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*Proposed Attorneys for VidAngel, Inc.*

*Proposed Special Counsel for VidAngel, Inc.*

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

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In re:

Case No. 17-29073

VIDANGEL, INC.,

Chapter 11

Debtor.

Judge Kevin R. Anderson

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**DEBTOR'S MOTION TO EMPLOY STRIS & MAHER  
LLP AS SPECIAL COUNSEL UNDER SECTION 327(e)  
OF THE BANKRUPTCY CODE**

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VidAngel, Inc., the above-captioned debtor and debtor-in-possession (the “**Debtor**” or “**VidAngel**”), hereby moves the Court (the “**Motion**”) for entry of an order, pursuant to section 327(e) of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”), Federal Rules of Bankruptcy Procedure 2014(a) and 2016 (the “**Bankruptcy Rules**”), and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Utah (the “**Local Rules**”), authorizing the Debtor to employ Stris & Maher LLP (“**Stris & Maher**”) as special counsel. The Debtor seeks authorization for Stris & Maher to serve as special counsel to represent the Debtor in its pending appeal to the Ninth Circuit, where the Debtor

is seeking reversal of the California District Court's order in *Disney Enterprises, Inc., et al v. VidAngel, Inc.*, No. CV 16-04109-AB (PLAx), granting final partial judgment on the Debtor's counterclaims asserted in the action, and, if required, any other appellate work required for the Debtor's litigations. In support of this Motion, the Debtor submits the Declaration of Victor O'Connell, an associate of Stris & Maher LLP. In further support of this Motion, the Debtor respectfully states as follows:

### **JURISDICTION AND VENUE**

1. This Court has jurisdiction to consider the relief requested in this Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue is proper in the District of Utah under 28 U.S.C. §§ 1408 and 1409.

2. The legal predicates for the relief sought in this Motion are 11 U.S.C. § 327 and Federal Rule of Bankruptcy Procedure 2014.

3. No prior application has been filed for the relief requested herein.

#### Background

4. On October 18, 2017 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under the Bankruptcy Code. The Debtor continues in possession of its properties and is operating and managing its businesses as a debtor-in-possession under sections 1107(a) and 1108 of the Bankruptcy Code. No request has been made for the appointment of a trustee or examiner and a creditors' committee has not yet been appointed in this Case.

5. The Debtor is the worldwide leader in video filtering technology. The Debtor's service allow its subscribers to filter potentially objectionable content (such as profanity, nudity, and violence) in motion pictures (including television shows) and stream such content for its subscribers' private viewing. The Debtor is also an original content provider, and it provides a streaming service to view the content it produces. The Debtor's original comedy series, Dry Bar

Comedy, has had more than 16 million minutes viewed in the 7 days prior to the Petition Date. The Debtor's services give subscribers and their families choice over the content they view and share with their families.

### **RELIEF REQUESTED**

The Debtor submits this Motion under section 327(e) of the Bankruptcy Code and Rule 2014(a) of the Bankruptcy Rules to retain Stris & Maher as special counsel for the Debtor.

### **RETENTION OF STRIS & MAHER**

Stris & Maher is a boutique law firm located in Los Angeles, California that specializes in complex business litigation at the trial and appellate levels. Stris & Maher has represented the Debtor in connection with actions in the Central District of California, District of Utah, and Ninth Circuit Court of Appeals. The claims brought against the Debtor in the district court actions are stayed. Stris & Maher continues to be counsel of record in those actions. As a result of Stris & Maher's experience representing the Debtor, Stris & Maher has acquired extensive knowledge of the Debtor and its business.

