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

In re:

VIDANGEL, INC.,

Debtor.

Bankruptcy No. 17-29073 (KRA)

Chapter 11

**TRUSTEE’S REPLY IN SUPPORT OF MOTION FOR ORDER AUTHORIZING USE
OF PROPERTY OUTSIDE OF THE ORDINARY COURSE OF THE DEBTOR’S
BUSINESS**

George Hofmann, in his capacity as Chapter 11 Trustee (the “Trustee”) of VidAngel, Inc. (the “Debtor”), through counsel, respectfully submits this reply (the “Reply”) in support of his Motion for entry of an order pursuant to Bankruptcy Code §§ 105(a), 363(b), and 1106, (i) authorizing the Trustee to implement material changes to the Debtor’s “self-selected viewing”¹ based lines of business, or (ii) in the alternative, authorizing the Trustee to abandon the Debtor’s “self-selected viewing” based line of business (the “Motion”). Pursuant to Bankruptcy Code §§ 1108 and 363(c), the Trustee

¹ “Filtering” was sometimes used anecdotally by the Debtor to describe to consumers the service that the Debtor provides. But technologically and scientifically, there is not actually any filtering. At least with respect to the Debtor’s current Stream-Based Model and the anticipated DVR Model, a more accurate description would be that the Debtor assists customers to self-select—from their own, lawfully purchased copy of audio-video media—what scenes or segments they will view and which they will skip (or fast-forward). The Debtor’s technologies merely make the “skipping” or “fast-forwarding” more seamless, less cumbersome, and less distracting.

has the authority to operate the Debtor's business and to use property of the estate in the ordinary course of business. The Trustee believes that developing and implementing the DVR Model falls within the scope of his authority to direct the business and activities of the Debtor without the need for specific Court approval. The Motion was filed out of an abundance of caution, to give notice of the intended upgrade to the DVR Model, and to obtain authority under Bankruptcy Code § 363(b) only to the extent it is actually necessary. To the extent the Court agrees that specific Court approval to develop and implement the upgrade to the DVR Model is unnecessary, it need not analyze the question under the lens of Bankruptcy Code § 363(b). The Court can simply enter an order confirming that the Trustee's proposed development and implementation of the DVR Model falls within the scope of the Trustee's existing authority—under Bankruptcy Code §§ 1108 and 363(c). In further support of his Motion, the Trustee states as follows:

BACKGROUND

The "self-selected viewing" lines of the Debtor's business are, both historically and currently, its most profitable and most dependable revenue sources. While using a previous technological approach to delivering "selective viewing" services, the Debtor became embroiled in a conflict with powerful enemies with anti-competitive aims – namely, Disney Enterprises, Inc., Lucasfilm Ltd. LLC, Twentieth Century Fox Film Corporation, Warner Bros. Entertainment Inc., MVL Film Finance, LLC, New Line Production, Inc. and Turner Entertainments Co. (collectively, the "Copyright Creditors").² Accordingly, the Debtor moved away from its Disc Ownership Model,³ and implemented the Stream-Based Model as an alternative technological approach to delivering self-selected viewing services that the Debtor believed was not susceptible of the claims being asserted by the Copyright Creditors.

² The Copyright Creditors refer to themselves as the "Studios."

³ Capitalized terms not defined herein shall be given the same meaning assigned to them in the Motion.

The Trustee desires to implement a technological adjustment to the means by which the Debtor delivers self-selected viewing services to customers – the DVR Model. There are multiple reasons for this change. Like any business manager, the Trustee hopes to provide an improved customer experience with the aim of increasing customer satisfaction and increasing the Debtor’s revenues, for the benefit of all creditors. Based upon his understanding of the claims of the Copyright Creditors and the various past, present and future technologies, the Trustee believes that moving to the DVR Model will serve a prophylactic function by reducing potential legal risk.⁴

The Bankruptcy Code does not require the Trustee to obtain court approval to operate the Debtor’s business, or even to sell or lease property in the ordinary course of business. See 11 U.S.C. §§ 1108 and 363(c). In truth, bankruptcy law does not mandate notice and a hearing before the Trustee implements the DVR Model. Considering how discordant the Case has been to this point, however, and desiring to provide forewarning and transparency, the Motion was filed out of an abundance of caution. Ironically, the only portion of the Motion that irrefragably requires notice, hearing and an order of the Court is the Trustee’s request, in the alternative, to abandon the self-selected viewing lines of the Debtor’s business altogether. Indeed, “shuttering” the Stream-Based Model without substituting a consumer-friendly alternative (a) will cut off the Debtor’s largest and most dependable source of revenue, and (b) will result in a mountain of consumer claims against the Debtor’s bankruptcy estate.

