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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, 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 authorization from the Court 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 continuing adequate insurance coverage,

VidAngel seeks authorization to enter into the Loan Agreement with Allegiance Premium Finance Company & Zions Bank (“**Lenders**”) for financing of VidAngel’s various insurance policies. Pursuant to the Loan Agreement, Lenders will provide financing to VidAngel for the purchase of various insurance policies providing 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 Lenders a total of \$50,000.00 in 11 monthly installments of \$3,851.59 each. The first payment under the Loan Agreement is due on September 19, 2019, 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 Lenders 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 laws of Utah govern the transaction, and the Debtor appoints Lenders 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 (the “**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 Lenders to receive and apply such payments to the indebtedness owed by the Debtor to Lenders 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 Lenders 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 Lenders by the Debtor.
- (3) order Lenders 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 the Order, substantially in the form submitted herewith, authorizing it to enter into the Loan Agreement with Lenders, and authorizing Lenders 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 15th day of August, 2019.

/s/ Brian M. Rothschild

J. Thomas Beckett

Brian M. Rothschild

Grace S. Pusavat

PARSONS BEHLE & LATIMER

Attorneys for VidAngel, Inc

Exhibit A
Loan Agreement

PO Box 1750 - Cedar City, UT 84721
Phone: (800) 549-4828 - Fax: (866) 253-1114
apfc@leavitt.com - apfc.leavitt.com

PREMIUM FINANCE SECURITY AGREEMENT

Agent/Broker

Leavitt Group Insurance Advisors
560 South 300 East
Suite 150
Salt Lake City, UT 84111

Borrower VidAngel, Inc.

295 Center Street
Provo, UT 84601

Total Premiums	Down Payment	Amount Financed	Finance Charge	Total of Payments	Installment Amount	APR
\$50,000.00	\$10,000.00	\$40,000.00	\$2,367.49	\$42,367.49	\$3,851.59	11.65%

The amount of credit provided to you or on your behalf. The dollar amount the credit will cost you. Amount you will have paid after making all scheduled payments. The cost of your credit as a yearly rate.

Number Of Installments: 11 Installments Are Due: 19th Monthly The First Installment Is Due On: 9/19/2019

SCHEDULE OF POLICIES

Policy Number	Effective Date	Insurance Company, General Agent, & Address	Policy Term	MEP %	Premium Details										
NHP673445	8/19/2019	RSUI INDEMNITY COMPANY () 945 EAST PACES FERRY ROAD STE 1800 ATLANTA, GA 30326 RT Specialty (Hartford, CT) () 20 Church Street, Suite 1500 Hartford, CT 06103	12	25%	<table> <tr> <td>Auditable Premium</td> <td>\$50,000.00</td> </tr> <tr> <td>Policy Fee</td> <td>\$0.00</td> </tr> <tr> <td>Broker Fee</td> <td>\$0.00</td> </tr> <tr> <td>Tax/Stamp</td> <td>\$0.00</td> </tr> <tr> <td>Inspection</td> <td>\$0.00</td> </tr> </table>	Auditable Premium	\$50,000.00	Policy Fee	\$0.00	Broker Fee	\$0.00	Tax/Stamp	\$0.00	Inspection	\$0.00
Auditable Premium	\$50,000.00														
Policy Fee	\$0.00														
Broker Fee	\$0.00														
Tax/Stamp	\$0.00														
Inspection	\$0.00														

