Which type of inventory,
5 sir?

6 MR. GEARIN: Tell me about what's there.

7 MR. HANSEN: Okay.

8 MR. GEARIN: Tell me what inventory is there.

9 MR. HANSEN: Well --

10 MR. GEARIN: You said there's some bullion
11 there. You said there's some stored goods there.

12 MR. HANSEN: Yes, there is. There's stored
13 goods that are in the vault, and then there's a -- there's a
14 room in the vault, and the -- that has safes. There's four
15 safes in that vault -- actually, five. I apologize. There's
16 five safes in that vault. And then there's multiple drawers
17 and the -- it was built as a strong room, where if -- you
18 know, that -- it would take a little bit to break in. And if
19 they did break in, then there would be vaults that had metal
20 in it, that would be tough to get into. But there was --
21 there's dozens of drawers. There's, literally, millions of
22 items in that vault.

23 MR. GEARIN: How much is the inventory that's
24 there? How much is in there?

25 MR. HANSEN: I don't know.

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1 MR. SMITH: I think your question, Mr. Gearin,
2 was: How much does he believe it was worth on April 1st; is
3 that right?

4 MR. GEARIN: April 1st is the reference date
5 we've used for all purposes for these questions; that's right.

6 MR. HANSEN: We had not -- on April 1st --
7 understand, we filed the bankruptcy at 1:00 in the morning on
8 April 1st. And if I can, because I think you have a right to
9 know, what happened was, because of Mr. Cohen's judgment of
10 \$38 million and his aggressive tactics of trying to collect
11 that --

12 MR. GEARIN: Mr. Hansen, I'm sorry. That's not
13 responsive. That's not --

14 MR. SMITH: Let's go back to the question. This
15 isn't your opportunity to just give blanket narratives to
16 people about the history of the company and what your reality
17 is with respect to Mr. Cohen. Right now, it's for questions
18 of the creditors and counsel for the trustee. So let's just
19 get back to narrow questions.

20 MR. HANSEN: Okay. I filed a Chapter 11
21 bankruptcy at 1:00 in the morning on April 1st. We did not do
22 an inventory on April 1st.

23 MR. GEARIN: And do you have any idea, order of
24 magnitude, how much the inventory was worth at Federal Way on
25 April 1st?

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1 MR. HANSEN: No. We were focused on getting the
2 bankruptcy schedules put together, not counting coins.

3 MR. GEARIN: Okay. Was there inventory in
4 Dayton, Nevada?

5 MR. HANSEN: Yes, there is.

6 MR. GEARIN: Do you have any idea what that's
7 worth?

8 MR. HANSEN: What type of inventory, sir?

9 MR. GEARIN: All inventory.

10 MR. HANSEN: Okay. We have coining dies. We
11 have about 400,000 coining dies in Dayton. We have many, many
12 tons -- and I don't know what the exact number is -- probably,
13 you know, a couple hundred tons of brass, copper, nickel. We
14 also have finished goods. We have inventory of customers,
15 that we have either finished or partially finished, that we
16 hold for the customer, such as the Peabody Awards, or somebody
17 like that, where we'll strike the coin. And we put it up on
18 the shelf, and then they take it as inventory.

19 For precious metals, which I think seems to be
20 your main focus here --

21 MR. GEARIN: My focus is everything.

22 MR. HANSEN: Okay.

23 MR. GEARIN: I'm going to broaden it now. I'm
24 asking you, again, very precise --

25 MR. HANSEN: Okay. Then we have boxes. We have

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1 tens of thousands of boxes, probably -- I'm guessing the
2 packaging down in Dayton alone is probably worth in excess of
3 a million dollars. And that -- that includes paper packaging,
4 boxes, metal boxes, inserts, all kinds of different products.

5 A few of you have had the opportunity to view
6 that facility. It's 120,000 square feet, and it's filled.
7 It's not a small little room.

8 MR. GEARIN: Again --

9 MR. SMITH: Do you want a global value? Or are
10 you trying to get --

11 MR. GEARIN: I'm trying to get --

12 MR. SMITH: -- line item --

13 MR. GEARIN: I'm trying to get a global value.

14 I'm asking you for the value of all of the
15 inventory that's in Dayton.

16 MR. HANSEN: Okay. To answer your question,
17 if -- to do a complete system-wide inventory --

18 MR. GEARIN: I'm talking about Dayton.

19 MR. HANSEN: Even in Dayton, it would've taken
20 probably 20 people a week to do that complete inventory.

21 MR. GEARIN: Because you don't -- you were
22 not -- you did not keep a current record of what was on hand;
23 is that right?

24 MR. HANSEN: That's not correct. Many products,
25 we do have. In fact, Dayton probably has the best records of

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1 know the value of the inventory in any other location?

2 MR. HANSEN: Precisely, no.

3 MR. GEARIN: Okay. Can you give me an order of
4 magnitude for any of the other locations?

5 MR. HANSEN: Well, for example, in our facility
6 that you're trying to sell down in Texas, there's about
7 \$2.3 million worth of inventory.

8 MR. GEARIN: I'm going to walk back through some
9 of the categories we've talked about, and I'm looking for -- I
10 think I've got a pretty good idea on inventory, equipment,
11 customer lists, and websites. You've talked to us about
12 that -- those four categories. Is there any other asset
13 that's of significant value that the mint owns? Are there
14 other assets out there that have, let's say, a value of more
15 than \$100,000?

16 MR. HANSEN: Yes.

17 MR. GEARIN: Tell me what those are.

18 MR. HANSEN: Those would be intellectual
19 property.

20 MR. GEARIN: Okay. Other than websites. You
21 told me about websites. What other intellectual property?

22 MR. HANSEN: Well, we own designs of products.
23 We -- every year, we create thousands of different products.
24 And those become intellectual property that's owned by the
25 mint.

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1 all of the facilities. So if you go down there, and you say,
2 Okay, how many of this product do we have, we can normally
3 tell you -- look it up on the computer.

4 That's not a number I focus on. I'm concerned
5 about making sure that we have enough product to fill customer
6 orders. Its actual value is something we would do if we were
7 doing an accounting on it.

8 MR. GEARIN: Do you know the value of inventory
9 in any other location, other than China and Auburn? I think
10 you've given me some numbers on them. Do you know the value
11 of inventory in any of those other locations?

12 MR. HANSEN: Well, for example, last summer, I
13 bought out the Honolulu mint. That has -- it's the smallest
14 facility. It's got three --

15 MR. GEARIN: Mr. Hansen, again, a narrative is
16 not what I'm after. It's a very precise question. Do you
17 know the value of inventory in Hawaii?

18 MR. HANSEN: From when?

19 MR. GEARIN: April 1st. As of April 1st.

20 MR. HANSEN: Approximately \$100,000.

21 MR. GEARIN: Okay. Thank you.

22 MR. SMITH: Is that in Hawaii?

23 MR. HANSEN: That's in -- that's our smallest
24 facility, and it's located in Hawaii.

25 MR. GEARIN: Okay. Any other locations? Do you

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1 MR. GEARIN: Have you had that valued?

2 MR. HANSEN: No.

3 MR. GEARIN: All right. What other assets?

4 MR. HANSEN: I apologize. I can't think right
5 now, off the top of my head. I'm sure I'm missing something,
6 but I can't think of what it might be.

7 MR. GEARIN: Okay.

8 MR. SMITH: Does the company have any patents?

9 MR. HANSEN: It has some trademark and patents,
10 yes.

11 MR. SMITH: So it does have patents?

12 MR. HANSEN: Yes.

13 MR. SMITH: Okay.

14 MR. GEARIN: What patents? Do you know,
15 specifically, what patents you might have?

16 MR. HANSEN: Yeah. I believe it was some -- for
17 example, the Silver Bullet bullion.

18 MR. GEARIN: I'm sorry. I missed the answer to
19 the question. Please repeat it.

20 MR. HANSEN: We trademarked the Silver Bullet
21 bullion. That was my design. Anything that I create in the
22 company, you know, we -- we both -- and, again, I'm not a
23 lawyer. I employ both a trademark and patent attorney. And
24 in some cases, we patent it. And in some cases, we trademark
25 it. And in other places, we hallmark it. And I don't know

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1 all the nuances of that. But I believe that we have
2 significant assets in both the hallmark, the trademark, and
3 the patent categories.

4 MR. GEARIN: Tell me who the intellectual
5 property -- who's the patent attorney that you've used?

6 MR. HANSEN: You know, his name escapes me.
7 It's Mike. I could get that for you. He's a local Seattle
8 attorney.

9 MR. GEARIN: Do you know the firm?

10 MR. HANSEN: I don't. But I can get that
11 information for you.

12 MR. GEARIN: On the inventory in Tomball, Texas,
13 do you know the last time the inventory was done in Tomball,
14 Texas?

15 MR. HANSEN: I believe it was done at the end of
16 last year.

17 MR. GEARIN: At the end of 2015?

18 MR. HANSEN: Yes.

19 MR. GEARIN: And those are the numbers you're
20 relying on when you tell me there's -- I think you said
21 \$2.3 million in --

22 MR. HANSEN: You know, again, I -- I believe
23 that number is correct. But, you know, I would -- I don't
24 have that document in front of me. So I'm going to have to
25 say based on memory, which could be wrong.

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1 ever do that.

2 MR. GEARIN: Okay. Mr. Hansen, are you holding
3 any property that belongs to the mint personally? Do you have
4 possession or control over any property that belongs to the
5 company?

6 MR. HANSEN: No significant property. I've got
7 some business cards and a few other things like that I suppose
8 we could argue over. But, no, I'm not holding any precious
9 metals or any -- any significant assets.

10 MR. GEARIN: Are you aware of any assets of the
11 company that are stored someplace else, other than the
12 premises that are presently under the control of the trustee?

13 MR. HANSEN: Not that I'm aware of. Do you --
14 if you have something and you want to ask me a specific
15 question, I'm happy to do -- to answer that.

16 MR. GEARIN: I understand. I'm asking you a --

17 MR. HANSEN: Okay.

18 MR. GEARIN: -- global question as to what you
19 know, whether there are other assets that are out there that
20 we don't know about. And to be very clear, what I'm asking
21 you to do is to disclose any asset that the trustee would not
22 be aware of and that is not under his present control and
23 total control. If you think there is such an asset, I would
24 hope that you would be forthcoming.

25 MR. HANSEN: Well, of course I would. And that

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1 MR. GEARIN: Did you ever instruct employees of
2 the mint not to conduct inventories?

3 MR. HANSEN: For what purpose?

4 MR. GEARIN: For any purpose.

5 MR. HANSEN: Yes.

6 MR. GEARIN: Well, give me an example. Who did
7 you instruct and why?

8 MR. HANSEN: Well, for example, let's say a
9 great big coin collection comes in, and it's filled with a lot
10 of lesser coins, pennies, nickels, things like that. There's
11 no reason to sit down and write every coin and every dime down
12 because it -- it would cost more to do that inventory. So
13 what you do is, you just pull them out. And you throw them in
14 the different buckets and different categories. To try to
15 write down everything that you buy or everything that you --
16 that comes in over the counter would cost more than the value
17 of the item.

18 MR. GEARIN: Did you instruct any employees not
19 to do a global inventory of all of the inventory in Texas, for
20 example? Have you ever done that?

21 MR. HANSEN: No.

22 MR. GEARIN: Have you ever instructed employees
23 not to do an inventory in any other location on a global
24 basis?

25 MR. HANSEN: I -- I can't imagine that I would

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1 would be an asset of -- of the estate, and I'd be happy to do
2 it. But, you know, did I -- did I give somebody a coin at one
3 time as a gift, and it might be considered something? I don't
4 know. But there's no significant asset that's sitting out
5 there that belongs to the estate that I have not disclosed.

6 MR. SMITH: Have you had a safe-deposit box or a
7 storage unit in the last year?

8 MR. HANSEN: I -- I have not.

9 MR. SMITH: Has Diane?

10 MR. HANSEN: I believe she does.

11 MR. SMITH: Which? Storage unit? Or
12 safe-deposit box? Or both?

13 MR. HANSEN: You would have to ask Diane that.
14 She keeps her separate -- her deals separate from myself.

15 MR. GEARIN: Do you know where Ms. Erdmann
16 stores her {inaudible}?

17 MR. HANSEN: No, I do not. I've never been
18 there.

19 MR. GEARIN: Have you given Ms. Erdmann property
20 {inaudible}? Have you transferred anything to her?

21 MR. HANSEN: Yes.

22 MR. GEARIN: Have you transferred anything from
23 the mint to her?

24 MR. HANSEN: No.

25 MR. GEARIN: Has she received transfers of money

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1 or other valuable assets from the mint?
 2 MR. HANSEN: Well, Diane and I live together.
 3 And the small amount of wages that we take, I give to Diane,
 4 and she pays our household expenses.
 5 MR. GEARIN: Does Ms. Erdmann draw a salary?
 6 MR. HANSEN: No.
 7 MR. GEARIN: Does Ms. Erdmann take owner's
 8 draws?
 9 MR. HANSEN: No. But I do, and I give the money
 10 to her.
 11 MR. GEARIN: All right. But Ms. Erdmann doesn't
 12 directly take an owner's draw out of the vault in the
 13 business?
 14 MR. HANSEN: That's correct. But she -- she has
 15 done that under my instruction.
 16 MR. GEARIN: Does Ms. Erdmann receive benefits
 17 from the company?
 18 MR. HANSEN: I believe she gets medical
 19 benefits.
 20 MR. GEARIN: Is that the only benefit she
 21 receives?
 22 MR. HANSEN: I think so.
 23 MR. GEARIN: Have you transferred any assets to
 24 anyone else, from the company, to hold for you? Let's go
 25 back, let's say, six months prior to the bankruptcy filing.