While the Trustee hoped that the Copyright Creditors would act like creditors—*i.e.* support a business adjustment aimed to increase both the probability of, and

⁴ The Trustee is not asking this Court to provide an advisory opinion regarding either the current Stream-Based Model, or the new DVR Model that the Trustee intends to implement. Likewise, the Court is not being asked to “bless” either model as scientifically and technologically immune to the claims of the Copyright Creditors. The Trustee is merely explaining that one of several considerations upon which his business judgment is predicated is the understanding that the services the Debtor will provide in connection with the DVR Model have been carefully designed to avoid the alleged wrongs that the Copyright Creditors persuaded Judge Andre Birotte to declare illegal in the California Litigation.

amount of, distributions on creditor claims—they have reacted by requesting that the Court “shutter” the Debtor’s self-selected viewing business entirely. The Copyright Creditors’ principal aim to put the Debtor out of business appears to eclipse any desideration to maximize creditor recoveries.

On June 14, 2019, the Copyright Creditors filed their *Emergency Motion to Appoint a Chapter 11 Trustee* (the “Trustee Motion”). The Trustee Motion set forth a detailed history of the Bankruptcy Case and the Copyright Creditors’ relationship with the Debtor, at least from the Copyright Creditors’ perspective, and argued for a trustee to be appointed. In the Trustee Motion, the Copyright Creditors acknowledge the “severe rancor and acrimony that exists between the Debtor and the [Copyright Creditors].”⁵ The Copyright Creditors raise their concern that the Debtor’s current management lost its ability “to deal fairly and equitably with [the Copyright Creditors] in the Bankruptcy Case.”⁶ And the Copyright Creditors argue that “the Debtor has little hope of a successful reorganization in this case under the Plan it has presently filed.”⁷ But the Trustee Motion acknowledges at least this much: “For the Bankruptcy Case to result in a successful reorganization that the [Copyright Creditors] will support, current management must be removed, and a fair, neutral, and impartial Chapter 11 trustee appointed to oversee the Debtor from here on out.”⁸

On June 21, 2019, seven days after they filed the Trustee Motion, the Copyright Creditors filed *The Copyright Creditors Motion to Convert Case to Chapter 7* (the “Conversion Motion”). To show “cause” to convert the Case, the Copyright Creditors included many of the same factual allegations in the Conversion Motion that were in the Trustee Motion, as well as their recently-awarded \$62.4 million damages verdict against the Debtor. In the Conversion Motion, the Copyright Creditors argued that the Debtor

⁵ Trustee Motion at pp. 15-16.

⁶ Trustee Motion at p. 15.

⁷ Trustee Motion at pp. 14-15.

⁸ Trustee Motion at p. 15.

could not “rehabilitate” (*i.e.*, propose a successful plan of reorganization) and that absent conversion, the Debtor “will use its remaining assets on litigation and continue to transfer whatever assets it has left without consideration, to the detriment of its creditors.”⁹ Ultimately, despite filing the Conversion Motion, the Copyright Creditors agreed with the Debtor that appointing the Trustee was the best option and, on August 23, 2019, the Court entered an Order granting the Trustee Motion and approving a stipulation between the Debtor and the Copyright Creditors related to the same. The Trustee was appointed thereafter.

It is no secret that the coin of “severe rancor and acrimony” is two-sided in this case. The Copyright Creditors are no fans of the Debtor’s former management, which is why they sought to remove them from controlling the Debtor. The Copyright Creditors achieved this aim. The Trustee controls the Debtor and has no emotional attachment, rancor, or acrimony in this case. Rather, the Trustee has a specific list of duties to perform pursuant to Bankruptcy Code §§ 1106(a) and 1108. Among his duties, he is to investigate “the operation of the debtor’s business and the desirability of the continuance of such business, and any other matter relevant to the case or to the formulation of a plan.” 11 U.S.C. § 1106(a). He is accountable for property that he receives. 11 U.S.C. § 704(a)(2). And he is authorized to operate the Debtor’s business. 11 U.S.C. § 1108. Of course, the primary underlying duty to be performed by the Trustee is to maximize returns to creditors.