Florida documentation stamp fee: \$0.00

P/F: 206

BORROWER'S REPRESENTATIONS AND WARRANTIES: Borrower represents and warrants as a material condition for obtaining credit that: (1) the execution, delivery and performance of Borrower of this agreement and any other related documents has been duly authorized by the governing body of Borrower as provided in Borrower's governing documents and will constitute a legal and binding Agreement by Borrower and will not constitute a default under any agreement to which Borrower is bound; (2) Borrower has executed this Agreement and received a complete copy, including all pages, which Borrower has read in its entirety; (3) Borrower is not insolvent or in bankruptcy, and, if a corporation, limited liability company or partnership, is a going concern; (4) no other party has been granted a security interest in the Collateral described herein; (5) Borrower is a first named insured on the Scheduled Policies, and is the representative of all other insureds therein; (6) Borrower authorizes and will assist Lenders to obtain information on Borrower from outside credit reporting services, as Lenders may require; (7) if Borrower is a corporation, limited liability company or partnership, the signer is a corporate officer, manager or managing member or partner of Borrower; (8) the insurance agents, brokers, and insurers identified herein have been selected by, and represent, the Borrower, not the Lenders; and (9) Borrower will pay any additional premiums that may be assessed against the Scheduled Policies, as and when assessed by the respective insurer(s), to protect the value of the Collateral pledged to Lenders. **BORROWER AGREES THAT THE PROVISIONS ON ALL PAGES OF THIS FORM, INCLUDING ANY ADDITIONAL PAGES LISTING SCHEDULED POLICIES, CONSTITUTE A PART OF THIS AGREEMENT, AND THAT ALL OF THE INFORMATION IS TRUTHFUL, ACCURATE AND COMPLETE.**

SECURITY INTEREST AND POWER OF ATTORNEY: To secure Borrower's payment and performance of the Loan Amount and all other obligations, indebtedness and liabilities of Borrower hereunder or any other related documents (the "Obligations"), Borrower pledges, assigns, and grants to Lenders, as defined herein, and their successors and assigns, a security interest in any unearned and or return insurance premiums, accrued dividends, and loss payments which would reduce unearned premiums (collectively, "Collateral"), associated with the Scheduled Policies. Borrower irrevocably appoints Lenders or its assigns its attorney-in-fact, with full authority to cancel any and all of the Scheduled Policies upon Borrower's default, for Lenders to obtain full and prompt payment and performance of all Obligations. Lenders or its assigns shall mail to Borrower at the address shown in its records at least 10 days prior to cancellation, a notice of intent to cancel Scheduled Policies if default is not cured within that time period.

----- Borrower's Authorized Signature	----- Title of Authorized Signature	----- FEIN (or SSN for sole proprietor).
----- Print Name of Authorized Signature	----- Date	----- Print Name of SSN Holder (if applicable).

For electronic notifications please list email address here: _____

PRODUCER'S REPRESENTATION: The producer warrants and agrees: (1) Borrower has received a copy of this agreement, has authorized this transaction, Borrower's signatures are genuine or are those of its properly and duly authorized representative(s), and the down payment has been received from Borrower in cash; (2) the policies are in full force and effect and the information in the Schedule of Policies and the premium is correct; (3) no Audit or Reporting Form Policies, policies subject to Retrospective Rating or to minimum earned premiums are included except as indicated, and the Deposit of Provisional Premiums is not less than anticipated premiums to be earned for the full term of the policies; (4) the policies can be cancelled by Borrower or Lender (or its successors and assigns) on 10 days notice and the unearned premiums will be computed on the standard short rate or pro rata table except as indicated; (5) there are no bankruptcy proceedings affecting Borrower; and (6) to hold Lender, its successors and assigns harmless against any loss resulting from violations of these representations or from errors, omissions, or inaccuracies of producer in preparing this agreement.