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1 Have you transferred anything from the company to any party
 2 with a value of more than \$50,000?
 3 MR. HANSEN: No.
 4 MR. SMITH: Are you about done, Mr. Gearin?
 5 MR. GEARIN: I think I should let some other
 6 creditors have an opportunity to ask questions. We reserve
 7 our right to conduct a 2004 examination of Mr. Hansen. And to
 8 the extent other questions come up, I might ask a few more
 9 questions. Thank you.
 10 MR. SMITH: Okay. What we're going to do is --
 11 I know some of you -- hopefully not all of you -- but some of
 12 you have questions. So you can go up to the lectern where
 13 Mr. Gearin has been speaking. You can ask one initial
 14 question and one follow-up question, just in order to keep
 15 some limitation on where this goes. Then we'll see how many
 16 people have questions and what the timing is looking like.
 17 So if you want to, identify who you are. And if
 18 you represent somebody -- if you're an attorney representing a
 19 creditor, for example, who you represent. And then you can
 20 ask Mr. Hansen your question.
 21 MR. MITCHELL: Good afternoon. Robert Mitchell
 22 on behalf of creditor Bradley Cohen. I take it, from the U.S.
 23 Trustee counsel, that we have one question and one follow-up;
 24 is that right?
 25 MR. SMITH: That's what I'd like to start with

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1 and see where that goes.
 2 MR. MITCHELL: In response to Mr. Gearin's
 3 question, Mr. Hansen, you mentioned that you had various
 4 sources of other money. Will you follow up and explain what
 5 those sources of other money consist of, please?
 6 MR. HANSEN: No.
 7 MR. MITCHELL: Did you, at any time, advise the
 8 customers, investors in gold and bullion -- gold and silver
 9 bullion of Northwest Territorial Mint that you were not filing
 10 tax returns since the year 2011?
 11 MR. HANSEN: What?
 12 MR. SMITH: I didn't follow the question. Could
 13 you ask that again, please?
 14 MR. MITCHELL: Did you ever disclose to your
 15 clients, customers, that you hadn't filed tax returns?
 16 MR. HANSEN: I'm sure I've told some customers.
 17 Yeah.
 18 MR. MITCHELL: Okay. Did you disclose that on
 19 your website?
 20 MR. HANSEN: How many questions are you going to
 21 ask here?
 22 MR. SMITH: Just -- hey, I'm in control of the
 23 meeting, Mr. Hansen, not you.
 24 MR. HANSEN: No. I did not disclose that on my
 25 website.

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1 MR. SMITH: All right.
 2 MR. MITCHELL: Can I just ask one follow-up
 3 question about that?
 4 With respect to W-2s, did you issue yourself and
 5 Ms. Erdmann W-2s at the end of the year?
 6 MR. HANSEN: You know, just so that you know,
 7 this is Mr. Robert Mitchell.
 8 MR. MITCHELL: That's not an answer to my
 9 question.
 10 MR. HANSEN: And Mr. Robert Mitchell is --
 11 MR. SMITH: Actually, you've had --
 12 MR. HANSEN: -- is --
 13 MR. SMITH: No, no. Stop.
 14 MR. HANSEN: -- is the reason that we're all
 15 here today.
 16 MR. SMITH: Stop, Mr. Hansen.
 17 MR. MITCHELL: That's not the question.
 18 MR. HANSEN: Yes.
 19 MR. SMITH: Answer his question and quit the
 20 commentary.
 21 MR. MITCHELL: Did you provide W-2s to yourself
 22 and Ms. Erdmann?
 23 MR. HANSEN: I -- I don't know what my CPA did.
 24 MR. MITCHELL: Would you be able to provide
 25 those to the trustee?

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1 MR. HANSEN: How many questions does he get to
2 answer{sic}?

3 MR. MITCHELL: Would you be able to provide
4 those to the trustee?

5 MR. SMITH: Answer his question.

6 MR. HANSEN: I'll provide whatever document
7 there is.

8 MR. MITCHELL: I'll reserve.

9 MR. OVERSON: My name is Rodger Overson. I live
10 in Federal Way, Washington. And Ross and I have been friends
11 for many, many years, and we've visited many times. On one
12 occasion, I mentioned that I needed some warehouse space. And
13 I didn't want to rent a mini storage or a self-storage or one
14 of the commercial ones on the street.

15 And you mentioned that you had a warehouse in
16 Auburn and that you could probably find a little space that I
17 could use. So we entered into an agreement, a handshake. You
18 didn't charge me anything. I didn't pay you anything.

19 There's no paperwork, no lease. And as a friend, you let me
20 put some personal property in the warehouse in Auburn.

21 The company now is holding that, subject to a
22 court order from the judge. Could you explain, for the
23 record, our relationship on my personal property in your
24 warehouse?

25 MR. HANSEN: Mr. Overson, I apologize that

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1 Mr. Gearin has taken that position. You and I go way back,
2 and I consider you a good friend. And you've been good
3 counsel for me over the years. You bought a substantial
4 amount of metal from me, and it was very bulky, and you wanted
5 to keep it separate. And because we had extra space in the
6 room -- in the Building B, you went and bought some safes. I
7 believe you bought them from Northwest Safe Company. They
8 installed them. And you put your precious metals in those
9 safes and -- and locked it up. I did not have access to your
10 metal in those safes, and that's your property.

11 Mr. Gearin, unfortunately, is a very aggressive
12 guy and he's going after --

13 MR. SMITH: Stop the --

14 MR. HANSEN: -- every penny.

15 MR. SMITH: Stop the commentary. Stop the
16 commentary.

17 MR. OVERSON: The contents --

18 MR. HANSEN: Okay.

19 MR. OVERSON: -- of what I stored is undisclosed
20 to everybody else until now, and --

21 MR. HANSEN: Well, I apologize for that.

22 MR. SMITH: Is there paperwork for any of those
23 transactions?

24 MR. OVERSON: It is very personal, and it's
25 private.

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1 But did you have a combination to the safe?

2 MR. HANSEN: No.

3 MR. OVERSON: Did you have any legal agreement
4 with me on storage or rental or lease, or you did it as a
5 friend to friend?

6 MR. HANSEN: I did it as a friend and a
7 handshake deal, and I never anticipated that. And --

8 MR. OVERSON: Do you think you or your company
9 has any claim on my personal property?

10 MR. HANSEN: No, sir.

11 MR. SMITH: And it's not his to decide that at
12 this point. But let me ask a couple of questions.

13 Is the safe still at the location?

14 MR. HANSEN: I don't know.

15 MR. SMITH: When you left the company, was the
16 safe still at that location?

17 MR. HANSEN: Yes. And Mr. Gearin told me, at
18 the time, that he would turn it over to you. And I'm
19 surprised he hasn't.

20 MR. SMITH: And how is this -- how can you
21 identify the safe?

22 MR. HANSEN: Well, how do I identify the safe?

23 MR. SMITH: Yeah.

24 MR. HANSEN: They're his safes, and they were in
25 a special location. In fact, he even --

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1 MR. SMITH: Does it have his name on it?

2 MR. HANSEN: He even built a box around it.

3 MR. SMITH: Does it have -- is there any
4 identifier that identifies it as his safe?

5 MR. HANSEN: I don't know. I've never been in
6 his safe.

7 MR. SMITH: You've seen his safe?

8 MR. HANSEN: I actually did not see his safe.
9 He put them in, and he built a box around them, and --

10 MR. SMITH: He came into your facility, without
11 you there, built a box in there, put in his own personal safe,
12 and walked out? You've never seen it, and you've never opened
13 it?

14 MR. HANSEN: That's correct.

15 MR. SMITH: Okay. We need to --

16 MR. OVERSON: I don't have any other questions.
17 I just -- pending a court -- a judge's decision to release my
18 personal property and --

19 MR. HANSEN: I'll be happy to --

20 MR. OVERSON: I want you to testify that there's
21 no claim against it.

22 MR. HANSEN: I'll be happy to give you any
23 declaration you would like, Mr. Overson.

24 MR. OVERSON: Thank you very much.

25 MR. SMITH: Thank you, Mr. Overson.

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1 MR. MICHAEL: My name is Robert Michael. No
2 relation to attorney Robert Mitchell. This is the second time
3 I'll speak to Mr. Hansen. The first time was on the phone. I
4 do have a couple of questions. I understand that time is
5 limited with the number of people.

6 MR. SMITH: I'm trying to be flexible. But let
7 me be clear. This is the time for you to ask specific
8 questions of Mr. Hansen about transactions or assets. It's
9 not -- and I know there are some heartbreaking stories out
10 there, but it's not a time for those. This is just a time --
11 you may not have Mr. Hansen under oath again for a long time.
12 This is your opportunity to ask your questions.

13 MR. MICHAEL: Okay. Mr. Hansen, you got a,
14 approximately, \$38 million judgment against you from -- from
15 Mr. Cohen. When were you ordered not to -- what date -- sell
16 any of your assets?

17 MR. HANSEN: In -- in the Chapter 11, or from
18 another state court?

19 MR. MICHAEL: You got a \$38 million judgment
20 against you that the Court -- your person, Erin Robinson, told
21 me there was an order and you couldn't pay me -- from a
22 Court -- due to a \$38 million judgment.

23 What date did the Court tell you that you could
24 not sell assets?

25 MR. HANSEN: Sir, I don't have that document in
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1 was, is that -- that we were not to disburse any assets
2 without any remuneration. And, you know, which date that
3 happened and what, chronologically, happened, I would have to
4 refer to my documents, which I don't have in front of me.

5 MR. MICHAEL: Okay. I guess what I'm getting at
6 is this: I think assets were sold and cash was taken, and
7 that's -- I'm going to leave it there. But I would like to
8 talk to the FBI or anybody who's involved. I have some
9 information I'd like to give them.

10 MR. SMITH: Well, and for those who don't quite
11 understand, it's Mr. Calvert's job now to find out what
12 happened leading up to the bankruptcy and during the
13 bankruptcy, in terms of asset sales and the appropriateness of
14 those sales and asset transfers. So he's investigating that.

15 UNIDENTIFIED MALE SPEAKER: Thank you.

16 Mr. Hansen, thank you for coming. I'm sure this
17 is not the way you wanted to spend your Wednesday afternoon.

18 And thank you, Trustee, for giving us an
19 opportunity here. I'll be brief.

20 I have a very large portion of my net worth in
21 storage, which I believe to be allocated storage, that I
22 {inaudible} back in '09. I have a signed agreement with your
23 name on it and my name on it, that alludes to the fact that it
24 will be there, it will be insured --

25 MR. HANSEN: Okay.
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1 front of me. But Mr. Cohen's attorneys did seek and got a
2 state court order that said I couldn't disburse any of my
3 judgment. And I don't know what date that was, but I'll be
4 happy to provide that document to you.

5 MR. MICHAEL: Yes. On March 25th, I called your
6 office. And they told me they could not give me money that
7 you owed me -- that the Northwest Territorial Mint owed me,
8 which I had a sell-back document for.

9 I came in on the 28th and met with Erin. You
10 called me two days later, very angry at me. Erin told me that
11 they had an order that they could not sell assets or give
12 money back to people that the mint owed to, except they could
13 sell what was in the vault. This was on the 28th, the day
14 after Easter. They could sell to people walking in on the
15 street -- from the street.

16 MR. SMITH: I need you to focus on what the
17 question is.

18 MR. MICHAEL: Okay. The question is: Did you
19 sell assets out of the vault for cash? How much? And where
20 is it?

21 MR. SMITH: Are we talking in March of 2016?

22 MR. MICHAEL: March 28th.

23 MR. HANSEN: On March 28th, I -- sir, I don't
24 know the dates, and I don't know what -- what assets were
25 sold. What I had been -- what I believe I had been instructed
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1 UNIDENTIFIED MALE SPEAKER: -- it will be
2 inspectable, and all those things. I believe that's my
3 property. It may be similar to his safe.

4 Was the silver I purchased ever put in storage,
5 and is it there? And when can I get my hands on it? And
6 who's the insurance company listed in this document? Because
7 it doesn't list who the insurer is that's supposed to insure
8 due to internal or external {inaudible}.

9 MR. SMITH: Well, let me just jump in. He can't
10 tell you when you can get it because Mr. Calvert is in charge
11 of the bankruptcy estate.

12 UNIDENTIFIED MALE SPEAKER: So it's not my
13 property. It's {inaudible}?

14 MR. SMITH: But Mr. Hansen -- well, those are
15 legal determinations. But Mr. Hansen may be able to tell you
16 whether it was ever put in a safe.

17 UNIDENTIFIED MALE SPEAKER: Okay. And is it
18 still there?

19 MR. HANSEN: Well, to be honest with you, I
20 don't -- you know, I recognize you, but I don't remember our
21 transaction. And so what was it?

22 UNIDENTIFIED MALE SPEAKER: It was 10,000 ounces
23 of silver. My children's education fund.

24 MR. HANSEN: Okay. And --

25 UNIDENTIFIED MALE SPEAKER: And it was to be
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1 held in storage pursuant to a storage agreement that you
2 signed in February of 2009.

3 MR. HANSEN: Okay.

4 UNIDENTIFIED MALE SPEAKER: It was to be
5 guarded, insured, inspectable, and it could be turned over to
6 me at my will.

7 MR. HANSEN: Okay. Again, there are substantial
8 amounts of inventories down at the -- down at the different
9 locations. Whether it's on your specific material -- I don't
10 know where it was stored. I don't know who's in control of
11 that now. And I think that's a question you need to direct to
12 Mr. Calvert because I've not been allowed to go look at
13 anything.

14 MR. SMITH: Let me ask this follow-up for you.

15 Mr. Hansen, when you entered into agreements
16 like the one being referenced, was the product always
17 segregated and put in a safe?

18 MR. HANSEN: Well, when we put metals for
19 storage in a safe, the metals were -- are put in a variety of
20 different safes, and they usually -- sometimes they have names
21 on them. Sometimes we lease metal from people.

22 MR. SMITH: I'm not talking about the leased
23 metals. I'm talking about the storage of metals. Did you
24 separately segregate and maintain that property? Or did you
25 use it in the mint's business operations?

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1 insurance company's name that is alluded to in here that is
2 supposed to cover me for theft or confiscation or any of those
3 things?

4 MR. HANSEN: I don't have that here. But who
5 would have that information -- it was jewelers block
6 insurance.

7 UNIDENTIFIED MALE SPEAKER: I'm sorry. What?

8 MR. HANSEN: I believe it was called jewelers
9 block. Jewelers block.

10 UNIDENTIFIED MALE SPEAKER: And you've been
11 paying them?

12 MR. HANSEN: I believe so. Yeah.

13 MR. SMITH: Is there an agent that you recall?

14 MR. HANSEN: I don't recall. But that's all
15 handled through the accounting department, and they -- you
16 know, that would be a record that would be in Mr. Calvert's
17 custody.

18 UNIDENTIFIED MALE SPEAKER: Okay. That would be
19 great.

20 Last comment. If there's any lawyers here that
21 are working on this from this particular standpoint, come see
22 me. I'm looking for counsel.

23 Thank you for your time.

24 MR. SMITH: Yes, sir?

25 MR. McFADDEN: My name is Gordy McFadden --

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1 MR. HANSEN: I believe that -- and I could be
2 wrong -- but I believe that most -- all metals that were --
3 that were put into storage are in storage.