The Trustee is performing his duties. He is operating the Debtor’s business as a fiduciary to its creditors, including the Copyright Creditors. He is investigating the operation of the Debtor’s business and the desirability to continue the business. In due time, he will determine the feasibility of a plan or, if advisable, recommend conversion or dismissal of the Case. The Motion is a key step to his ultimate determination.

⁹ Conversion Motion at p. 5.

SUMMARY OF ISSUES RAISED BY THE OPPOSITION

The Motion presents a possible option for rehabilitation and long-term reorganization. The Motion also presents a path to liquidation, which is not anticipated to provide any meaningful distribution to non-priority unsecured creditors—perhaps none at all. Given both options, the Copyright Creditors urge both the Trustee and the Court to “shutter” the Debtor’s self-selected viewing service, which may render reorganization impossible and is anticipated to substantially diminish both the amount and the prospects of any dividend to creditors. This choice appears to be against the Copyright Creditors’ own financial interest. But perhaps it is a vestigial artifact of the prior acrimony between the Debtor and the Copyright Creditors. It may also reflect that the Debtor and the Copyright Creditors are, to some extent, competitors.

From the Trustee’s perspective, the Copyright Creditors’ preference is not based on the prospect of a maximizing returns to creditors. The Trustee is not operating or investigating the Debtor based on emotion and cannot succumb to what appears to be competitive motivations of some of the Debtors’ creditors. The Trustee’s only aim is to fulfil his statutory obligation to minimize and avoid additional claims, liability, and legal expense, and to maximize returns to creditors. Because the relief requested in the Motion represents the Trustee’s reasonable business judgment in furtherance of these duties, the Motion should be granted.

The Copyright Creditors raise three basic objections: (i) a misguided concern that the Motion seeks to “end-run” the California Court’s injunction; (ii) a premature assertion that the Debtor has no hope of rehabilitating or “satisfying” the \$62.4 million judgment; and (iii) an erroneous argument that the Motion does not reveal relevant facts, and thus, the Trustee cannot show “good cause” for the relief requested. The first objection is a mirage, the second is premature and inapposite, and the third misstates the applicable standard and ignores the Trustee’s business judgment.

Moreover, the implementation of the DVR Model most likely is a transaction in the ordinary-course of the Debtor's business, and does not even require Court approval. For the reasons stated in the Motion and this Reply, the Trustee asks the Court to approve the Motion and authorize the Debtor to implement the DVR Model.

ARGUMENT

I. The Motion Does Not Seek to “End-Run” the California Court Injunction.

The Copyright Creditors' first argument—that the Motion seeks to end-run the California Court injunction—misleadingly paints a simple reservation of rights as a “thinly disguised effort to have this Court bless the DVR Model, shortcutting the judicial process that would be required for the Trustee to have the DVR Model approved to apply to the Copyright Creditors' works.”¹⁰ To be clear, the Trustee is not asking this Court to “shortcut” any judicial process, to “bless” the application of the DVR Model to the Copyright Creditors' works, or even to interpret the California Court's injunction and whether it extends to the DVR Model. The Copyright Creditors ignore the plain statement in the Motion that the “Trustee will continue to direct the Debtor not to apply the DVR Model to any copyrighted works of the Copyright Creditors, their parents, subsidiaries, and affiliates.”¹¹ The Trustee wants peace, not conflict. While his best efforts to settle the Debtor's disputes with the Copyright Creditors have not yet borne fruit, the Trustee aims to avoid and minimize litigation and attendant legal expense.

The Trustee has not, and will not, ask this Court to make a ruling that authorizes the application of the DVR Model to the Copyright Creditors' works. If the Trustee makes any determination that relates to the application of the DVR Model to the Copyright Creditors' works, he will, as the Copyright Creditors suggest, “follow proper legal procedure,” which may include obtaining a judgment from the California Court (or

¹⁰ Copyright Creditors' Objection at p. 10.

¹¹ Motion at ¶ 14.

another non-bankruptcy court of competent jurisdiction) that doing so would not violate its injunction. The Trustee has no such ambitions at this time.