The Debtor wishes to employ Stris & Maher because the firm has the knowledge, skill, and experience necessary to represent the Debtor in its pending appeal to the Ninth Circuit, where the Debtor is seeking reversal of the district court's order in *Disney Enterprises, Inc., et al v. VidAngel, Inc.*, No. CV 16-04109-AB (PLAx) (the "**Copyright Litigation**"), granting final partial judgment on the Debtor's counterclaims asserted in the action. The pending appeal is captioned *Disney Enterprises, Inc., et al v. VidAngel, Inc.*, No. 17-56665 (9th Cir.) (the "**Appeal**"). Pursuit of the Debtor's valuable counterclaims advanced in the Copyright Litigation will be vital to the Debtor's strategy regarding its reorganization.

The Debtor believes that Stris & Maher is qualified to represent it, and that the best interests of the Debtor and its creditors would be served if Stris & Maher is authorized by the Court to be employed as the Debtor's special counsel.

### **COMPENSATION**

Subject to approval by the Court, Stris & Maher has agreed to handle the Appeal for a \$75,000 initial flat fee. If Stris & Maher is successful in reversing the district court's dismissal of one or more of the claims being appealed, Stris & Maher will be entitled to an additional success bonus of \$275,000. Douglas Geysler of Stris & Maher will lead the briefing of the Appeal, and if oral argument is scheduled, he will present oral argument for the Debtor.

Notwithstanding the Court's Order establishing compensation procedures (Dkt. 100), Stris & Maher will be paid in full the \$75,000 (\$5,000 from the Debtor and \$70,000 from the currently-held retainer) upon its employment due to the flat-fee nature of its compensation. If Stris & Maher incur reimbursable costs, Stris & Maher will submit an application for reimbursement in accordance with the Court's Order establishing compensation procedures (Dkt. 100).

### **STRIS & MAHER IS DISINTERESTED AND HOLDS NO ADVERSE INTEREST**

Stris & Maher has indicated its willingness to act as special counsel to the Debtor in the capacities designated above.

To the best of the Debtor's knowledge, Stris & Maher has no direct or indirect relationship to, connection with, or interest in the Debtor, any of the Debtor's creditors, any other party in interest, any of their respective attorneys and accountants, the United States Trustee, or any person employed in the office of the United States Trustee, except as may be disclosed in the Declaration of Victor O'Connell, filed herewith, executed on behalf of Stris & Maher in accordance with section 327 of the Bankruptcy Code and rule 2014 of the Federal Rules of Bankruptcy Procedure.

### **AUTHORITY FOR RELIEF REQUESTED**

Section 327(e) of the Bankruptcy Code provides as follows:

The trustee, with the court's approval, may employ, for a specified special purpose, other than to represent the trustee in conducting the case, an attorney that has represented the debtor, if in the best interest of the estate, and if such attorney does not represent or hold any interest adverse to the debtor or to the estate with respect to the matter on which such attorney is to be employed.

Section 328(a) of the Bankruptcy Code provides as follows with respect to the terms of such employment:

The trustee, or a committee appointed under section 1102 of this title, with the court's approval, may employ or authorize the employment of a professional person under section 327 or 1103 of this title, as the case may be, *on any reasonable terms* and conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis.

11 U.S.C. § 328(a) (emphasis added).

In this case, the Debtor is operating its business as debtor in possession in accordance with sections 1107(a) and 1108 of the Bankruptcy Code. The Debtor has regularly employed Stris & Maher as its counsel in prepetition litigation, and wishes to continue to do so. Stris & Maher holds no prepetition claims against the Debtor. The terms of the retention are reasonable and within the Debtor's business judgment. Accordingly, Stris & Maher may serve as special litigation counsel under section 327(e) of the Bankruptcy Code.

**NO PRIOR REQUEST**

No prior motion or application for the relief requested herein has been made to this or any other court.

Notice

The Debtor has provided notice of this Motion to the Office of the United States Trustee for the District of Utah and all ECF notice parties and parties who have requested notice on the

Court's docket. Bankruptcy Rule 9013. In light of the nature of the relief requested in this Motion, the Debtor respectfully submits that no further notice is necessary.