4 MR. SMITH: And how is it identified as
5 belonging to any particular individual?

6 MR. HANSEN: Well, normally, if it's -- if
7 it's -- if it -- what type of product was it?

8 UNIDENTIFIED MALE SPEAKER: 10,000 ounces of
9 silver.

10 MR. HANSEN: No. I mean, what -- what brand?

11 UNIDENTIFIED MALE SPEAKER: I don't think we
12 have it listed here. It was bars. I think it was -- I think
13 they're 100-ounce bars. I think they were 100-ounce
14 {inaudible} bars, I believe.

15 MR. HANSEN: Okay. And normally those types of
16 products would've been put into boxes of probably six bars to
17 a box, and a name would've been written down on the box.

18 MR. SMITH: So it's your testimony that you
19 never invaded those bundles of assets for other uses?

20 MR. HANSEN: I -- I specifically can't
21 answer his specific --

22 MR. SMITH: I'm not asking about his. I'm
23 asking about your general business operations.

24 MR. HANSEN: To my knowledge, no.

25 UNIDENTIFIED MALE SPEAKER: Do you have the

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1 Gordon McFadden. I have basically a similar situation. I
2 purchased 4,000 ounces through Erin Robinson on -- it was
3 three years ago, on March 13th.

4 My question was: It was to be put in storage.
5 Where is it, and how can I get it? The second question is:
6 Is that considered a Northwest Territorial asset, or is it my
7 asset?

8 MR. SMITH: Well, I think I would tell you that
9 you need to discuss that with legal counsel because it may
10 very well turn on the documentation and the way that it was
11 stored. There are many issues surrounding that. And so you
12 can talk to Mr. Gearin about your situation specifically and
13 see if they have any records that would help with that. But
14 it's a legal determination, at this point, as to who owns what
15 at the company.

16 MR. HANSEN: If I can make a comment, the only
17 thing I can address on that is, when Mr. Gearin took over,
18 Mr. Gearin made a comment to me that if it's in metal, I'm
19 taking it.

20 MR. GEARIN: Well, for the record, Mr. Gearin
21 didn't do anything because I wasn't there.

22 MR. HANSEN: Oh, I'm sorry. Not Mr. Gearin.
23 Mr. Calvert. My apologies. Mr. Calvert told me, If it's --

24 MR. SMITH: This isn't here for you to give
25 hearsay testimony about what people did or didn't tell you

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1 along the way. It's to try and help these people get some
2 closure on what happened to their millions of dollars of
3 bullion that was in your possession and control and which
4 appears to be, in some form, missing. And so to the degree --
5 that just goes back to my question before about what the
6 business operations were for segregating, safeguarding, and
7 maintaining people's property, like this gentleman right here.

8 So, again, you say that you would've taken it,
9 you would've put a name on it, you would've maintained it, and
10 you would not have used it?

11 MR. HANSEN: That's --

12 MR. SMITH: Is that a summary of your testimony?

13 MR. HANSEN: That's what I believe. Yes.

14 MR. McFADDEN: So I made a claim -- a formal
15 claim. I assume that that suffices.

16 MR. SMITH: You filed a proof of claim?

17 MR. McFADDEN: Yes.

18 MR. SMITH: Yes. It's a placeholder for you.

19 And I will say, also, in case folks here don't
20 know it, there has been a creditors committee formed in this
21 case, and the creditors -- an unsecured creditors committee.
22 And I think that's probably most of you, if not all of you,
23 that are kind of in that boat. Counsel for the committee is
24 Geoff Groshong and Mark Northrup. They are both here, up in
25 front of the room here.

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1 sort?

2 MR. NORTHRUP: That is a topic that's under
3 discussion right now. We're trying to figure out the best and
4 most efficient way, for example, to create a website, to make
5 a website available to all of you so that you'll be able to
6 keep up-to-date on what's happening in the case. We've only
7 been appointed for about the last 15 days, so this is an issue
8 that we're working with Mr. Calvert on.

9 MR. SMITH: Mr. Northrup, can you give people
10 your phone number?

11 MR. NORTHRUP: Sure.

(Multiple speakers; unintelligible.)

12 MR. NORTHRUP: This is like the old watching the
13 numbers turn on the McDonald's sign. You know, when you give
14 numbers turn on the McDonald's sign. You know, when you give
15 out your phone number, sometimes it disables your phone,
16 depending on how many hundreds of people call. My phone
17 number is area code 206, 777-7356.

18 UNIDENTIFIED MALE SPEAKER: Perhaps it would
19 cause less to give the phone numbers of the two co-chairs.

20 UNIDENTIFIED FEMALE SPEAKER: Yeah.

21 MR. NORTHRUP: These gentlemen should stand up
22 as well, Mr. James and Mr. Hanson.

23 UNIDENTIFIED MALE SPEAKER: Email? Phone
24 number?

25 MR. JAMES: I'm Dave James. And my email is

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1 If you gentlemen would stand up.

2 MR. HANSEN: And --

3 MR. NORTHRUP: Just for the record, in a Chapter
4 11 case, the bankruptcy laws provide that the Office of the
5 U.S. Trustee can create an unsecured creditors committee.
6 Mr. Smith's office has done that. There are seven of you who
7 are on the committee. The two co-chairs are here, David James
8 and Bill Hanson, if you'd like to talk to them.

9 But the job of the committee is to represent the
10 best interests of unsecured creditors, as a whole, during the
11 course of the bankruptcy. We're authorized to take legal
12 positions, to file motions, to seek various forms of relief
13 directly from the court. We also work very closely with
14 Mr. Calvert, the court-appointed Chapter 11 trustee, whose
15 existence in this case is, frankly, going to make this case
16 easier, I believe, than it would be if we were butting heads
17 at every turn with the debtor in possession.

18 But Geoff and I -- my law partner -- are with
19 the Seattle office of Miller Nash Graham & Dunn. And we're
20 available for questions, except we can't give you individual
21 legal advice on your own legal problems. But we can certainly
22 give you broad-brush help on understanding what the committee
23 does, what's happening to the case, and things of that nature.

24 UNIDENTIFIED MALE SPEAKER: Could you give us
25 the names again? Is there a communication page set up of some

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1 david.leal.james@gmail.com.

2 Would you like me to repeat that?

3 UNIDENTIFIED FEMALE SPEAKER: Yes, please.

4 UNIDENTIFIED MALE SPEAKER: Could you write it
5 on the board?

6 MR. JAMES: Well, you're asking a lot.

7 MR. SMITH: I don't think we --

8 MR. JAMES: I'll write my phone number. We'll
9 put them up here. Okay?

10 UNIDENTIFIED MALE SPEAKER: That would be great.

11 MR. JAMES: We'll do that.

(Multiple speakers; unintelligible.)

12 MR. NORTHRUP: And, again, my number was
14 (206) 777-7356.

15 UNIDENTIFIED FEMALE SPEAKER: And your name,
16 sir?

(Multiple speakers; unintelligible.)

17 MR. NORTHRUP: My first name is Mark. The last
19 name is Northrup, N-O-R-T-H-R-U-P.

20 MR. SMITH: If those of you -- if anybody has
21 access to the bankruptcy court's electronic website, through a
22 request for special notice or otherwise, there was an
23 appointment of the creditors committee that was filed. So
24 it's on the docket. It has all the members of the committee.
25 It has the contact information for members of the committee,

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1 including the co-chairs, on there.

2 So while we're doing this, let's get back to
3 questions.

4 MR. PETERSON: Hi. I'm John Peterson. We've
5 had a storage agreement with Northwest Territorial Mint since
6 2008. And I have 33 Krugerrands, 25 gold Maples, and 29
7 spots, one-ouncers. So it's about \$120,000, roughly. I've
8 been paying on the storage there since 2008. And the other
9 day, I was led to believe, by the trustee, that my stuff is
10 not in the vault that Ross and I went down and put the stuff
11 in when I actually purchased it from him.

12 So my question is: How is that possible, that
13 there wouldn't be my stuff in the vault?

14 MR. SMITH: Mr. Hansen, could you address how
15 that could occur?

16 MR. PETERSON: Is it possible that stuff gets
17 moved around to different places, and then it's not
18 inventoried after the first time? Even if I were trying to
19 make a demand on a bailment -- breach of bailment, apparently,
20 the goods are not there. So I'm concerned that that's not the
21 case.

22 MR. HANSEN: Well, first of all, who told you
23 your goods are not there?

24 MR. PETERSON: I spoke with Mr. Calvert. He
25 didn't tell me exactly how much stuff was anywhere yet. I

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1 is capable of doing an inventory, but --

2 MR. SMITH: I don't want your opinions on
3 people's capability. Just either answer the question or say
4 you don't have an answer.

5 MR. PETERSON: Well, if that's the way he feels
6 like answering it, I can take that.

7 MR. SMITH: Well, I'm not going to have him sit
8 up here and opine on people's character and reputation and
9 expertise. This is not the forum for that.

10 MR. HANSEN: Okay.

11 MR. SMITH: So why don't -- I think you've
12 probably gotten all you're going to get on that front.

13 MR. PETERSON: So what you're saying, in
14 summary, is that it's possible that the stuff is still there.
15 It just hasn't been found, or it just hasn't been properly
16 inventoried? Is that what you're saying?

17 MR. HANSEN: Well --

18 MR. PETERSON: Again, it's speculation, but --

19 MR. HANSEN: You know, I'm out of the company,
20 and I have no way of knowing what has been done. But I --
21 what I have -- the only information I've been told is -- is
22 they grabbed boxes, and it didn't matter whether it was gold,
23 silver, or platinum, and they threw them on a scale. But I
24 don't know what has been done.

25 MR. PETERSON: Okay. Thank you.

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1 thought that was going to come out at this hearing. But it
2 was clear that there's significantly less of the metals that
3 we've been ordering and putting in the vault.

4 MR. SMITH: Let me say this. As soon as we get
5 done with the questions, Mr. Calvert is going to talk for 20
6 or 30 minutes to let you know what he's found and what he's
7 doing. But we need to get through the questions first.

8 MR. PETERSON: Great. And I presume that he
9 made that statement because he had done a physical inventory.

10 MR. SMITH: He has.

11 MR. PETERSON: The other thing is, is that --
12 it's true that my contract was like the other fellow's. I had
13 a third-party insurance paragraph in there saying that if it
14 disappeared, then this insurance company would pay for it.
15 And then thereafter, there was a guarantee from the guarantor,
16 Northwest Territorial Mint, that if the insurance company
17 didn't pay for all of it, the guarantee would. Are those
18 still in effect?

19 MR. SMITH: Those are legal questions that you
20 would have to get an answer to. But if your question is, how
21 is it that your property could disappear, Mr. Hansen may be
22 able to opine on that.

23 MR. HANSEN: Well, first of all, we don't know
24 if your product has disappeared. No accounting of inventory
25 has been given. And Mr. Calvert, first of all, I don't think

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1 MR. DASHIELL: For the record, I'm Thomas
2 Dashiell here on behalf of the Robert A. Austin Family Living
3 Trust.

4 UNIDENTIFIED MALE SPEAKER: Name again?

5 MR. DASHIELL: My name is Thomas Dashiell. I'm
6 here on behalf of the Robert A. Austin Family Living Trust.

7 I want to touch back on the topic of inventory
8 as it relates to somebody leasing bullion to you. My client
9 leased silver to you -- to your company. What was the
10 procedure, if any, for segregating and identifying leased
11 bullion to your company?

12 MR. HANSEN: Leased bullion would've been used
13 in the normal ordinary course of business. And there was no
14 requirement that we keep any kind of a segregated metal -- the
15 leased metals were to be used at our discretion within the
16 company. And so there's no box of leased metal because it
17 wouldn't make sense for us to lease the metal and then not use
18 it.

19 MR. SMITH: Was it accounted for at year end?

20 MR. HANSEN: Yes. Well, not accounted for,
21 because we kept the leases. They were updated, I believe, on
22 a monthly basis.

23 MR. SMITH: How was -- what was the process for
24 replenishing the bullion that was being leased?

25 MR. HANSEN: There was no process of

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1 replenishing the business. There's -- if a customer asked for
2 his metal back, which a number did, we would return their
3 metal. If not, we would use it in the normal ordinary course.
4 That was the purpose of a lease.

5 MR. DASHIELL: Could the metals be used for
6 business expenses?

7 MR. HANSEN: The metals could be used on --
8 however we deemed necessary.

9 UNIDENTIFIED MALE SPEAKER: That's ugly.

10 MR. DASHIELL: Okay. Thank you.

11 MR. FAIR: My name is Ralph Fair, and I bought
12 some gold coins from your salesman, Jim Rogers, in 2008. I've
13 been paying storage on them every year. I've been given a
14 statement every three months. Can you tell me, are those
15 coins actually physically in the vault with my name on them?

16 MR. HANSEN: You know, again, you keep -- people
17 ask me these questions. And how am I to know?

18 MR. SMITH: You need to frame it as, when he was
19 last at the company, were the -- was he aware of your coins
20 being there.

21 MR. HANSEN: Which coins were they?

22 MR. FAIR: They were 20-dollar Saint Gaudens
23 1-ounce gold coins.

24 MR. HANSEN: And how many of them?

25 MR. FAIR: 26. I sold four of them. There

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1 would that be?

2 MR. HANSEN: The person that was handling the
3 statements was the legal department. We had two people in the
4 legal department. We had Amelia Swan, and we had Greg
5 Fullington.

6 For approximately three years, Amelia Swan was
7 responsible for filling out and maintaining the lease
8 accounts -- both the lease and the storage accounts. And what
9 that required was -- as you just mentioned, when people have
10 money -- or monies -- when I say, "monies," I'm talking
11 precious metals or cash or whatever on account -- people have
12 interest that is drawn upon that. There's also -- people buy
13 and sell. People will sell some of their metal, or they will
14 add to it. That is a function of both the accounting
15 department and the legal department. That's why that came out
16 of the legal department.

17 Amelia Swan and Greg Fullington left the company
18 at the end of October, and we found out it was a mess. And we
19 were attempting to clean it up at that time. And so that's
20 why you didn't get it.

21 MR. FAIR: Okay. The second question is:
22 Myself and other people that have property stored, that
23 belongs to them, how is that even involved in your personal
24 bankruptcy?

25 MR. SMITH: Well, let me answer that. This is

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1 should be 22 left.