The Copyright Creditors' argument is a straw-man. The Court should not become distracted by the façade set up by the Copyright Creditors so that they can knock it down. Instead, the Court should focus on the question actually posed by the Motion, which has *nothing* to do with the Copyright Creditors' copyrighted works. The Trustee has no "dog in the fight" that occurred prior to his appointment. The Copyright Creditors are, to the Trustee, just unsecured creditors holding a claim. The Debtor is nothing more than a business in chapter 11 bankruptcy, with an obligation to maximize returns to creditors. As explained below, the Trustee believes that implementing the DVR Model presents the best possible means to maximize returns to creditors. *That* is his focus, and he respectfully asks that the Court approve his determination, or simply to clarify that Court approval is not required.

II. Issues of "Rehabilitation" and "Feasibility" are not Before the Court, and are Inapposite to the Relief Requested in the Motion.

The Copyright Creditors argue that a liquidation is inevitable because of the Debtor's post-petition losses and because the Trustee does not explain "how the DVR Model will contribute to a viable reorganization plan that can satisfy the Copyright Creditors' \$62.4 million judgment." The Copyright Creditors' Objection is, at its core, based on hypotheticals that are inapposite to the Motion. A possible liquidation, a non-existent plan of reorganization, and allegedly "inevitable" litigation are not before the Court. None of these alleged concerns are relevant to the Motion. The only matter before the Court is a request to approve the Trustee's business-judgment. Although the Copyright Creditors' "concerns," are irrelevant, the Trustee will address each in turn.

To begin with, a liquidation is not inevitable in the Trustee's view. At the very least, it is premature. The Debtor is a profit-earning company with multiple lines of business and streams of revenue. While it is true that the Debtor spent substantial sums

of money on attorneys and litigation *before* the Trustee was appointed, that occurred *before* the Trustee was appointed. The Debtor is no longer involved in a multi-day trial in California. The legal costs incurred since the Trustee was appointed are far less than what the Debtor incurred under prior management. Unless the Copyright Creditors are determined to litigate the Debtor out of existence, the Trustee does not expect legal costs to be as high as they were before his appointment.

Since the Trustee was appointed, the Debtor's business prospects have steadily improved. The Debtor is releasing a much-anticipated episodic series, *The Chosen*, which the Trustee expects to be profitable. The Debtor's other original content also continues to be profitable. Further, by transitioning to the DVR Model, the Debtor's main line of business (self-selected viewing services) is anticipated to improve, both in terms of customer-experience and decreased costs for the Debtor. Attached hereto as Exhibit A is an adjusted profit & loss statement for the Debtor from January 1, 2019, through October 31, 2019. As shown by the adjustments, the DVR Model will substantially reduce "tagging" costs incurred by the Debtor under the present model. Moreover, if the Debtor's income is considered *without* the enormous bankruptcy and litigation fees incurred prior to the Trustee's appointment, the Debtor is a very profitable company.

A transition to the DVR Model will not increase potential liabilities or automatically invite litigation. In the Trustee's judgment, it is little more than a technology upgrade that allows the Debtor to provide self-selected viewing services with a *decreased* risk of liability. The only parties who have shown an interest in litigating are the Copyright Creditors, and the Motion does not seek authorization to apply the DVR Model to the Copyright Creditors' works. Liquidation is far from inevitable. Rather, it appears more likely than not that the Debtor's value to creditors will be maximized if it remains a going concern. In contrast, if the self-selected viewing line of business is "shuttered," as the Copyright Creditors request, the adverse effect on revenues, the business, and the prospects of reorganization potentially will be devastating. The Copyright Creditors may

argue that the financial consequences of moving from the Stream-Based Model to the DVR Model are uncertain. The Copyright Creditors may argue that customers could react negatively to the change, and that revenues could dip. The Trustee anticipates that revenues from the self-selected viewing services will continue to experience the same growth under the DVR Model that occurred under the Stream-Based Model. But shuttering the business is **certain** to have a devastating and material adverse effect.

Similarly, it is premature to consider arguments related to a chapter 11 plan. The Trustee is not presently proposing, and has not proposed, a plan. Certainly, the Trustee has not proposed a plan, on the one hand, that contemplates a 100% payment of the Copyright Creditors' claim or, on the other hand, somehow runs afoul of the "absolute priority" rule. There is nothing in the Bankruptcy Code that requires 100% payment to unsecured creditors to confirm a plan of reorganization. Thus, even if the Court considers the "feasibility" argument, the present size of the Copyright Creditors' judgment is totally irrelevant. Moreover, the Trustee has not yet determined that a plan of reorganization is the appropriate action in this case. While the outcome of the Motion is an important step in the Trustee's analysis, it is not the "be all end all" for the Trustee. The Copyright Creditors' arguments related to a non-existent plan are overreaching and premature. They have no bearing on the Motion.