Conclusion

For the reasons stated above, the Debtor requests that the Court grant the Motion and enter the Order submitted herewith.

Respectfully submitted,

/s/ Grace S. Pusavat

Brian M. Rothschild

J. Thomas Beckett

Grace S. Pusavat

**PARSONS BEHLE & LATIMER**

*Proposed Attorneys for VidAngel, Inc.*

**Exhibit A**  
**Proposed Order**

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

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In re:

VIDANGEL, INC.,

Debtor,

Case No. 17-29073

Chapter 11

Judge Kevin R. Anderson

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**ORDER GRANTING DEBTOR’S MOTION TO EMPLOY STRIS  
& MAHER LLP AS SPECIAL COUNSEL PURSUANT TO  
BANKRUPTCY CODE § 327(e)**

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The Court has considered the motion (the “**Motion**”)<sup>1</sup> filed by the above-captioned debtor and debtor-in-possession (the “**Debtor**” or “**VidAngel**”) requesting authorization to employ Stris & Maher LLP (“**Stris & Maher**”) as special counsel, the Declaration of Victor O’Connell in Support of the Motion, and applicable law. Based thereon, the Court finds that (i) the employment of Stris & Maher as special counsel to the Debtor is in this best interests of the Debtor’s bankruptcy estate; (ii) Stris & Maher does not represent any interest materially adverse to the Debtor or the bankruptcy estate with respect to the matter on which it is to be employed; and (iii) Stris & Maher is a “disinterested person” as that term is defined in section 327(e) of the Bankruptcy Code. Accordingly, and for good cause otherwise appearing,

IT IS HEREBY ORDERED THAT:

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

1. The Motion is GRANTED;.
2. The Debtor is authorized under 11 U.S.C. § 327(e) and Federal Rule of Bankruptcy Procedure 2014 to employ Stris & Maher as special counsel for and on behalf of the Debtor, as outlined in the Motion; and
3. The Debtor may pay Stris & Maher pursuant to the compensation terms disclosed in Motion, specifically, that the Debtor may pay Stris & Maher \$5,000 upon entry of this Order, and Stris & Maher may take the \$70,000 currently held as a retainer as compensation in full for its work on the appeal; provided, however, that if Stris & Maher is successful in reversing the district court's dismissal of one or more of the claims being appealed, Stris & Maher will be entitled to an additional success bonus of \$275,000, which may be paid upon such success without further notice to or approval by the Court. If Stris & Maher incur reimbursable costs, Stris & Maher will submit an application for reimbursement in accordance with the Court's Order establishing compensation procedures (Dkt. 100).

**[END OF ORDER]**

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**PROOF OF SERVICE**

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I hereby certify that on December 12, 2017, I caused a true and correct copy of the foregoing **NOTICE UNDER LOCAL RULE 9013-2 OF OPPORTUNITY FOR HEARING ON DEBTOR'S MOTION TO EMPLOY STRIS & MAHER LLP AS SPECIAL COUNSEL UNDER SECTION 327(e) OF THE BANKRUPTCY CODE** and **DEBTOR'S MOTION TO EMPLOY STRIS & MAHER LLP AS SPECIAL COUNSEL UNDER SECTION 327(e) OF THE BANKRUPTCY CODE** to be served as follows:

On December 12, 2017, I caused a true and correct copy of the foregoing documents to be served on the following parties by e-mail:

Office of the United States Trustee, Vince Cameron  
[Vince.Cameron@usdoj.gov](mailto:Vince.Cameron@usdoj.gov)

On December 12, 2017, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which sent notification of such filing to the following:

Office of the United States Trustee  
Laurie A. Cayton  
[laurie.cayton@usdoj.gov](mailto:laurie.cayton@usdoj.gov)

Respectfully submitted,

/s/ Grace S. Pusavat

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Brian M. Rothschild  
**PARSONS BEHLE & LATIMER**  
*Proposed Attorneys for VidAngel, Inc.*