2 MR. HANSEN: Okay. Again, we have tens of
3 thousands of coins in the vault. Your particular coins, I'm
4 assuming, were in the vault. And that's a question that
5 Mr. Calvert would've -- would've done. On the day that I
6 walked out, I did not have an inventory of what was in the
7 vault and what was not. But if you were -- if you had 22 gold
8 coins in the vault, Saint Gaudens, they should still be there.

9 MR. SMITH: Assuming somebody didn't use them
10 prior to that.

11 MR. FAIR: Another funny thing --

12 MR. HANSEN: Let's -- you know what. I'm going
13 to tell you what. Let's -- let's quit with the snarky
14 attitude with you. What you're implying is some type of
15 malfeasance on my part, and I take exception to that.

16 MR. SMITH: Exception noted.

17 MR. FAIR: Also, this January, I didn't get an
18 invoice for the \$105 for the annual storage. When I was doing
19 my books, I noticed that. And then I also looked back, and I
20 missed -- every three months, I was getting a statement
21 saying, You have 22 Saint Gaudens coins. You can pick them up
22 anytime you want. You can cash them in anytime you want. You
23 can inspect them anytime you want.

24 And for 2015, I did not receive a statement
25 every three months. I never received any statements. Why

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1 not Mr. Hansen's personal bankruptcy. This is the bankruptcy
2 of Northwest Territorial Mint, LLC, the company. And so to
3 the degree you had metal at -- stored, leased, used by, not
4 used by -- the company, it is involved in the bankruptcy case
5 and part of what Mr. Calvert is charged with as determining
6 who has rights in which coins, which bundle of assets.

7 MR. FAIR: Thank you.

8 MR. SMITH: You're welcome.

9 MR. RICE: Good afternoon. My name is Matthew
10 Rice. I represent Steven Fox.

11 Mr. Hansen, Mr. Fox entered into a like-kind
12 metals exchange with the mint, I believe negotiated with you
13 personally. The mint's side of that exchange was
14 approximately 1,400 fine gold 1-ounce Canadian Maple Leaf
15 coins that Mr. Fox was under the impression, from you, were
16 segregated in a fashion on the mint's property, such that it
17 could be identified as his. Do you know where Mr. Fox's coins
18 are? And do you know whether or not they have been segregated
19 for him?

20 MR. HANSEN: Again, I'm not privy to any of the
21 inventory, so I can't answer that question.

22 MR. RICE: Let me, if it's all right, ask: As
23 of the last time that you were in control of the business,
24 prior to the filing of the bankruptcy, do you know where
25 Mr. Fox's coins were kept and if they were kept in a

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1 segregated fashion?
 2 MR. HANSEN: I don't believe they were
 3 segregated, no. But they were -- a number of -- I personally
 4 saw a number of Mr. Cohen's{sic} boxes because they came in,
 5 and they were in the -- in the -- I believe a big chunk of
 6 them were in the -- in the vault in the Federal Way office.
 7 MR. RICE: Just to be clear, you just mentioned
 8 Mr. Cohen. Are you referring to Mr. Fox?
 9 MR. HANSEN: Mr. Fox. I apologize.
 10 MR. RICE: So you're familiar with boxes with
 11 Mr. Fox's name on them?
 12 MR. HANSEN: I don't know if they had -- I
 13 apologize. I didn't say that they had boxes on{sic} his name.
 14 But I know that there was coins in there that were -- that
 15 were -- that were reserved for Mr. Fox.
 16 MR. RICE: And that was at the Federal Way
 17 facility?
 18 MR. HANSEN: Yes.
 19 MR. RICE: Thank you.
 20 MR. SMITHBURG: My name is David Smithburg, and
 21 I'm an unsecured creditor. So I just want to understand this
 22 a little better. I purchased bullion on February 9th, and it
 23 was scheduled for delivery between May 2nd and 6th. Based on
 24 your previous experience in the business, about what time
 25 would that be minted? Or at what point in that process would

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(Multiple speakers; unintelligible.)
 2 MR. SMITH: We have to finish up so Mr. Calvert
 3 can have time.
 4 MR. HANSEN: I will do my best. But how we do
 5 it is this -- because you're all going to want to know this.
 6 How Northwest Territorial Mint -- the business model of
 7 Northwest Territorial Mint is -- we make thousands of
 8 products, and most of these products we make in our own
 9 factory. We're not buying from somebody else. In some cases,
 10 we do. But most of the products that we buy --
 11 MR. SMITHBURG: And if I may, considering a
 12 purchase on February 9th, for a delivery on May 2nd to 6th,
 13 what would be the rough expectation for the production of the
 14 coins? At what point in the process -- let's say everything
 15 being equal, they -- you know, they were sent out. Let's say
 16 they -- so it's a hypothetical. So I'm curious. At what
 17 point were they being produced?
 18 MR. HANSEN: I'll make it as brief as I can
 19 for brevity.
 20 MR. SMITH: We don't need a history. We just
 21 need to know the timeline that is typical for an order
 22 placed --
 23 MR. SMITHBURG: Based on your experience.
 24 MR. SMITH: -- on the minting of the coins.
 25 MR. HANSEN: What we do is, we gather up all the

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1 the coins exist?
 2 MR. HANSEN: What type of bullion was it, sir?
 3 MR. SMITHBURG: It was silver coins.
 4 MR. HANSEN: Well, I -- I need to ask a couple
 5 more questions on that. What type of silver coins were there
 6 and how many?
 7 MR. SMITHBURG: Okay. So my memory may fail me.
 8 But I believe it was just 200 1-ounce silver coins, a small
 9 amount.
 10 MR. HANSEN: When you say -- coins at our
 11 manufacturer?
 12 MR. SMITHBURG: To the best of my knowledge, it
 13 was the -- it was the -- yeah. It was the ones that you
 14 manufacture. It was the Northwest Territorial Mint coins. I
 15 think it was Stagecoach.
 16 MR. HANSEN: Okay. Stagecoach. Thank you for
 17 buying those. Those were my design. If I can --
 18 (Multiple speakers; unintelligible.)
 19 MR. HANSEN: We sold millions of those. You
 20 know, if I can, this -- you know, and I know you don't want
 21 me --
 22 MR. SMITH: I don't want you to -- I want you to
 23 answer his question.
 24 MR. HANSEN: I'll answer your question the
 25 best --

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1 orders that we can on a particular product. To get the best
 2 price and to have the lowest cost to produce an item, we try
 3 to make it in the largest batch that we can.
 4 So let's say that you ordered 200 coins, and
 5 somebody else orders 200,000 coins. Then we'll try to produce
 6 those all together so that we have an economical run. If we
 7 get 50 here or 100 here or 200 here, we might wait to produce
 8 those coins until we have a large enough batch to make an
 9 economical batch to do it.
 10 So what we do is, we have -- we operate under a
 11 consent decree with the State of Washington. And what we do
 12 is, when we tell people that you're going to get your coins in
 13 a certain period of time, we try to do our best to live up to
 14 that time. If not, there's a bunch of series of steps that we
 15 have to take afterwards. So, typically, on something like
 16 that, ten to 12 weeks.
 17 MR. SMITHBURG: Typically, if it was to be
 18 delivered on -- it would be manufactured and available, like,
 19 about 10 to 12 weeks before the delivery date? Is that what
 20 I'm understanding?
 21 MR. HANSEN: No.
 22 MR. SMITHBURG: Or are you saying it would take
 23 ten to 12 weeks to --
 24 MR. SMITH: After the order.
 25 MR. HANSEN: Yeah.

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1 MR. SMITHBURG: Okay. After the order. All
 2 right. Sounds good.
 3 MR. PETTEYS: Good afternoon. David Petteys on
 4 behalf of Creditor Donald Wright. I'd like to just revisit
 5 something you testified to earlier, just to get some
 6 clarification on that. I believe you testified that from time
 7 to time, you would remove materials from the vault, take them
 8 home, and that you would not log those items?
 9 MR. HANSEN: That's correct.
 10 MR. PETTEYS: Okay. And the reason why you
 11 wouldn't log those items was what?
 12 MR. HANSEN: Well, you have to understand. At
 13 the end of the day, Diane and I have just worked a 10- or
 14 12-hour day. And depending on what we're going to do,
 15 we'll -- we might have paperwork. It was typically paperwork.
 16 We're taking mountains of paperwork home so that Diane can get
 17 orders sent down to the Dayton office so they can get filled.
 18 We might also have items that needed to be
 19 graded. Let's -- for example, Jim, our numismatic man, will
 20 buy batches of coins, and --
 21 MR. SMITH: Why wouldn't you log the stuff out
 22 when you took it?
 23 MR. HANSEN: Because, Jesus Christ, it would
 24 take forever to do it. I mean, when you're talking about a
 25 big box of coins, are you going to sit down and write every

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1 coin? We're the owner of those products. We take a box of
 2 coins home. I sort them. I put them in individual bags. I
 3 write on them, and I bring them back. If I had to sit there
 4 and write down, on every little coin, every penny or nickel or
 5 dime, I would just never take anything home.
 6 MR. SMITH: Okay. Well, that's an answer.
 7 MR. HANSEN: Yeah.
 8 MR. PETTEYS: Okay. And just one follow-up
 9 question. Did you -- from -- and I know you want a specific
 10 time period, so I'm going to give you one.
 11 MR. HANSEN: Uh-huh.
 12 MR. PETTEYS: From January 1, 2016, to the time
 13 that you were forced out of the company, did you ever remove
 14 any precious metals from any of the vaults and not replace
 15 them? Did you ever -- did you remove any precious metals in
 16 the vaults -- any of the vaults controlled by the
 17 company and -- remove them from those vaults and not replace
 18 them, either in that vault or another vault controlled by the
 19 company? And if so, where are those metals?
 20 MR. HANSEN: Well, are you talking about -- we'd
 21 take metals, and we'd go deliver them to customers. We would
 22 sell them to dealers and things like that. Because what would
 23 happen is --
 24 MR. PETTEYS: No, that's not what I'm talking
 25 about.

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1 MR. HANSEN: Okay.
 2 MR. PETTEYS: What I'm talking about is metal
 3 that is either owned by customers or that's owned by the
 4 company that was in storage in the vaults.
 5 MR. HANSEN: Okay.
 6 MR. PETTEYS: Was it ever removed and not
 7 replaced and not transferred for some sort of valuable
 8 consideration? In other words, inventory that you didn't
 9 sell --
 10 MR. HANSEN: Did I ever take it home and bury it
 11 in my backyard, is what you're asking?
 12 MR. PETTEYS: If that's what you want your
 13 testimony to be, that's fine.
 14 UNIDENTIFIED MALE SPEAKER: Or anywhere else.
 15 MR. HANSEN: No, I did not.
 16 MR. PETTEYS: Never? Never during that time
 17 period? Not once?
 18 MR. HANSEN: Not that -- you know, no.
 19 MR. PETTEYS: Okay. Thanks.
 20 MS. WEAVER: Sarah Weaver on behalf of the R&K
 21 Hudson Family Limited and Ron Hudson. They're both from --
 22 they're from Texas. They have 5,000 ounces of silver bullion
 23 under a storage contract with Northwest Territorial Mint. And
 24 my question is: Where is that silver, as of April 1st?
 25 MR. HANSEN: This is about the fourth time I've

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1 answered that question.
 2 MS. WEAVER: My apologies. Could you please
 3 answer it again?
 4 MR. HANSEN: Okay. Sure. Again, as of April
 5 1st, I did not do an inventory. Okay? We didn't do it. We
 6 filed the bankruptcy there. So on April 1st, I couldn't tell
 7 you where your silver was. I don't know what kind of silver
 8 it is. I don't know the particulars of your client's
 9 situation.
 10 MS. WEAVER: Where would, normally, silver
 11 bullion be stored?
 12 MR. HANSEN: Silver bullion would've been stored
 13 in Auburn. It would've been stored down at Building B. It
 14 would've been stored down at our plant in Dayton, Nevada.
 15 MS. WEAVER: Okay. Thank you. And then just to
 16 follow up, apparently --
 17 MR. HANSEN: Or it could be -- and I apologize.
 18 It could be stored at Brinks, which we do put -- would keep
 19 metal at Brinks until we picked it up.
 20 MS. WEAVER: Did you tell Mr. Gearin about the
 21 property stored at Brinks?
 22 MR. HANSEN: I haven't spoken to Mr. Gearin.
 23 MS. WEAVER: Mr. Gearin, the lawyer for the
 24 trustee.
 25 MR. HANSEN: I haven't spoken to him, ma'am.