Consistent with the overall theme of their Objection—an exercise in hypotheticals—the Copyright Creditors predict a doomsday scenario of endless litigation if the Court authorizes the transition to the DVR Model. As the Trustee points out above (and in the Motion), he is not seeking Court authorization to apply the DVR Model to the Copyright Creditors' works. The Debtor has not applied the Stream-Based Model to the Copyright Creditors' works, and the Trustee would not do so with the DVR Model without taking appropriate legal steps. Thus, the doomsday scenario predicted by the Copyright Creditors would have to arise from either (i) other parties who have *never* objected to the Debtor's self-selected viewing services, in any form; or (ii) a motivation

of the Copyright Creditors that is unrelated to their status as a creditor or as copyright owners. In the Trustee's judgment, the first scenario is unlikely, based on the fact that those hypothetical parties have never objected to the Debtor's self-selected viewing services, in any form, and the DVR Model appears to the Trustee to be a better (more prophylactic) means of providing self-selected viewing services. The second scenario is possible. But the Trustee cannot predict or control what the Copyright Creditors may do. If the Copyright Creditors act unreasonably, act against their own economic self-interest (at least as creditors), or continue to approach this Bankruptcy Case with a litigious and adversarial bent, the Trustee can only react in the best interests of *all* creditors.

It is not unreasonable to consider that the Copyright Creditors may want to make an "example" of this Debtor by putting it out of business. The Copyright Creditors engage, in part, in the same general business as the Debtor, which is a highly competitive market. Perhaps the Copyright Creditors believe that their interests will be better served by taking out a competitor versus receiving any payment of their claim. But the Court need not delve further into hypotheticals. More to the point, the Motion presents two options: one will result in nearly surefire liquidation, and the other could result in a viable reorganization. The Court can infer from the Copyright Creditors' support of the former, the admitted "rancor and acrimony" between them and the Debtor, the competitive realm in which they do business, and the previously filed Conversion Motion, that the Copyright Creditors' goals do not appear calculated to achieving a maximum possible return on their claim.¹² The Trustee's business-judgment, however, should not be based on the Copyright Creditors' competitive or punitive desires to liquidate the Debtor. Instead, the Court should authorize the Trustee to do what he believes to be in the best interest of the Estate.

¹² While a \$62.4 million claim is significant for most creditors, context is important. Just *one* of the Copyright Creditors, Disney, is projected to earn approximately \$69.7 **billion** in 2019. See <https://www.forbes.com/sites/greatspeculations/2019/10/08/what-is-driving-disneys-10-billion-revenue-surge-in-2019/#3d7508237d37>. The Copyright Creditors' judgment is a drop in the bucket in comparison to the overall revenues earned by the Copyright Creditors collectively.

III. The Costs to Develop and Implement the DVR Model Are Not Relevant. The Trustee is Not Seeking Permission to Use Case for this Purpose in a Manner that is Outsider the Ordinary Course of the Debtor's Business.

In what appears to be another “straw man” argument, the Copyright Creditors argue that the Motion needs more detail regarding the expense of developing and implementing the DVR Model and suggest that the Court should not allow the Trustee to devote the estate's resources to this end. Perhaps the Copyright Creditors are concerned that the Trustee intends to spend millions of dollars on research and development. If this is their concern, it is based upon a grossly erroneous assumption.

The Debtor's current employees have the skills and experience to develop and implement the DVR Model. The day-to-day duties of the Debtor's existing employees already include (a) maintaining the Debtor's existing technologies and services, (b) improving and perfecting the technologies and services the Debtor offers, and (c) identifying, developing and implementing innovations and technological improvements aimed to enhance customer experience, increase sales and improve the Debtor's profitability. Charles Darwin said: “it is not the strongest or the most intelligent who will survive but those who can best manage change.” In this era of fast-paced innovation and technological improvement, a business such as the Debtor's cannot be satisfied with maintaining existing business models and a mindset that says “We've always done it this way, so why not continue the same way?” If the Debtor does not continue to innovate and evolve, then it cannot survive.

In short, the Trustee anticipates that the DVR Model will be developed and implemented simply by focusing a modest amount of existing employee time on the jobs and tasks that they already are paid to do. Pursuant to Bankruptcy Code §§ 1108 and 363(c), the Trustee has the authority to direct employee activities and even to incur and pay third-party expenses in the ordinary course of business. The Court should not fall into the trap of treating this as a motion to use cash collateral. The Judgment Creditors are not secured creditors, and they do not have a lien on the Debtor's cash.