----- Producer's Signature	----- Date
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FURTHER PROVISIONS OF PREMIUM FINANCE SECURITY AGREEMENT

GENERAL LOAN TERMS: This loan and security agreement ("Agreement") constitutes the entire agreement between the undersigned borrower ("Borrower"), and Zions Bancorporation, N.A. dba Zions First National Bank and Allegiance Premium Finance Company, LLC (collectively the "Lender"), and shall not take effect until: (1) Borrower returns the signed PFA; and (2) The Agreement is approved by Lender's credit department and Borrower's insurance carrier(s). In consideration of the loan ("Loan Amount") made by Lender for the purpose of paying on Borrower's behalf the listed premiums for the insurance policies identified herein ("Scheduled Policies"), Borrower promises to pay Lender the Loan Amount plus interest, if any, and any itemized fees ("Total of Payments"), in accordance with the payment schedule shown above, and to abide by all terms and conditions stated in this Agreement. Borrower authorizes and directs Lender to pay the Loan Amount to the insurance agents, brokers, or insurers listed herein. Borrower understands that Lender assumes no responsibility for payment by agents or brokers to the insurers, and holds Lender harmless from all liability arising from any acts or omissions of the agents or brokers. If Borrower defaults, Borrower agrees to pay the remaining account balance in its entirety upon demand by Lender, notwithstanding the existence of Lender's remaining security interest in the collateral pledged by Borrower. Default includes any one of the following: (1) failing to pay any installment to Lender at its mailing address by the date it is due; (2) misrepresenting any information contained herein, whether provided by the Borrower or its agent or broker, including, but not limited to, the pre-condition that the stated down payment ("Down Payment") has been made to the listed insurers or APFC; and (3) failing to abide by any other terms and conditions of this Agreement.

BORROWER AND LENDERS ALSO AGREE

PREPAYMENT: Interest, if any, is calculated according to a 30/360 amortized schedule. You may prepay this loan, in full or in part, without penalty. If you repay the loan prior to the scheduled maturity date, you may be entitled to a rebate of a portion of the finance charge, if any.

CANCELLATION CHARGES: If a default by Borrower results in cancellation of any insurance policy listed herein, the Borrower shall pay a cancellation charge of \$25.00. Lender reserves the right to revise these charges consistent with applicable law upon not less than thirty days' notice to Borrower.

DELINQUENCY CHARGES: For installments which are in default 5 days or more, the Borrower will pay a late charge of 5 percent of any installment which is in default, subject, where applicable, to a \$26.00 minimum. The acceptance by Lender of one or more late payments from Borrower shall not estop Lender, or be a waiver of the rights of Lender, to exercise all of its rights hereunder in the event of any subsequent late payment. Lender reserves the right to revise these charges consistent with applicable law upon not less than thirty days' notice to Borrower.

DELINQUENT ACCOUNTS: Accounts that are in delinquent status [past due] may be turned over to an outside collections agency. Such accounts may also be reported to a credit bureau, and this may affect Borrower's ability to receive credit in the future.

INSUFFICIENT FUNDS: A charge of \$20.00 shall be made for each NSF check. Lender reserves the right to revise these charges consistent with applicable law upon not less than thirty days' notice to Borrower.

SERVICE CHARGES: Finance charges, if applicable, may be refunded on a prorated basis in the event of prepayment. No refund will be paid unless the amount of such refund exceeds \$5.00. Lender reserves the right to revise these charges consistent with applicable law upon not less than thirty days' notice to Borrower.

CREDITCHECKS: Lender reserves the right to run a credit report on all Borrowers. All Borrowers agree to a credit report.

AUDITABLE POLICIES: All Borrowers with auditable policies, by signing this agreement, agree to cooperate with the insurance carrier when developing audit premiums.

REINSTATEMENT: Any payments made by the Borrower and received by Lender subsequent to the mailing of notice of cancellation of a policy shall be credited against the indebtedness owing by Borrower without any obligation on the part of the Lender to request reinstatement of the policy. If Borrower requests reinstatement, Borrower agrees that Lender has no liability to Borrower if the policy is not reinstated. Only the insurance company has the authority to reinstate the policy.

ASSIGNMENT: Borrower agrees not to assign any policy listed hereon or any interest therein except for the interest of mortgages or loss payees, without the written consent of Lender; that Lender may sell, transfer, and assign its rights hereunder or under any policy without the consent of Borrower; and that all agreements made by Borrower hereunder and all rights and benefits conferred upon Lender hereunder shall inure to the benefit of Lender's successors and assigns (and any assignee thereof).