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1 MS. WEAVER: Okay. I don't recall your prior
 2 testimony about --
 3 MR. HANSEN: Oh, until just now, I hadn't, so --
 4 MS. WEAVER: Did you discuss Brinks earlier this
 5 afternoon?
 6 MR. HANSEN: No, I did not.
 7 MS. WEAVER: Okay. Thank you.
 8 MR. HANSEN: But there's -- to my knowledge,
 9 there's no metal being stored there currently.
 10 MS. WEAVER: How about on April 1?
 11 MR. HANSEN: Again, I don't recall.
 12 MS. WEAVER: Okay. And then just one follow-up
 13 question. Apparently, Ron Hudson, or the R&K Hudson Family
 14 Limited, sent \$14,700 to Northwest Territorial Mint in
 15 November of 2015; and you acknowledged receipt of that in
 16 December.
 17 MR. HANSEN: I personally acknowledged receipt?
 18 MS. WEAVER: Apparently so.
 19 MR. HANSEN: Okay.
 20 MS. WEAVER: Do you know what -- where that
 21 money is or what happened to it?
 22 MR. HANSEN: Ma'am, that would, again, be in the
 23 bankruptcy filings and the bankruptcy papers. I don't have
 24 that specific paperwork in front of me.
 25 MS. WEAVER: I'm talking about back in

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1 wrap it up, the Chapter 11 trustee is not going to have an
 2 opportunity to update all of you sufficiently. So if you
 3 think your question has been answered, or it's a question that
 4 you can ask counsel for the creditors committee or Mr. Gearin
 5 later, you might want to do that.
 6 MS. DeLEON: My name is Sally Mary DeLeon, and I
 7 have a POA for David Lehnartz as well. He's my partner. And
 8 we had purchased Pacific Northwest Territorial Mint bullion,
 9 as well as coins, back in February of 2015. And ongoing, we
 10 kept getting emails that said that due to high demand, they
 11 could not meet our order. And so since February, the price of
 12 silver has gone dramatically down, so we did a buyback
 13 repurchase.
 14 But, anyways, what I -- before that, I guess
 15 what I would like to know is, when -- when people like myself
 16 purchase silver, where does the money actually sit? Where --
 17 where does it sit? Does it -- did it actually purchase the
 18 silver for us to have it? Since you have this binding
 19 contract, that's actually very scary -- it scared me -- you
 20 might not want the color commentary. But \$8,700 is my whole
 21 life savings, and that was taken away from me.
 22 And so with that said -- sorry -- and David --
 23 his wife passed. That was his wife's insurance money. We
 24 both were trying to find our freedom. We were both -- well,
 25 I'm not active duty anymore. He still is. Where did that

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1 December -- November and December. Do you recall receiving
 2 those funds?
 3 MR. HANSEN: No, ma'am. I do not.
 4 MS. WEAVER: And you don't recall acknowledging
 5 receipt of those funds?
 6 MR. HANSEN: And I personally acknowledged this?
 7 This transaction was done with me personally or within the
 8 company, ma'am?
 9 MS. WEAVER: I don't know. If you wouldn't have
 10 acknowledged it, who would have, within the company?
 11 MR. HANSEN: Well, it would've been handled
 12 through the bullion department, ma'am.
 13 MS. WEAVER: And who would that person be, sir?
 14 MR. HANSEN: Well, there's a number of people in
 15 the bullion department. But the head of the bullion
 16 department was a lady named Erin Robinson.
 17 MS. WEAVER: And where is Erin Robinson -- where
 18 did she work?
 19 MR. HANSEN: At the Federal Way office.
 20 MS. WEAVER: And do you know if she's still
 21 employed there?
 22 MR. HANSEN: I don't know.
 23 MS. WEAVER: All right. Thank you.
 24 MR. SMITH: We really need to try and wrap up
 25 the questions. I know you've been waiting. But if we don't

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1 money go?
 2 I mean, we -- we -- I have papers here that
 3 prove that we -- you've taken our money. So where did -- so
 4 we'll stick to that point. This item was purchased in
 5 February, and here comes July. And every month, you said --
 6 you made a statement already, earlier, that said ten to 12
 7 weeks. And at that time, we were told that it would take that
 8 long. But that's March, April, May, June, July. That's five
 9 months. Where did you put that money? Or did that money
 10 actually get slotted -- or did it get put in a trustee --
 11 where did it go?
 12 MR. SMITH: Let me just answer it this way. And
 13 Mr. Hansen can weigh in if he has personal knowledge about
 14 your money. But everybody's money would've went into the
 15 accounts or various places. And it's the Chapter 11 trustee's
 16 job to look at those more recent transactions and try and
 17 track, to the degree it's possible, money in, product ordered,
 18 product manufactured, product stored, product leased, and
 19 used. That's what he's trying to do. He's done some of that,
 20 which is in the bankruptcy schedules. And I'd like to get to
 21 him so he can address that.
 22 But in terms of a specific transaction, unless
 23 Mr. Hansen tells me I'm wrong, he would not be able to tell
 24 you where your specific dollars went.
 25 MS. DeLEON: Okay. So, then, what about this?

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1 People who make purchases, the monies -- the process in --
 2 MR. SMITH: It's okay.
 3 UNIDENTIFIED MALE SPEAKER: Does it go into
 4 trust, I think is what she's trying to say.
 5 MS. DeLEON: Yeah. Where did -- where did that
 6 money go? I mean --
 7 MR. SMITH: And hopefully Mr. Calvert --
 8 MS. DeLEON: I'm not talking about just my
 9 money. I'm talking about --
 10 MR. SMITH: Right. And that's what Mr. Calvert
 11 is charged with, is looking and trying to figure those things
 12 out. But there's not going to be an answer today as to what
 13 bank account your money went into or where it went or if it
 14 purchased product or didn't purchase product or where it
 15 streamed. That's just not something that can be answered
 16 today.
 17 MS. DeLEON: Okay. Final question, since I get
 18 a second one -- or a follow-up, whatever. How is our purchase
 19 of a tangible item considered nonsecured?
 20 MR. SMITH: That's a legal question. I cannot
 21 give you -- I cannot opine on the legal question.
 22 MS. DeLEON: That sucks.
 23 MR. PACKER: Steve Packer. I purchased a
 24 thousand -- well, I brought in a 1,000-ounce bar, so -- and
 25 wanted to convert it over to coin. And so I paid about

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1 another thousand dollars to have that conversion done. I did
 2 this in October of last year. I'm just kind of wondering what
 3 the process with the bar -- how that's handled. Is that bar
 4 still around somewhere?
 5 MR. SMITH: Well, he can answer whether he knows
 6 if it was still around on April 1st. But after that, he has
 7 no knowledge, he's testified.
 8 MR. PACKER: Well, it was supposed to -- I was
 9 supposed to get coins in exchange in January.
 10 MR. SMITH: Do you know anything about this
 11 transaction, Mr. Hansen?
 12 MR. PACKER: Because I view that as my bar. And
 13 I just paid a little extra to get it -- which is a little
 14 different than just buying coins.
 15 MR. HANSEN: Yes, sir. I apologize. I don't
 16 know the specifics on your transaction.
 17 MR. PACKER: Well, I'm not asking about that.
 18 I'm asking how you handle a bar when you bring it in to have
 19 it melted down into coin. That's what I'm asking.
 20 MR. HANSEN: How that would work is -- two
 21 things. If you brought us a bar that was resellable -- let's
 22 say that you brought us a bar that was a Johnson Matthey bar
 23 or something. We would take that bar, and we wouldn't melt
 24 that particular bar. We would buy a bar of silver, maybe that
 25 was closer to our mint; and then we would take something that

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1 was maybe not a branded bar and melt that down and return --
 2 MR. PACKER: This wasn't branded. It was just a
 3 solid piece of silver.
 4 MR. HANSEN: Okay. But it was a 1,000-ounce bar
 5 of silver, right?
 6 MR. PACKER: Right.
 7 MR. HANSEN: Okay.
 8 MR. PACKER: It was stamped with 984, I think.
 9 MR. HANSEN: Who was the maker of the bar, sir?
 10 MR. PACKER: I thought it was from you guys. I
 11 bought it probably four or five years ago, and I just got
 12 tired of lugging it around.
 13 MR. HANSEN: Okay. Well, what we would do --
 14 and it's a legitimate question here. Two things. If it's a
 15 bar that we sold to you, it would probably be a branded bar.
 16 We would -- we wouldn't melt that particular bar down. We'd
 17 sell that bar, and we'd buy silver that was not a branded bar,
 18 maybe silver that's in a different form. And then what we
 19 would do is, we would buy a large batch of silver, probably
 20 from, like, Johnson Matthey in Salt Lake, and then take that
 21 silver, which is closer to our facility, and melt it down.
 22 Because all silver is fungible, and it -- you know, it's a
 23 matter of which is more convenient and more economical for us.
 24 MR. SMITH: And then what happens to the branded
 25 bar?

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1 MR. HANSEN: The branded bar would be sold in
 2 the normal course. And then the silver would come in and be
 3 turned into whatever product that he bought.
 4 MR. PACKER: And that usually takes how long?
 5 MR. HANSEN: I'm sorry, sir?
 6 MR. PACKER: How long does that normally take?
 7 MR. HANSEN: Again, it depends on the type of
 8 product that you're buying. We're going to -- we're going to
 9 pool the orders of the product so we can make it in the most
 10 economical form.
 11 MR. WOODCOCK: My name is Roy Woodcock, and I
 12 purchased 16 British gold Sovereigns in February. I paid cash
 13 to one of your local people, Mr. Dennis Tallman. I was told
 14 that it would take a little while to find the Sovereigns and
 15 they would be available at the end of April. And I'm
 16 wondering how far along we got with that discovery of
 17 Sovereigns before the company declared bankruptcy. Are any of
 18 them available?
 19 MR. SMITH: Do you have any knowledge of
 20 Sovereigns as of April 1st?
 21 MR. HANSEN: You know, sir, I apologize. I
 22 don't know the particulars of your goods. Normally, on 16
 23 Sovereigns, those would've been in inventory. And it would be
 24 rare that we wouldn't have Sovereigns in inventory. But if we
 25 didn't on that particular day, it was just a matter of when

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1 they would come in over the -- over the course.
 2 Mr. Cohen, who, by the way, is in the back of
 3 the courtroom today -- his judgment came out of left field.
 4 And I have to tell you something. That was such a surprise to
 5 us, and I -- you know, I feel for you. But I don't have any
 6 specifics on your case, sir.

7 MR. SMITH: In terms of whether or not there are
 8 any Sovereigns within the company that have been discovered,
 9 Mr. Calvert or his attorney could tell you that after the
 10 meeting because they did do an inventory. And it may or may
 11 not have those types of coins on there.

12 MR. WOODCOCK: Okay. Thank you very much.

13 MR. SMITH: You're welcome.

14 MR. BAGOCIUS: My name is James Bagocius. So
 15 the question is on time frames. So after the judgment and the
 16 freezing of assets, and before you actually declared
 17 bankruptcy, I purchased coins in that particular time period.
 18 So I was wondering if that is -- if you knew the assets were
 19 frozen, was there some kind of a notice sent out to all the
 20 branches to say, Hey, stop selling because there's a judgment
 21 against us, and we don't have enough to cover? You know, that
 22 kind of thing.

23 So it sounds like if you knew that you had a
 24 judgment against you, that assets were frozen, and you didn't
 25 have enough to cover it, and you were going to declare

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1 it's a state receivership or a Chapter 11, you're allowed to
 2 continue to operate in the normal course of business.

3 Now, Mr. Cohen went out and got a very ambiguous
 4 judgment that different lawyers interpreted different ways,
 5 and -- but it was our opinion -- and it was basically also on
 6 the advice of Mr. Calvert, before he was appointed as the
 7 Chapter 11 trustee, that cash is king. Sell your inventories
 8 that are not being secured so that you have cash to operate.

9 And we didn't know if we were going to -- you
 10 know, we assumed that the business would continue as normal
 11 and that either a state receivership or a Chapter 11 would
 12 protect us against that judgment. So it wasn't like we said,
 13 Okay, well, on this day, we're done.

14 We're going to continue to operate. We're just
 15 going to hold off, you know, our creditor on that, you know,
 16 with the protection of the bankruptcy. It's not that we're
 17 going to stop business.

18 Does that answer your question?

19 MR. SMITH: I think that's about as good as
 20 you're going to get.

21 MR. HANSEN: And I'll tell you, when it became
 22 apparent -- when it became a question of whether we could
 23 fulfill orders or not, we took orders but we didn't cash
 24 checks. We returned or destroyed a number of checks, hundreds
 25 of thousands of dollars' worth of checks were not cashed

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1 bankruptcy, then anything in between that time -- excuse me --
 2 would be -- I'd consider it to be fraud, knowing you don't
 3 have -- knowing you don't have product or refund money to give
 4 back to people, knowing you have to have this huge payout.
 5 Does that make sense?

6 MR. HANSEN: No, it doesn't. But let me -- what
 7 date?

8 MR. SMITH: Let me ask a bigger question. Once
 9 the judgment was entered, why did you continue -- why did the
 10 mint continue to sell product all the way up to the day of the
 11 bankruptcy?

12 (Multiple speakers; unintelligible.)

13 MR. BAGOCIUS: Yeah, exactly. Knowing --
 14 knowing your -- especially if your assets are frozen. I don't
 15 know exactly what that means in this case. But if your assets
 16 are frozen, and I come in and want to purchase product, you
 17 know you can't even deliver it, it's not going to be
 18 {inaudible} --

19 MR. SMITH: Let's just see what Mr. Hansen's
 20 response is.

21 MR. HANSEN: Well, what we did was, when the --
 22 when the judgment was entered, we immediately filed a motion
 23 for reconsideration with the -- with the judge down in Nevada.
 24 And we had a number of motions pending in front of the court.
 25 We also were hoping to file a state receivership. And whether

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1 because we weren't sure of the legality of that -- of whether
 2 we could do that or not. So there's many people out there
 3 that ordered metal, and we never cashed their checks. We
 4 either returned their checks or destroyed them.

5 MR. BAGOCIUS: But the people who paid in
 6 cash --

7 MR. SMITH: It went into the system.

8 MR. BAGOCIUS: SOL?

9 MR. HANSEN: Well, I don't know the particulars
 10 of your case.

11 MR. BAGOCIUS: Well, again -- well, right.

12 That's for everybody who purchased after that judgment was
 13 awarded. That's my -- that was my question.

14 MR. SMITH: I think it's fair to say it went
 15 into the system, whatever that means.

16 MR. BAGOCIUS: Right.

17 MR. McMEEL: Hello. This is Jeffrey McMeel. I
 18 have some real quick questions. And if the agent for the
 19 government wants to answer, he can, instead of him.

20 MR. SMITH: I'm sorry. Can you speak up,
 21 please?

22 MR. McMEEL: I'm sorry?

23 MR. SMITH: Can you speak up, please?

24 MR. McMEEL: Oh, I have some questions for
 25 the -- for both of you.

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1 MR. SMITH: You don't get to ask me any
2 questions, Mr. McMeel.
3 MR. McMEEL: It will be real quick. Okay.
4 Ross Hansen, do you have a 1099 that covers your
5 liability to me -- yes or no?
6 MR. HANSEN: I'm sorry? A 1099 that covers your
7 liability to you?
8 MR. McMEEL: That covers your liability to me?
9 That's IRS Form 1099.
10 MR. HANSEN: I'm confused. I don't know what a
11 1099 that would cover your liability -- I --
12 MR. McMEEL: Do you know what a 1099 is? An IRS
13 Form 1099; do you know what that is?
14 MR. HANSEN: You know, sir, I don't know what
15 you're -- what you're talking about, sir.
16 MR. McMEEL: Okay. You have no 1099. Okay.
17 Thank you.
18 Do you have a claim against me, Ross?
19 MR. HANSEN: Do I have a claim against you?
20 MR. SMITH: Are you talking about the company or
21 Mr. Hansen personally?
22 MR. McMEEL: Either one.
23 MR. SMITH: Because this is only about the
24 company.
25 MR. McMEEL: Yeah, the company.

