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Attorneys for VidAngel, Inc.

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

In re:

VIDANGEL, INC.,

Debtor.

Case No. 17-29073

Chapter 11

Judge Kevin R. Anderson

**MOTION FOR APPROVAL OF COMMERCIAL INSURANCE
PREMIUM FINANCE AND SECURITY AGREEMENT**

VidAngel, Inc., debtor and debtor-in-possession (“**VidAngel**” or “**Debtor**”) in the above-captioned chapter 11 case, hereby moves this Court for authorization to enter into the Commercial Insurance Premium Finance and Security Agreement (“**Loan Agreement**”), attached as Exhibit A, which provides various insurance coverage for the Debtor. In support of the Motion, the Debtor respectfully represents as follows:

FACTUAL BACKGROUND

1. On October 18, 2017 (the “**Petition Date**”), the Debtor filed a voluntary chapter petition under the Bankruptcy Code. The Debtor continues to operate its business and manage its property as a debtor-in-possession under sections 1107 and 1108 of the Bankruptcy Code.

2. No trustee or examiner has been appointed in this case. No committee of unsecured creditors or other official committee has been appointed in this case.

3. The Debtor is the worldwide leader in video filtering technology through a Stream-Based Service. The Debtor’s service allows 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 “**Services**”). The Debtor is also an original content provider, and it provides a streaming service to view the content it produces. The Services gives subscribers choices for the content they view and share with their families.

4. The Debtor continues to operate its facilities in Provo, Utah.

5. The Debtor currently employs approximately 40 people while operating its business in the normal course.

6. The Debtor, in accordance with applicable law, bankruptcy law, and the Guidelines promulgated by the Office of the United States Trustee, is required to maintain insurance on its business operations and assets.

ARGUMENT

VidAngel seeks to enter into the Loan Agreement as part of its ordinary course of business pursuant to 11 U.S.C. § 364(a), or in the alternative and out of an abundance of caution, seeks permission from this Court to enter into the Loan Agreement pursuant to 11 U.S.C. § 364(b). The debtor-in-possession may “incur unsecured debt in the ordinary course of business.” 11 U.S.C.

§ 364(a) . A debtor may also incur unsecured debt outside of the ordinary course of business with court authorization under 11 U.S.C. § 364(b).

To provide its services, VidAngel must maintain adequate insurance coverage, including director's and officer's insurance coverage. To provide adequate insurance coverage, VidAngel seeks authorization to enter into the Loan Agreement with CPF for financing of VidAngel's various insurance policies. Pursuant to the Loan Agreement, CPF will provide financing to VidAngel for the purchase of various insurance policies providing, including coverage for director's and officer's coverage, general liability, and error and omissions (the "**Policies**"), all of which are essential for the operation of VidAngel's business. Under the Loan Agreement, VidAngel pays CPF a total of \$38,446.80 in 10 monthly installments of \$3,844.68 each. The first payment under the Loan Agreement is due on September 19, 2018, and the subsequent payments are due on or about the 19th of each succeeding month. As collateral to secure the repayment of the indebtedness due under the Loan Agreement, VidAngel grants CPF a security interest in, among other things, the unearned premiums of the Policies. The Loan Agreement also includes a choice of law provision that provides that the law of Kansas governs the transaction, and the Debtor appoints CPF as its attorney-in-fact with the irrevocable power to cancel the policies and collect the unearned premium in the event Debtor is in default of its obligations under the Loan Agreement. The Debtor believes that the terms of the Loan Agreement is commercially fair and reasonable. Without insurance, the Debtor would be forced to cease operations.

The Loan Agreement is a routine insurance premium item, and the debt of this Loan Agreement is incurred in the ordinary course of business. Since this action falls within the ordinary course of business, VidAngel is authorized to undertake this action without court approval pursuant to 22 U.S.C. § 364. Out of an abundance of caution, if this debt is considered outside of

the ordinary course, VidAngel seeks court approval and authorization to enter into this debt under 11 U.S.C. § 364(b), which empowers the court to authorize the trustee to incur unsecured debt. As outlined in the accompanying proposed order, attached as Exhibit B, the Debtor asks this Court to—

- (1) Authorize and direct the Debtor to timely make all payments due under the Loan Agreement, and authorize CPF to receive and apply such payments to the indebtedness owed by the Debtor to CPF as provided in the Loan Agreement; and
- (2) lift the automatic stay in the event that the Debtor does not timely make any of the payments due under the Loan Agreement as they become due, thus enabling CPF and/or third parties, including insurance companies providing the coverage under the Policies, to take all steps necessary and appropriate to cancel the Policies, collect the collateral and apply such collateral to the indebtedness owed to CPF by the Debtor.
- (3) order CPF and/or third parties, in exercising their rights, to comply with the notice and other relevant provisions of the Loan Agreement.