IV. Authorizing the Transition to the DVR Model is in the Best Interest of the Estate.

Under applicable law, the Court should not “entertain objections to a trustee's conduct of the estate where that conduct involves a business judgment made in good faith, upon a reasonable basis, and within the scope of his authority under the Code.” In re Curlew Valley Assocs., 14 B.R. 506, 513–14 (Bankr. D. Utah 1981). “In other words, so long as the trustee can articulate reasons for his conduct (as distinct from a decision made arbitrarily or capriciously), the court will not inquire into the basis for those reasons.” Id. at 514, fn. 11; see also In re JL Building, LLC, 452 B.R. 854, 859 (Bankr. D. Utah 2011) (applying Curlew Valley standard to a sale outside of the ordinary course of the Debtor’s business); Allen v. Absher (In re Allen), 607 Fed.Appx. 840, 844 (10th Cir. 2015) (unpublished opinion) (affirming the bankruptcy court's finding that the sale transaction was within the trustee's sound business judgment because the record included evidentiary support for the trustee's actions and no evidence of bad faith); c.f. In re CS Mining, LLC, 574 B.R. 259 (Bankr. D. Utah 2017) (“In multiple cases, this Court has stated that it will not second-guess the Debtor's business judgment when reasonable, exercised in good faith, and within the scope of the Code.”).

The Motion “articulates” several reasons for the Trustee’s **business decision** to update and upgrade the Debtor’s self-selected viewing service by implementing the DVR Model. The Trustee believes that the DVR Model will “mitigate the risk of potential claims and litigation, in light of prior concerns raised by the [Copyright Creditors] that may impact issues raised by other copyright owners.”¹³ This belief is based on the prior concerns raised by the Copyright Creditors and the Trustee’s understanding of the arguable flaws in the Debtor’s former technological approach, which were criticized by Judge Andre Birotte in the California Litigation. The Trustee also believes that the DVR Model will add new features and improve customer experience, at less cost to the

¹³ Motion at ¶ 10.

Debtor (due to the reduced “tagging” costs). Finally, the Motion points out the obvious—self-selected viewing services are a major source of the Debtor’s business. An opportunity to continue that line of business while mitigating the risk of potential claims is a significant boon to the Debtor’s potential for reorganization. Specifically, revenues from the Debtor’s Stream-Based Model represent approximately 67.5% of all revenues for the Debtor since its Petition Date. The DVR Model will provide the same basic service to the Debtor’s customers, but in the Trustee’s view, it is a “better alternative design” to the Stream-Based Model. It makes sense to implement this upgrade.

Additionally, the upgrade to the DVR Model will be relatively inexpensive. The Debtor estimates that, beyond continuing to pay existing employees, the transition will cost only \$10,000 in technology expenses. In short, the “costs” to develop and implement the DVR Model are practically nothing. The potential benefits to upgrading are significant. This is another reason to approve the Motion.

The Copyright Creditors cannot show that the Trustee’s exercise of business judgment to implement the DVR Model was not made in good faith, upon a reasonable basis, and within the scope of his authority. Certainly, they cannot show that the Trustee’s decision was arbitrary or capricious. For all of the reasons stated by the Trustee, and based on the Copyright Creditors’ inability to challenge the Trustee’s business judgment, the Court should approve the Motion.

V. The Upgrade to the DVR Model is an Ordinary Course Transaction.

It is worth mentioning that the Motion probably did not need to be filed. The Debtor regularly upgrades its technology, and the services the Debtor provides constantly evolve. The Motion does not seek authority to use cash collateral, incur new debt, or sell a major asset. It proposes a technological shift in how the Debtor provides self-selected viewing services to consumers. This upgrade will be developed and implemented using the Debtor’s existing staff, with only minimal additional expenses to the Debtor. The experience for the Debtor’s customers should improve. The proposed

upgrade to the DVR Model is almost certainly a transaction in the ordinary course of the Debtor's business. However, "almost" still leaves risk, and given the history between the Debtor and the Copyright Creditors, the Trustee thought it best to be cautious and provide notice and an opportunity to object. In contrast, if the Court determines that the DVR Model should not be implemented and the Debtor's self-selected viewing services be "shuttered," that *would* be a transaction outside of the ordinary course of the Debtor's business and would require an order from the Court. Finally, as a general matter, the Trustee tends to believe that more notice is better than less notice.