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1 your oath, Mr. Hansen. Could you ask Mr. Smith if he would
2 like to impose --
3 MR. SMITH: No, he can't.
4 MR. McMEEL: -- if he would like to give an oath
5 for this hearing?
6 MR. SMITH: Mr. McMeel, we're done. Please sit
7 down.
8 MR. McMEEL: Are you on a sit-down strike?
9 MR. SMITH: You can be on one, or you can leave.
10 MR. McMEEL: You're on a sit-down strike. Thank
11 you.
12 MR. SMITH: Can you please make it --
13 MR. GEARIN: I know we have a really late --
14 MR. SMITH: -- quick?
15 MR. GEARIN: We've gone really late. I have
16 about three follow-up questions I'd like to address.
17 I do understand that you want to hear from the
18 trustee, and you'll certainly have an opportunity to do that.
19 UNIDENTIFIED MALE SPEAKER: Speak up.
20 MR. GEARIN: So I'd like to wrap up.
21 Mr. Hansen, I have three follow-up questions. I
22 want to talk about the storage inventory. And I want to know
23 when the last time was that you did a physical inventory of
24 storage -- of stored goods. When's the last time that
25 happened at the company?

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1 MR. SMITH: Do you have a claim against
2 Mr. McMeel? Does the company have a claim, that you're aware
3 of, against Mr. McMeel?
4 MR. HANSEN: I don't -- you know, again, I don't
5 know the specifics. I don't recall.
6 MR. McMEEL: Thank you.
7 MR. HANSEN: You know, I --
8 MR. McMEEL: Do you know anyone who has a claim
9 against me?
10 MR. HANSEN: Mr. McMeel, I apologize. There's a
11 lot of water under the bridge since that. And I honestly
12 don't know even the particulars of our deal.
13 MR. McMEEL: No. I'm just asking you: Do you
14 know anybody who was a claim against me?
15 MR. HANSEN: Against you?
16 MR. McMEEL: Yes.
17 MR. HANSEN: Not that I -- sir, I don't know any
18 particulars about anything that you're doing.
19 MR. McMEEL: Okay. Thank you. Could you ask --
20 you know, Mr. --
21 MR. SMITH: This is your last one, Mr. McMeel.
22 MR. McMEEL: Agent Smith was -- took your --
23 MR. SMITH: I'm not an agent. I'm an attorney
24 for the U.S. Trustee.
25 MR. McMEEL: All right. Attorney Smith took

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1 MR. HANSEN: Again, under what department?
2 Where? And what all -- this is --
3 MR. GEARIN: I'm talking about storage.
4 MR. HANSEN: As a matter of fact, you know what?
5 I've got to tell you something.
6 MR. SMITH: No, you don't. You can answer his
7 questions.
8 (Multiple speakers; unintelligible.)
9 MR. HANSEN: No. I tell you what. I'm not
10 going to answer his questions.
11 Mr. Gearin, you're the attorney for the trustee.
12 I believe we have an examination in a couple of days. If you
13 want to ask me questions at that time --
14 MR. GEARIN: Mr. Hansen, you don't get to do
15 this. You do not get to do this. You are here, under oath,
16 to answer questions.
17 MR. HANSEN: I'm not going to answer any more of
18 your questions, Mr. Gearin.
19 MR. GEARIN: I have three very distinct
20 follow-up questions, and I want them answered. And if they're
21 not answered, we will go talk to the Court about it.
22 MR. HANSEN: Good.
23 MR. GEARIN: I will assure you of that.
24 MR. SMITH: He's refused to answer that one.
25 How about the next one?

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1 MR. GEARIN: All right. Tell me about the -- I
2 want to know if you've given any money to attorneys for
3 retainers that would come out of money that came from this
4 company?
5 MR. HANSEN: When?
6 MR. GEARIN: In the last two years.
7 MR. HANSEN: Yes.
8 MR. GEARIN: All right. Any personal attorneys
9 of yours, have they received funds from the company?
10 MR. HANSEN: In the last two years?
11 MR. GEARIN: In the last two years?
12 MR. HANSEN: Yes, of course.
13 MR. GEARIN: Okay. Which ones?
14 MR. HANSEN: I have a big long list of
15 attorneys.
16 MR. GEARIN: Of your personal attorneys?
17 MR. HANSEN: Of different attorneys for
18 different things. Yes.
19 MR. GEARIN: Okay. Well, tell me which ones --
20 MR. HANSEN: I don't have that information in
21 front of me, Mr. Gearin.
22 MR. GEARIN: All right. Did you give a retainer
23 to anyone since February of 2016?
24 MR. SMITH: A retainer for personal services?
25 MR. GEARIN: Let's talk about your personal --

1 MR. GEARIN: Yes.
2 MR. HANSEN: I personally did not.
3 MR. GEARIN: Who did?
4 MR. HANSEN: None of your business.
5 MR. SMITH: Let's identify Mr. Frush.
6 MR. GEARIN: Did the money come from the
7 company?
8 MR. HANSEN: It did not.
9 MR. GEARIN: Mr. Frush is your personal
10 attorney?
11 MR. HANSEN: He's one of my personal attorneys.
12 MR. GEARIN: Did you give a retainer to
13 Mr. Jerry Stehlik?
14 MR. HANSEN: Yes.
15 MR. GEARIN: Did that money come from the
16 company?
17 MR. HANSEN: No.
18 MR. GEARIN: Where did that money come from?
19 MR. HANSEN: None of your business.
20 MR. GEARIN: You're not going to tell me?
21 All right. Let's talk about Brinks. I think
22 you testified -- you didn't tell me about Brinks before, when
23 I asked the earlier questions. Did Brinks ever hold assets
24 that belonged to the mint?
25 MR. HANSEN: Yes.

1 personal lawyers.
2 MR. HANSEN: Why don't you name the attorney?
3 MR. SMITH: He's asking you to do that,
4 Mr. Hansen.
5 MR. GEARIN: I'm asking you. You're telling me
6 you can't remember since February of 2016, sir?
7 MR. HANSEN: You bet ya. I've got a -- there's
8 a lot of water under the bridge. And, you know, I know that
9 you're a clever and tricky guy, and you're also a dishonest
10 man. So my thing is, this --
11 MR. GEARIN: Mr. Hansen --
12 (Multiple speakers; unintelligible.)
13 MR. HANSEN: I don't want to be entrapped by
14 you. So I'm going to tell you what. If you have a specific
15 question -- I'm not going to answer a bunch of open-ended
16 questions.
17 MR. GEARIN: Did you give a retainer to the
18 Montgomery Purdue firm?
19 MR. HANSEN: Montgomery Purdue?
20 MR. SMITH: That's a specific question that you
21 should be able to answer.
22 MR. HANSEN: Okay. Which --
23 MR. GEARIN: I'm sorry. Excuse me. Mr. Jim
24 Frush's firm?
25 MR. HANSEN: Did I give a retainer to Jim Frush?

1 MR. GEARIN: Do they hold anything presently?
2 MR. HANSEN: I think I testified that they
3 don't.
4 MR. GEARIN: All right. When's the last time
5 they did hold assets and property of the company?
6 MR. HANSEN: I don't recall.
7 MR. GEARIN: Did they hold assets of the company
8 this year?
9 MR. HANSEN: Yes.
10 MR. GEARIN: And for what purposes, and what
11 property did they hold?
12 MR. HANSEN: Brinks and I have a relationship
13 where I will buy metal from both customers and vendors.
14 Probably the largest one would be somebody like Johnson
15 Matthey or A-Mark Precious Metals. Brinks is -- also stores
16 metal for a number of people. And what happens is, is
17 Brinks -- if I buy metal or I ship metal, Brinks will take
18 custody of that and deliver it, either on my behalf or my
19 customer's behalf, to me. And so, example: If I buy --
20 MR. SMITH: And when you say, "I," are you
21 speaking of the company?
22 MR. HANSEN: I'm sorry. Yes.
23 If Northwest Territorial Mint buys 30,000 ounces
24 of silver from Johnson Matthey, for example, we will pay
25 Johnson Matthey, usually through a bank wire. And Johnson

1 Matthey can take that metal and transfer it to Brinks or
2 transfer it to one of our delivery vehicles. And if Brinks
3 takes delivery of it, then Brinks will hold that metal until
4 it's convenient for Brinks to deliver it to whatever location
5 I so designate.

6 MR. GEARIN: Did you -- have you ever
7 designated -- directed Brinks to deliver property that
8 belonged to the mint to you for your personal purposes?

9 MR. HANSEN: No.

10 MR. GEARIN: I'll reserve any other questions
11 for the 2004 exam. Thank you.

12 MR. SMITH: We're going to take a two-, three-,
13 four-minute break so that people can use the restroom.
14 There's one around the corner here. And then I'll ask
15 Mr. Calvert to come up and give you some information.

16 Thank you, Mr. Hansen. You're excused.

17 (Recess taken.)

18 MR. SMITH: All right. Mr. Calvert, who, as you
19 now know, is the Chapter 11 trustee in charge of all of the
20 company's business operations and assets, and is in charge of
21 charting a course in the Chapter 11 bankruptcy case. He's
22 going to give you some information. I've asked Mr. Calvert
23 to, to the degree he needs the time -- and I believe he
24 probably does -- to go until five. And then we're going to
25 conclude today's meeting at that point.

1 There's nothing there. The information we're presenting today
2 is based upon us digging in and trying to find some stuff.

3 The situation is very complicated. There's
4 basically five different currencies. You have cash. You have
5 gold. You have silver. You have platinum. You have
6 palladium. And you have coins. And all of them trade at
7 different values on each day. And as a result, it's a very
8 difficult situation to analyze. And from our preliminary
9 analysis, the company has been losing money since 2007.

10 My goal is to share as much information as
11 possible. My goal is to make sure that you have information
12 but don't draw conclusions yet because we don't have enough
13 information to draw conclusions. The presentation I'm giving
14 today -- or the information I'm giving today is going to vary
15 from what Ross has to say, and it's going to vary from what
16 Ross' attorneys have to say. But it's strictly my point of
17 view based upon my review of the information. And I'm
18 confident there will be alternative points of view, as already
19 heard this morning.

20 I need to do a quick disclaimer. The disclaimer
21 is: The information shared today remains a work in process
22 and will require additional procedures to be completed. Thus,
23 the information is preliminary and draft and will need to
24 be -- revisions will need to be made based upon additional
25 discovery.

1 If you have follow-up questions, which I imagine
2 a lot of you will, you should contact Mr. Gearin,
3 Mr. Calvert's attorney, or Mr. Calvert; or possibly the
4 creditors committee and their counsel may be able to answer
5 some of your questions as well. But in the interest of
6 concluding, we're going to finish with Mr. Calvert today.

7 MR. CALVERT: Great. Thank you.

8 So there's been a lot of FUD put out here:
9 fear, uncertainty, and doubt. I'm going to try to rectify
10 that in less than 20 minutes, compared to the two and a half
11 hours that we went the other way.

12 We're just getting up to speed. And we're
13 getting up to speed in a situation where I did go in and look
14 at this company to be the chief restructuring officer. I made
15 the decision not to do that. Because of the knowledge I
16 gained, it became clear I shouldn't work for Ross and I should
17 work for the court. And as a result, I told Ross I would not.
18 And as a result, I was appointed as the trustee.

19 So as the trustee, I have been in there since
20 April 11th. Since April 11th, I have found out a number of
21 things that you need to know.

22 First, financial statements have not been
23 completed since 2011. There's no financial statements.
24 There's no tax returns. The last tax return was 2010. The
25 company's accounting records are not poor; they're piss-poor.

1 The whole reason I'm here today is because of a
2 book called The Club You Don't Want to Join, which was
3 Madoff's investors. And in that book, it said, the trustee,
4 you know, didn't have all the information. The trustee didn't
5 share the information on a timely basis to everybody. The
6 trustee couldn't tell us what the timeline of the case would
7 be. The trustee couldn't tell us what the potential recovery
8 would be.

9 So in a previous case -- I have jumped on these
10 situations to get to you guys, creditors, as quickly as
11 possible, to alleviate those types of issues.

12 Now, it's really premature. 30 days into a case
13 of this nature, that has gone on for five or six years, to
14 have reasonable answers or put bookends on this type of
15 information, is very, very difficult. But you deserve it, and
16 you deserve the information. So that's what I'm trying to do
17 today, is trying to share as much as I can.

18 Understand, there is a criminal investigation
19 going on, so there's certain things I really don't even want
20 to share. But I'm going to share as much as I can, not
21 adversely affect any criminal investigation, and at the same
22 time give you as much information as possible. Okay?

23 So, first, with that disclaimer done, we have
24 identified irregularities. We have identified amounts that
25 are material in total and to each of you. We have identified

1 the need for a forensic investigation of all the cash in and
2 cash out.

3 Your question was: Where did the money go? It
4 went into the general operating account. That's where it
5 went. I even have a picture drawn by Ross on the board that
6 says: All the money came in this queue -- or in the general
7 operating account. And then we paid for wages, we paid for
8 materials, we paid for this, and we paid for legal fees. So I
9 have a drawing that he drew on the board, and I took a picture
10 of it. So I have it. I know exactly what transpired.

11 We are aware -- all of us should be aware the
12 FBI is conducting an investigation. Additional analysis is
13 needed and required.

14 So who's speaking to you? I am a CPA. I am a
15 certified turnaround professional. I am a certified
16 insolvency accountant. I'm a certified fraud examiner. And
17 I'm a private investigator. And I have been through previous
18 other cases that have Ponzi's or have fraud associated with
19 them. So I'm a forensic auditor, basically, that goes back
20 and figures out what transpired. That's what we're doing
21 here. That's what we're trying to do. When you don't have
22 financial records since 2011, or five years basically, it's
23 not easy to do.

24 Mr. Mark has already stood up and told you about
25 the committee and what the committee's responsibilities are

1 with the federal bankruptcy rules, to investigate anything
2 pertaining to fraud, dishonesty, incompetency, misconduct,
3 mismanagement, irregularities. I've got all six. Okay?

4 Northwest Territorial Mint. Ross talked about
5 it being around 14 years. It hasn't been around -- pardon
6 me -- 35 years. It's been around 14 years. It was founded in
7 2003 while he was still in jail.

8 Northwest Territorial Mint's business lines. He
9 talked about the retail. He talked about the sales of gold.
10 He talked about the manufacturing. I think we've covered
11 that, other than there were 237 employees when I took over.
12 Within four days, there was 42 less.

13 Locations. The company is headquartered in
14 Federal Way, Auburn, Dayton, Green Bay, Tomball, and Hawaii,
15 so six different locations. I've been to three, the three
16 biggest, the three where there should be gold or silver or
17 precious metals.