WHEREFORE, the Debtor hereby requests the entry of an order, substantially in the form submitted herewith (the “**Order**”), authorizing it to enter into the Loan Agreement with CPF, and authorizing CPF to take all actions necessary or appropriate to affect said agreement and for such other and further relief as the Court deems just and proper.

Dated this 5th day of September, 2018.

/s/ Brian M. Rothschild

J. Thomas Beckett

Brian M. Rothschild

Grace S. Pusavat

PARSONS BEHLE & LATIMER

Attorneys for VidAngel, Inc

Exhibit A
Loan Agreement

DRAFT

Capital Premium Financing, Inc.
 PO Box 660899
 Dallas, TX 75266-0899

**COMMERCIAL INSURANCE PREMIUM FINANCE AGREEMENT
 TRUTH-IN-LENDING DISCLOSURES**

ADDITIONAL PREMIUM

833337

TEL: 800-767-0705 FAX: 855-470-2628

QUOTE NUMBER: 1048560.1

INSURED		PRODUCER			CODE	A00007
VidAngel, Inc. 295 W Center St Provo, UT 84601 Phone: 801-836-5544 Fax:		TRUSTCO INC 2735 East Parleys Way, Suite 305 Salt Lake City, UT 84109 Phone: (801) 278-5341 Fax: (801) 278-9051				
POLICY NUMBER	INSURANCE CO. AND GENERAL AGENT	TYPE	MEP%	EFFECTIVE DATE	TERM	PREMIUM
TBD	RSUI INDEMNITY COMPANY RT Specialty LLC 601 Carlson Parkway, Suite 1050 Minnetonka, MN 55305	DIRECTORS & OFFICERS	25%	8/19/2018	12	\$50,000.00
Policy Fee: \$0.00		Inspection Fee: \$0.00		Broker Fee: \$0.00		Tax/Stamp Fee (financed): \$0.00

Policy Fee:		Inspection Fee:		Broker Fee:		Tax/Stamp Fee (financed):	
SECURITY: You are giving a security interest in unearned premiums of the policy(ies).		TOTAL PREMIUMS				\$50,000.00	
LATE CHARGE: Late payment will incur a late payment charge. See reverse (or 2nd) page.		DOWN PAYMENT				\$12,750.00	
PREPAYMENT: If you payoff early you will not have to pay a penalty and you may be entitled to a refund of part of the finance charge. See provisions on the reverse (or 2nd) page for any additional information about non-payment, default, or any required prepayment in full before the scheduled date.		AMOUNT FINANCED		The amount of credit provided to you or on your behalf		\$37,250.00	
ITEMIZATION OF THE AMOUNT FINANCED: The amount financed will be paid to your insurance company(ies), general agent(s), or your agent/broker on your behalf.		STATE DOCUMENTARY STAMP CHARGE				\$0.00	
INTEREST CHARGE		+ SERVICE FEE (Non-Refundable)		= TOTAL FINANCE CHARGE		The dollar amount the credit will cost you	
\$1,196.80		\$0.00				\$1,196.80	
AMOUNT OF EACH PAYMENT		NUMBER OF PAYMENTS		TOTAL OF PAYMENTS			
\$3,844.68		10		The amount paid after making all payments as scheduled		\$38,446.80	
DATE DUE	FREQUENCY	FIRST PAYMENT DUE DATE		ANNUAL PERCENTAGE RATE			
19th	Monthly	9/19/2018		Cost of credit as a yearly rate		6.95%	