INSURANCE AGENT OR BROKER: Borrower agrees that the insurance agent or broker soliciting the policies or through whom the policies were issued to is not the agent of Lender, and Lender is not legally bound by anything the agent or broker represents to Borrower, orally or in writing.

AGREEMENT NOT REQUIRED BY LAW: The law does not require a person to enter into a premium finance agreement as a condition of the purchase of insurance.

COLLECTION COSTS: Borrower agrees to pay Lender's attorney's fees and other costs, as permitted by law, if this agreement is referred to an attorney for collection.

LIMITATION OF LIABILITY: Borrower agrees that Lender's liability to Borrower, any person or corporation for breach of any of the terms of this agreement or the wrongful exercise of the right or authority of cancellation shall be limited to the amount of the principal balance outstanding, except in the event of willful misconduct.

FOR NEVADA ONLY: Pursuant to Nevada Law, your agent is required to disclose to you if the agency for which your agent writes business has a financial interest in APFC.

FOR FLORIDA RESIDENTS: Included in the amount financed is a Florida documentation stamp fee, which we collect on behalf of the State of Florida. For rate calculation visit Florida Dept of Revenue at http://dor.myflorida.com/dor/taxes/doc_stamp.html.

GOVERNING LAWS: This premium finance loan will be governed by the applicable laws of Utah.

Exhibit B
Order

**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

**ORDER AUTHORIZING DEBTOR TO ENTER INTO COMMERCIAL
INSURANCE PREMIUM FINANCE AND SECURITY AGREEMENT**

Upon the motion (the “**Motion**”)¹ of VidAngel Inc., as debtor and debtor-in-possession (“**Debtor**”), seeking approval of a Commercial Insurance Premium Finance and Security Agreement (the “**Loan Agreement**”) through which the Debtor seeks the Court’s approval of the agreement and to provide adequate protection of the interests of Allegiance Premium Finance Company & Zions Bank. (“**Lenders**”) in the bankruptcy case; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and the Court having determined that the relief sought in the Motion is in the best interests of Debtor, its creditors, and all parties in interest; and upon the Motion and all of the proceedings had before the Court; and after due deliberation and sufficient cause appearing therefore, it is hereby:

¹ Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the Motion.

ORDERED, ADJUDGED, AND DECREED THAT

1. The Motion is GRANTED.
2. Debtor is authorized and directed to timely make all payments due under the Loan Agreement and Lenders are authorized to receive and apply such payments to the indebtedness owed by Debtor to Lenders as provided in the Loan Agreement.
3. In the event that the Debtor does not make any of the payments under the Loan Agreement as they become due, the automatic stay shall automatically lift to enable Lenders and/or third parties, including insurance companies providing the protection 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 Lenders by the Debtor.
4. Lenders, or any third party, including insurance companies providing the coverage under the Policies exercising such rights, shall comply with the notice provisions and other provisions of the Loan Agreement.

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[END OF ORDER]

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 August 15, 2019, 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:

- Laurie A. Cayton tr laurie.cayton@usdoj.gov, James.Gee@usdoj.gov;Lindsey.Huston@usdoj.gov
- Rose Leda Ehler rose.ehler@mto.com, cynthia.soden@mto.com
- Michael R. Johnson mjohanson@rqn.com, docket@rqn.com;dburton@rqn.com
- Kelly M. Klaus kelly.klaus@mto.com
- David H. Leigh dleigh@rqn.com, dburton@rqn.com;docket@rqn.com
- United States Trustee USTPRegion19.SK.ECF@usdoj.gov

Dated this August 15, 2019.

PARSONS BEHLE & LATIMER

By: /s/ Brian M. Rothschild

Brian M. Rothschild
Attorneys for VidAngel, Inc.