18 So Ross is talking to you about what he thinks
19 is going on and what's transpired. I can tell you he was
20 indicted and defended himself accordingly. The grand jury
21 vested on unregistered firearms. He filed Chapter 11
22 bankruptcy on December 4th. He was charged with federal tax
23 avoidance in 1990. I can tell you he filed a bankruptcy in
24 Chapter 13 in 1994, and I can tell you he filed one in 1995.
25 I can tell you, also, he pled guilty to unregistered machine

1 and walked through that. So I'm going to skip that, given my
2 short time. 15 minutes left. I'm going to go right to what
3 my responsibilities are.

4 The trustee's responsibilities are for all the
5 property that I took control over on April 11th. April 11th,
6 11 days after the bankruptcy was filed. I'm responsible to
7 complete the bankruptcy schedules. When you see the
8 bankruptcy schedules, you'll see things that we said, "unknown
9 value." For example, he talked about websites. I don't know
10 what the values of those are. I put "unknown." So just be
11 careful when you look at the bankruptcy schedules. There's a
12 certain number of items that I say I don't know the value of.
13 I'm not trying to dodge it. I'm just saying, I just don't
14 know yet -- and what you can sell them for and the like.

15 My job is to also, after filing the bankruptcy,
16 is to review the proofs of claim. Now, on a website I put
17 out, Please send me the back of your checks and redact the
18 information and so on. The reason I did that is Ross, his
19 girlfriend, and one other person had the post office box. And
20 when we found out that some checks were missing, I started to
21 wonder, well, did all the checks that you guys paid actually
22 go into the company's account? So I'm trying to do some
23 forensic work around that area.

24 My job is to communicate with you. My job is to
25 maximize your recovery. Okay? My job is also, in accordance

1 guns.

2 MR. SMITH: I don't want any more information
3 about Mr. Hansen that's not relevant to what your current acts
4 are, in my opinion.

5 MR. CALVERT: Okay. So let's talk about the
6 bankruptcy structure. The bankruptcy --

7 MR. HANSEN: Let me tell you something. I've
8 got to speak up. That is a crock of crap. First of all --

9 MR. CALVERT: My time is limited.

10 MR. HANSEN: -- I'm not in bankruptcy --

11 MR. SMITH: I --

12 (Multiple speakers; unintelligible.)

13 MR. HANSEN: -- {inaudible} this company in
14 2003. I wasn't in prison in 2003. This company hasn't been
15 around for 13 years.

16 Mr. Calvert, if you're going to make claims
17 against me --

18 MR. CALVERT: I want my time.

19 (Multiple speakers; unintelligible.)

20 MR. SMITH: You'll get it.

21 MR. HANSEN: I tell you what --

22 MR. SMITH: That's enough, Mr. Hansen.

23 MR. HANSEN: This is so outrageous that he can't
24 even get his dates or his facts right. I have never been
25 accused of tax avoidance, ever. I have never been to prison

1 for tax avoidance.

2 And I've got to tell you something, Mr. Calvert.
3 You're full of you-know-what. And if you're going to make
4 allegations against me --

5 MR. GEARIN: Mr. Hansen, that's enough. That's
6 enough.

7 MR. HANSEN: -- make them correct.

8 MR. GEARIN: That's enough. This is not your
9 forum.

10 MR. SMITH: No. Mr. Hansen had a right to say.
11 Mr. Calvert was just up here --

12 MR. HANSEN: And I've got to tell you
13 something --

14 MR. SMITH: -- giving a litany of his criminal
15 history.

16 (Multiple speakers; unintelligible.)

17 MR. SMITH: So let's just -- Mr. Hansen --

18 MR. HANSEN: If he can't get those facts
19 straight, then you need to question whether he should be
20 running things.

21 MR. SMITH: -- you can leave now. Thank you.

22 MR. CALVERT: Okay. Let's talk about the
23 bankruptcy structure. The judge is up above. That's who I
24 report to. I report to a bankruptcy judge. Martin is part of
25 the Office of the U.S. Trustee. I report to him on day-to-day

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1 Our goal is to file a motion to release all the
2 customer-owned inventory at one point in time. We've just got
3 to reconcile it and make sure that yours is yours and so on.
4 So as long as it was segregated, as long as it was identified,
5 as long as it was perfectly set aside that it was yours and
6 your name was associated, we did that.

7 We took in excess of 2,000 pictures of the
8 inventory, exactly where it stood, exactly how it was, exactly
9 the way it was on the day we walked in. So we took a ton of
10 pictures.

11 In addition, because of the limited amount of
12 inventory, we asked the FBI to come in and inspect our
13 inventory. So they knew that they -- from the time we did the
14 inventory, they saw it until the day they walked in. So we
15 had a complete chain of command of the inventory and what's
16 gone on. Okay? So we're actually doing a very detailed job
17 here.

18 In addition, in the first two weeks, we
19 completed a physical -- we terminated the bullion site. On
20 Day 2, I terminated the bullion site, and we received in
21 excess of \$575,000 in checks we returned. We determined
22 accounting records did not exist to back up -- to show the
23 accounting, so we quickly set up QuickBooks to track the data.
24 We also set up a day-by-day cash flow. Day-by-day? Why? We
25 started with \$4,000 in the bank account. Okay? So we're

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1 operations, filing monthly operating reports, and related
2 stuff. The committee, I report to. So in substance, I have
3 three parties I report to and will on a regular basis.

4 So what actions did I take? From the day I took
5 it, on April 11th, I immediately did a digital backup of all
6 computer systems, all emails, all security tapes, because the
7 security tapes record over themselves over a period of time.
8 So I immediately took those and locked them down, so I have
9 those. You heard some questioning along those lines. We have
10 those.

11 In addition to doing that, I changed all the
12 bank accounts. I immediately changed the signature
13 authorities, immediately changed depositories. I also changed
14 the locks on the building. I also changed the locks on all
15 the safes, all within the first week. I removed Ross from any
16 chain of authority. So be careful here. I removed him from
17 chain of authority. Once he was removed from chain of
18 authority, he decided to leave. I'm fine with that.

19 We started a physical inventory. We have done a
20 complete physical inventory. That physical inventory has
21 identified customer-owned and customer-stored product. So it
22 does exist, but it doesn't exist to the level of what the
23 accounting records seem to indicate should exist. So there is
24 a variance there. We're still trying to reconcile it. And
25 we'll be in touch with each of you.

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1 still alive, and we're still pushing forward.

2 I took tours of Federal Way, Dayton, and
3 Tomball. I immediately started working on the sale of
4 Tomball. Why? There wasn't enough cash to fix Tomball. I
5 didn't have enough cash flow to resolve some of the issues
6 there, so I needed to sell it as quickly as possible and focus
7 on the Dayton operations.

8 I responded to over 700 emails. I filed for
9 discovery, a 2004, against Ross, against Diane, against
10 Medallic. Those 2004 hearings are -- what, Mike? Friday?

11 MR. GEARIN: The documents are actually due
12 Monday.

13 MR. SMITH: They're not -- clarification.
14 They're not hearings. In the bankruptcy system, you request
15 an order that allows you to take an exam or allows you to
16 request a production of documents. And so you go, and you get
17 an order for that. And that's what Mr. Calvert is referring
18 to.

19 MR. CALVERT: Thank you.

20 I also started a database, a database of every
21 check in and every check out. But the problem is, most of the
22 money that went out went out through silver, gold, and
23 related. So I've really got data of checks in and then the
24 purchase of silver and gold. And then that purchase resulted
25 in a shipment at some point. So I'm trying to track that

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1 down -- cash in, cash out; or cash in, and silver, gold, and
2 others out.

3 So how are we doing that? We grabbed all the
4 bank statements back to 2007. We've put them up in a dropbox.
5 We've shipped them to India. And at \$5 an hour, they're
6 re-keypunching that for me. So I will have a database of
7 everything that's going on here.

8 In addition, we've had various discussions with
9 the FBI. In addition, we've started research on the ownership
10 of Medallic. We believe -- and we have owner draws that were
11 taken out of the company when the company was insolvent, per
12 the tax returns. Now, maybe the tax returns are wrong. Maybe
13 there's something. So I've got to be careful here. We
14 believe the company was insolvent when the money was taken out
15 in an owner's draw to buy Medallic; therefore, we believe it's
16 a fraudulent transfer. But that is up to a court to decide.
17 That's not for us to decide. A court has to decide that. If
18 that's the case, we'll pull those assets back in.

19 We're working on solving the cash flow and
20 improving profitability. We met with the landlords of Dayton.
21 We met with the EPA that had a \$25,000-a-day fine going on
22 down in Dayton. We got that resolved.

23 Summary of findings. Summary of findings in six
24 minutes or less. Okay. First, as a certified fraud examiner,
25 I can't say there's fraud. I'm not allowed to say that. As a
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1 certified fraud examiner, in accordance with my ethics, I can
2 say there's irregularities. I can say there's things that are
3 not right. But I can't say there's fraud. Because with
4 fraud, you have to have intent. And the only people that can
5 determine intent is a court of law. So I can't say there's
6 fraud. I can just say there's irregularities, improper
7 transactions, improper documentation, improper recordkeeping,
8 no inventories done for the last few years. But I can't say
9 there's fraud. That is for a court to determine, and that is
10 because you have to prove intent to have fraud.

11 But what have I found? The company was more --
12 ran more like a personal hobby. It lacked discipline of a
13 corporation. That was not present. So the normal discipline
14 in a corporation was just not present.

15 The company's accounting records -- I already
16 mentioned -- are poor. The company did not complete physical
17 inventory. The general counsel of the company resigned
18 because he started to try to push an inventory through, and
19 Ross wouldn't let him, so he resigned. We have in excess of
20 seven or eight different accounting people. Look at the
21 bankruptcy schedules. A number of them resigned. When
22 accountants resign from a company, you know there's some
23 issues behind the detail.

24 The company did not complete physical
25 inventories. The company did not completely hedge all the

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1 market changes. It appears that customer deposits were used
2 to fund litigation and the payment of litigation settlements.
3 It also appears that the company was -- deposits were used to
4 acquire companies, both Medallic and Graco and Hawaii. So the
5 company's deposits were used for that.

6 The company's cash position is poor. They
7 pushed out delivery dates. So what did we do? We took the
8 actual order system and married the two systems together, the
9 earlier one and the later one. So from 2007 until now --
10 until 2016, we have every order number, every order date,
11 every date a check was paid, and every date the inventory was
12 delivered. And we calculated how much money was actually
13 received by the company but had not bought or repaid back. We
14 have schedules. We have an analysis. It's not ready for
15 prime time. It's not completely backed out, guys. But we
16 have more than enough.

17 The company did not complete hedging. I
18 mentioned that.

19 The company deposits -- I mentioned that.

20 It appears -- it appears that when he was short
21 of cash, he would drop the price, close to the spot price, to
22 increase orders. But the reputation of the long delivery
23 resulted in less people buying. And as a result, there wasn't
24 enough money to keep going.

25 The company didn't use any cost accounting to

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1 {inaudible}. As a delay in product, compared to its
2 competitors, spanned from normally ten days to almost 100 days
3 before stuff was delivered, it caused that significant delay,
4 which caused the lowering of sales.

5 I've got to qualify my next comment. It has
6 attributes -- be careful -- it has attributes of a Ponzi.
7 Okay?

8 So, first, you have investors. Well, we're not
9 investors. We're customers. So we don't meet the careful
10 definition of a Ponzi, as defined by the SEC or generally
11 defined. But I can tell you that later customers' money was
12 used to pay off earlier customers' amounts. And I can tell
13 you I have it in fairly good detail.

14 The Securities and Exchange Commission defines a
15 Ponzi as a scheme -- as an investment fraud that involves
16 payments of purported returns to existing investors from funds
17 contributed by new investors. That's the definition. You're
18 customers. You're not investors. All right? So it doesn't
19 exactly fit, but it has the attributes because future money
20 was used to pay earlier customers. Okay?

21 Facts to establish in a Ponzi scheme: You must
22 prove -- courts want, need, require deposits made by
23 investors -- well, you're customers; the debtor's conducted
24 little or no legitimate business operation, as represented to
25 the investors. They had some great businesses. I'm really

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1 excited about Dayton and the potential of Dayton. I really
2 believe that there's a huge value there. And I think it can
3 be sold for a nice number that will help the recovery for
4 creditors.

5 But the bullion operation, by itself, really
6 clearly had some attributes of a Ponzi. The purported
7 business operations of the debtor produced no or little
8 profits or earnings. Well, is it a legitimate business if not
9 producing earnings? Guess what? It's not for me to decide.
10 This is all a factual issue that will have to be determined by
11 the Court.

12 MR. SMITH: Mr. Calvert?

13 MR. CALVERT: Yeah.

14 MR. SMITH: I know you have the ground you
15 wanted to cover. But given the shortness of time, I'm
16 anticipating that most people out there don't necessarily want
17 to hear about all the bad stuff that led up to this. They'd
18 like to know your view now of where the case is going, how
19 it's going to get there, the sale of the Texas assets --

20 UNIDENTIFIED MALE SPEAKER: If he could touch
21 base on --

22 (Multiple speakers; unintelligible.)

23 MR. SMITH: Some of the more pragmatic aspects
24 of what you're doing or not doing as a Chapter 11 trustee, I
25 think might help them a little.

1 that have been identified. Okay?

2 MR. SMITH: Do you have a general time frame for
3 that happening?

4 MR. CALVERT: We're having problems rolling
5 forward the physical storage records. That's one of our
6 bigger issues. And as Ross testified, it was done way back
7 when, and there was an issue. Well, it hasn't been caught up.
8 And therein lies the issue. We have to roll that forward
9 somehow. A lot of forensic work in that. But as a result, we
10 think we'll be giving back stored inventory to the respective
11 customers, as we saw it in the safe, identified with a name,
12 and not commingled.

13 MR. SMITH: Is it fair to say within six months?

14 MR. CALVERT: Oh, gosh. I would try to -- I'm
15 moving a lot faster than that. So my guess -- my guess --
16 Mike, here I go. It's just a day -- a number. It's just a
17 number. I'm going to say 60 days. I'm going to say 60 days.

18 MR. GEARIN: I mean, there is a process. We do
19 have to file a motion with the court. And what we're going to
20 do is, we'll list out everything that we found. We'll
21 identify which customer we think it belongs to. And that will
22 go out to everybody. So if anybody thinks they've got an
23 interest in the assets that we're proposing to give back to
24 people because we think it's their stored inventory, somebody
25 could come in and say, We think that's wrong.

1 UNIDENTIFIED MALE SPEAKER: Like the storage.

2 MR. CALVERT: Okay. So let me --

3 MR. SMITH: The process for figuring out stored
4 materials and contacting the people whose name you find on
5 storage units, for example.