TO THE BORROWER: In consideration of Capital Premium Financing Inc. (herein "Capital") making the premium payments to the above insurance company(ies), general agent(s) or agent/broker named herein, the undersigned borrower (herein "Borrower") promises to pay to the order of Capital at the above address, the Total of Payments in accordance with the above payment schedule, subject to the provisions hereinafter set forth on the reverse (or 2nd) page of this Premium Finance Agreement. Borrower understands and agrees that all the provisions on the reverse (or 2nd) page hereof are incorporated herein by this reference and constitute a material part of this agreement. Your insurance coverage may be cancelled if payment is not made in accordance with this agreement. If for any reason you do not receive your payment coupons or invoice for installments due, you must still make your payments on the above date to the above address. Notice: Do not sign this before you have read it or if it contains any blank spaces. You are entitled to a completely filled-in copy of this agreement. Arizona Notice: The Insured may request that the truth-in-lending disclosures be provided in the Spanish language before signing any loan documents. Arizona Aviso: Los aserugados podrian solicitar una copia en Español las declaraciones sobre la honestidad en los prestamos antes de firmar cualquier documento de prestamos.

SIGNATURE OF INSURED _____
 PLEASE PRINT FULL NAME _____
 TAX ID (Required by Law) _____
 DATE _____

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PRODUCER REPRESENTATIONS: The undersigned ("Producer") warrants and agrees (1) the provisions on the reverse (or 2nd) page hereof (including, with particularity, Section 14) are incorporated herein by this reference and constitute a material part of this agreement, (2) the Borrower(s) have authorized this transaction, have received a copy of this agreement and the Borrower(s) signatures are genuine, (3) the scheduled policies are in full force and effect and all policy information is correct, (4) upon termination of this agreement or cancellation of any policies, to pay the unearned premiums, dividends and unearned commissions to Capital, and that any lien it has is subordinated to the lien of Capital, (5) none of the policies scheduled in the agreement are non-cancelable, assigned risk policies, audit, reporting form policies, policies subject to retrospective rating, or policies written for a term of less than one year, and that the deposit or provisional premiums are not less than anticipated premiums to be earned for the full term of the policies, that the policies can be cancelled for non-payment with 10-days (15-days for PA) notice and the unearned premium will be computed on the standard pro rate table except as indicated under policy exceptions below, (6) a proceeding in bankruptcy, receivership or insolvency has not been instituted by or against the named Borrower(s), (7) to hold Capital harmless against any loss resulting from errors, omissions, or inaccuracies of producer in preparing this agreement, and (8) the policies are not subject to minimum earned premiums unless noted here \$ _____ or ____%. The undersigned further warrants that he has received the down payment and any other sums due as required by the agreement and is holding same or they are attached to this agreement. **POLICY EXCEPTIONS:**

SIGNATURE OF PRODUCER (AGENT OR BROKER) _____ DATE _____
 PLEASE PRINT FULL NAME _____

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PROOF OF SERVICE

I hereby certify that I caused a true and correct copy of the foregoing **MOTION FOR APPROVAL OF COMMERCIAL INSURANCE PREMIUM FINANCE AND SECURITY AGREEMENT** to be served as follows:

On September 5, 2018, 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:

- J. Thomas Beckett tbeckett@parsonsbehle.com, ecf@parsonsbehle.com;brothschild@parsonsbehle.com;kstankevitz@parsonsbehle.com
- Lev E. Breydo lev.breydo@mto.com
- Laurie A. Cayton tr laurie.cayton@usdoj.gov, James.Gee@usdoj.gov;Lindsey.Huston@usdoj.gov;Suzanne.Verhaal@usdoj.gov
- Michael R. Johnson mjohanson@rqn.com, docket@rqn.com;dburton@rqn.com
- David H. Leigh dleigh@rqn.com, dburton@rqn.com;docket@rqn.com
- Grace S. Pusavat gpusavat@parsonsbehle.com
- Brian M. Rothschild brothschild@parsonsbehle.com, ecf@parsonsbehle.com
- United States Trustee USTPRegion19.SK.ECF@usdoj.gov

By U.S. Mail - In addition to the parties of record receiving notice through the CM/ECF system, I caused the following parties to be served by U.S. Mail, First-Class, Postage Prepaid, by depositing the document in the mail within 24 hours of the date hereof.

Todd Rosen/Kelly M. Klaus
Munger, Tolles & Olson, LLP
350 South Grand Avenue, 50th Floor
Los Angeles, CA 90071-3426

Dated this September 5, 2018.

PARSONS BEHLE & LATIMER

By: /s/ Brian M. Rothschild

Brian M. Rothschild
Attorneys for VidAngel, Inc.