6 MR. CALVERT: So we had a physical inventory
7 done at each location. It is a detailed physical inventory.
8 Ross said we couldn't do it. Well, guess what? It's not
9 perfect. I can tell you there may be a coin in there that
10 could be worth \$2,000, and we only have it in there for its
11 face value. Who knows? But we had the people in the company
12 help, opened all the drawers, took pictures of every single
13 one. We identified customer-owned inventory. And we
14 identified it based on a picture we took, that it was sitting
15 here, that it had a customer name on it, that it had this --
16 so guess what? All of the customer inventory that we've
17 identified, we have in a specific list, by location. Here it
18 is.

19 Now, we haven't been able to reconcile that to
20 the physical inventories, per the storage contracts yet. But
21 we know the number for the storage contracts is higher than
22 the physical inventory. But I can't tell you whether it's
23 yours or yours or yours that's missing yet. I've got to get
24 in and reconcile that. The plan is to take all that in one
25 order -- one court order and release it all back to the owners

1 So that's why we need to do it with the court
2 process. But I think, you know, if we could get the data
3 pulled together in the next 30 days, there would be a hearing
4 within 60 days to resolve that issue.

5 UNIDENTIFIED MALE SPEAKER: Is there something
6 we need to do to ensure that we're --

7 MR. CALVERT: You're going to be contacted. So
8 whoever has inventory on the inventory storage sheet that has
9 your name associated, we're going to call you and say -- or
10 email you and say, This is what we have for you. What do you
11 have for you? Does this equal what you think?

12 And we're going to try to reconcile it and make
13 sure.

14 UNIDENTIFIED MALE SPEAKER: Just to clarify,
15 when you use the term "customer-owned" or "stored," are you
16 including lease agreements as well -- the bullion lease
17 agreements? I'm assuming not, but I just want to make sure I
18 understand {inaudible} --

19 MR. CALVERT: I think that's a fair assumption,
20 but that's a legal conclusion. And, again, I can't draw legal
21 conclusions.

22 MR. GEARIN: I can answer that. No, we're not.
23 We're not. There's definitely a distinction between leased
24 assets and stored inventory. Stored inventory is: Somebody
25 brought it in there or bought it, it was identified, and it

1 was put into a storage unit. That's what that is.
 2 UNIDENTIFIED MALE SPEAKER: Well, with the
 3 lease -- in a lot of instances, it was physical gold, or
 4 whatever, was brought in, delivered --
 5 MR. GEARIN: Yeah. But the lease agreement --
 6 UNIDENTIFIED MALE SPEAKER: Understood.
 7 MR. GEARIN: So we -- I can talk to you offline
 8 about that.
 9 UNIDENTIFIED MALE SPEAKER: Fine. I just wanted
 10 to --
 11 MR. GEARIN: I do want to say this: I think
 12 that -- maybe you want to cover this -- but there is a lot of
 13 missing stored inventory. Right? Big numbers. We're talking
 14 enough -- a lot of this that had been stored, that you think
 15 is there, it's not there. There's --
 16 MR. CALVERT: We're just trying to be open on
 17 that. And to say -- you know, there were some comments made
 18 as to what was there and whatever. So I have a videotape of
 19 everything that was there from before the bankruptcy, on the
 20 bankruptcy date, during the physical inventories. And I even
 21 have the situation until the FBI came in and looked all copied
 22 and all locked down. Okay?
 23 You want to go more on the case? Or do you want
 24 me to answer questions?
 25 UNIDENTIFIED MALE SPEAKER: Yeah. For people

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1 there and after review of the contracts that were in
 2 process -- that we had a deposit on but we hadn't done the
 3 work on -- and the obligation to some of those contracts, we
 4 made a decision to move forward with the sale. Okay?
 5 That sale is subject to higher and better
 6 offers. So we need something up fairly quickly, and it's
 7 moving forward to be heard on the 26th. There are three other
 8 possible buyers that might outbid the current buyer, but I'm
 9 not too positive on that. I think the current one may be the
 10 final one.
 11 UNIDENTIFIED MALE SPEAKER: I understand that if
 12 your product is there being stored, it's marked, and you get
 13 all that stuff -- but as far as the people that have
 14 unsecured -- you have a piece of paper -- what is the actual
 15 pecking order, was my question before. Because we bought
 16 stuff that was after the judgment, that they knew they
 17 couldn't deliver on, versus people who were before, that --
 18 you can't see the future. But since we were in that time
 19 frame --
 20 MR. CALVERT: Great question. Again, you've got
 21 a lot of legal issues in that question that I can't answer. I
 22 can answer that this is the amount of total assets that I
 23 think I'm going to get, or a liquidation value of these
 24 assets. And I can answer what the total claims are. But as
 25 for the priority of any of those claims and so on, I'm not in

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1 that have not had any money allocated to any metals or
 2 anything, but they have a signed contract -- so in other
 3 words, they just have dollars out at this point, what are
 4 their chances of -- the percentage that they might get
 5 refunded, and at what time frame, possibly?
 6 MR. CALVERT: Those are two questions that are
 7 later in my slides, but let me see if I can jump to that
 8 question fairly quickly. It does not appear to be positive at
 9 this point. It does not appear to me that there's significant
 10 assets. The biggest thing that we can do is clean up and
 11 reorganize Dayton and sell it for a nice number. That, plus
 12 the inventory, gives me the total amount of recovery. Which,
 13 right now, depending upon some legal issues with Medallion --
 14 that you heard Ross thinks he owns privately -- that's a legal
 15 question that's going to have to be resolved. We're going to
 16 spend money fighting over that. So there's a lot of variables
 17 in there that I don't have a good answer to. But it's not
 18 looking positive. If you force me to a percentage, I'm going
 19 to say less than 10 percent.
 20 MR. SMITH: Recovery, not chance of recovery.
 21 MR. CALVERT: Recovery, yeah.
 22 MR. SMITH: And could you address that you're
 23 actually -- do you have a motion to sell the Texas assets?
 24 MR. CALVERT: I do have a motion to sell the
 25 Texas assets. I mentioned to you early on, after my tour down

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1 a position to answer today.
 2 MR. SMITH: I'd like Mr. Calvert to go ahead and
 3 finish in the next few minutes on what he thinks is really
 4 important for you to know. And then, again --
 5 UNIDENTIFIED MALE SPEAKER: {Unintelligible}
 6 about a clawback? The period you guys can go back and take
 7 money that's been paid out?
 8 MR. CALVERT: The period is 90 days that we can
 9 go back for unrelated parties. One year for related parties.
 10 UNIDENTIFIED MALE SPEAKER: What do you consider
 11 a related party? A supplier?
 12 MR. CALVERT: No. A related party is somebody
 13 that's an insider, as defined in the Bankruptcy Code. And
 14 that's a legal question, also. But, generally, it's 90 days
 15 for traditional fulfillment of orders.
 16 MR. SMITH: And so if he can go ahead and
 17 finish --
 18 (Multiple speakers; unintelligible.)
 19 MR. SMITH: -- finish the information he's
 20 giving, that he thinks is valuable to everybody. And then if
 21 you have individual questions after, maybe you can talk to him
 22 downstairs or contact his counsel and get those questions in.
 23 Because we really do have to wrap up.
 24 UNIDENTIFIED MALE SPEAKER: Okay.
 25 MR. CALVERT: What I will say --

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1 MR. HANSEN: Mr. Calvert, how much are you
 2 charging for the --
 3 MR. SMITH: Mr. Hansen --
 4 (Multiple speakers; unintelligible.)
 5 MR. SMITH: Mr. Hansen, you're not asking
 6 questions right now. Mr. Calvert is finishing his
 7 presentation.
 8 MR. HANSEN: Are you afraid to answer that?
 9 MR. CALVERT: What's going on right now, at this
 10 point in time, is we're trying to get our hands around the
 11 whole situation. We're trying to do a forensic analysis of
 12 what happened, since there was no financial statements. We're
 13 trying to get you guys information on a timely basis. So
 14 that's what we're trying to do.
 15 I do believe wholeheartedly in Dayton. I do
 16 believe in the potential of Dayton. I do believe in the value
 17 proposition of Dayton. The issues of the irregularities
 18 really relate to the bullion operations, not the custom over
 19 here, not the Houston operation. It's only the
 20 bullion-related area. Okay?
 21 So what are we trying to do? We're trying to
 22 complete enough analysis to get an understanding. So the next
 23 thing that's really important is the database of checks in and
 24 checks out so we see where the cash went. So if cash came in,
 25 how much cash came in, and how much inventory was actually

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1 UNIDENTIFIED MALE SPEAKER: Stored?
 2 MR. CALVERT: No. That's total unsecured.
 3 UNIDENTIFIED MALE SPEAKER: How about stored?
 4 MR. CALVERT: Stored is part of that if your
 5 inventory doesn't exist.
 6 MR. HANSEN: 38 million of that is the judgment.
 7 MR. CALVERT: No, that's not true. Please don't
 8 answer my questions. The total that is in there for judgment
 9 is 12,500,000.
 10 And let me make something else clear. Cohen is
 11 not a bad man. Cohen is not the problem. If you take the
 12 12,500,000 out, the 56 goes down to 44, right? A 44-million
 13 shortfall. So don't get sidetracked on that.
 14 Yes, company money was used to defend a lawsuit.
 15 But when it came down to it, push came to shove, the company
 16 went into bankruptcy. Cohen had seized approximately \$200,000
 17 right before the bankruptcy filing. I called him and I said I
 18 needed it back to make payroll. He released it back --
 19 (Multiple speakers; unintelligible.)
 20 MR. SMITH: I'm going to interrupt again. This
 21 isn't about individuals. And I want you to finish up with
 22 what you think they need to know about what you're going to do
 23 in the near term to maximize the recovery or in the
 24 administration of the case.
 25 MR. CALVERT: Near term, I'm focused on trying

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1 purchased? Not how much went to you guys, but just how much
 2 was purchased. Then we can start reconciling how much to
 3 each. But it's going to take time. It's not an easy process.
 4 Okay?
 5 UNIDENTIFIED MALE SPEAKER: So for the
 6 unsecured, it's a lot longer time frame than the people who
 7 just have their --
 8 MR. CALVERT: Stored inventory, we just gave a
 9 time frame.
 10 UNIDENTIFIED MALE SPEAKER: Right.
 11 MR. CALVERT: 60 days. And we hope to have a
 12 court order in and start to release it. General unsecured
 13 creditors, you are in for at least a year, if not longer.
 14 MR. SMITH: Okay. Let's get back to the
 15 presentation.
 16 UNIDENTIFIED FEMALE SPEAKER: Do you have a
 17 dollar amount?
 18 MR. CALVERT: Pardon me?
 19 UNIDENTIFIED FEMALE SPEAKER: Do you have a
 20 dollar amount on the unsecureds?
 21 UNIDENTIFIED MALE SPEAKER: He said {inaudible}.
 22 UNIDENTIFIED FEMALE SPEAKER: Yeah. But what's
 23 the total dollar amount?
 24 MR. CALVERT: The total dollar amount of
 25 unsecured claims is approximately \$56 million.

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1 to make sure Dayton can remain a viable going concern so I
 2 don't have to sell it as a fire sale. I have adequate cash
 3 flow to make Dayton successful. I will run it probably for a
 4 year to get the value up and get some accounting records, to
 5 get something that I can give to a potential buyer, and sell
 6 it in the ordinary course in more of an auction to maximize
 7 its value. But short of that -- that is what I'm doing to
 8 maximize the value.
 9 As for the other legal issues, we still have to
 10 figure out clawbacks, as this gentleman asks. That's the
 11 things we need to figure out. But that's the reality. Most
 12 of the value is going to come out of the sale of Dayton.
 13 Questions?
 14 MR. SMITH: No. I don't want any more
 15 questions. Do you have anything else in your presentation?
 16 MR. CALVERT: I have another 12 pages, but
 17 nothing that -- nothing that I have to --
 18 MR. SMITH: Okay. So we're going to wrap up the
 19 meeting at this point. I'll remind you that there is an
 20 unsecured creditors committee. They have a fiduciary duty to
 21 act in the best interest of all unsecured creditors, not just
 22 themselves. They have legal counsel. You can contact them.
 23 And, again, they can't give you personal legal advice about
 24 your exact situation. But they can certainly talk to you
 25 globally about an issue, in terms of how it affects the

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1 creditor body and those kinds of things. And that's
2 Mr. Groshong and Mr. Northrup, who you heard from earlier.
3 And you have the names and contact information for the
4 co-chair of the committee.

5 You're also free to contact Mr. Gearin, who,
6 again, represents Mr. Calvert, going forward with your
7 questions. And hopefully, through those processes -- this is
8 going to be a process, and it is going to take time. There's
9 no magic silver bullet here. And so some people may get their
10 stuff back sooner, if it's identified and available to give
11 back. The rest of you are going to be in the boat for a
12 while. But you'll get notice of things from the bankruptcy
13 court.

14 If you have your own -- if you're owed enough
15 money, you may -- I encourage you to get your own legal
16 counsel to at least give you some advice about your interest
17 in the bankruptcy case. And we'll just have to -- it will be
18 an evolving process. These always are. They're complicated.
19 And there's no telling now what the recovery will be at the
20 end of the day. And that's just the unfortunate truth of the
21 matter in these kinds of cases.

22 It's going to be somewhere between 100 and less
23 than -- between zero and less than 100 percent. I can tell
24 you that, and that's the best I can tell you.

25 So with that --

1 CERTIFICATE

2
3 I, Shari L. Wheeler, court reporter and court-approved
4 transcriber, certify that the foregoing is a correct
5 transcript from the official electronic sound recording of the
6 proceedings in the above-entitled matter.

7
8 These pages constitute the original or a copy of the
9 original transcript of the proceedings, to the best of my
10 ability.

11
12 Signed and dated this 17th day of May, 2016.

13
14
15 by /s/ Shari L. Wheeler
16 SHARI L. WHEELER, CCR NO. 2396
17
18
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21
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25

1 MR. CALVERT: I have one last comment. In Ross'
2 defense, he didn't take money for personal use -- items for
3 personal -- I didn't find --

4 (Multiple speakers; unintelligible.)

5 MR. SMITH: That's enough. You don't know what
6 he took money for, if he took money, and what he used it for,
7 if he used money. So at this point, we're -- the meeting is
8 adjourned.

9 Thank you, everybody, for coming.

10
11 (The meeting was adjourned.)
12
13
14
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