Because the Trustee is authorized to operate the Debtor's business, the Court could approve the Motion on the basis of Bankruptcy Code §§ 363 and 1108 alone. Alternatively, the Court could simply deny the request to abandon the filtering-based line of business as a transaction that is not in the best interest of the Estate (the Trustee believes that abandoning the Debtor's self-selected viewing line of business would not be in the best interest of the Estate). Whichever route the Court chooses to take, it *should* approve the Trustee's decision to implement the DVR Model.

CONCLUSION

The Trustee was appointed because the Court determined, after input from the Copyright Creditors and the Debtor, that his appointment would be in the best interest of the Estate. The Trustee takes his duties seriously and is doing his best to act in the best interest of all creditors and parties-in-interest. He understands the Copyright Creditors' apparent desire to put the Debtor out of business, but he does not agree with it, at least not at this time based upon his investigation to this point and his current understanding. Certainly, it is too soon to make that call. Although the Trustee cannot predict the future, including the ultimate success of the DVR Model, the Trustee believes that the upgrade to the DVR Model presents the most viable option to maximize returns to creditors and allow the Debtor the possibility to meaningfully reorganize. These are two of the most fundamental concerns of the Bankruptcy Code. The Court should approve the Motion.

Dated: December 5, 2019

COHNE KINGHORN P.C.

/s/ Jeffrey Trousdale

GEORGE HOFMANN

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EXHIBIT A

VidAngel Inc.
Adjusted Profit and Loss
For the Period January 1 through October 31, 2019

	<u>Total</u>	<u>Adjustments</u>	<u>Adjusted Totals</u>
Income			
4000 Subscription Revenue	4,773,042.99		4,773,042.99
4001 Media Revenue	709,159.51		709,159.51
4002 Tip Revenue	16,818.32		16,818.32
4003 Rental Revenue	61,287.75		61,287.75
4004 Advertising Revenue	1,469,569.35		1,469,569.35
4005 Product Revenue	21,990.82		21,990.82
4006 Donation Revenue	(19.00)		(19.00)
4009 Ticket Revenue	186,162.93		186,162.93
4011 Concession Revenue	40,219.05		40,219.05
4013 Venue Revenue	7,375.00		7,375.00
4014 Services Revenue	652,000.00		652,000.00
4015 Media Sales Revenue	-		-
4098 Incentives Allowance	(134,069.86)		(134,069.86)
4099 Customer Credit Allowance	(31,092.55)		(31,092.55)
Total Income	\$ 7,772,444.31		\$ 7,772,444.31
Cost of Goods Sold			
5000 Cost of Goods Sold			
5010 Video Tagging Labor- COGS	221,194.74	(121,194.74) (A)	100,000.00
5020 Licensing - COGS	272,597.22		272,597.22
5021 Licensing - Product Sales	178,185.69		178,185.69
5025 DBL Licensing - COGS	10,346.25		10,346.25
5030 Subcontractors - COGS			
5031 Production Labor	235,324.10		235,324.10
5032 Comedians	301,457.54		301,457.54
5033 Venue Labor	47,817.23		47,817.23
5034 Post Production Labor	42,676.94		42,676.94
Total 5030 Subcontractors - COGS	\$ 627,275.81		\$ 627,275.81
5040 Supplies & Materials - COGS			
5041 Production Equipment Rental - COGS	72,816.25		72,816.25
5042 Production Equipment - COGS	12,341.39		12,341.39
5043 Misc Production Costs - COGS	39,716.78		39,716.78
5044 Set Materials & Labor	143,400.00		143,400.00
5047 Concessions - COGS	28,904.51		28,904.51
5049 Miscellaneous - COGS	5,010.66		5,010.66
Total 5040 Supplies & Materials - COGS	\$ 302,189.59		\$ 302,189.59
5050 Freight & delivery - COGS	40,835.21		40,835.21
5060 Other Costs - COGS	72,527.42		72,527.42
5070 Hosting - COGS	437,935.69		437,935.69
5090 Credit Card Fees - COGS	248,941.67		248,941.67

VidAngel Inc.
Adjusted Profit and Loss
 For the Period January 1 through October 31, 2019

	<u>Total</u>	<u>Adjustments</u>	<u>Adjusted Totals</u>
5100 Movie Inventory-COGS	3,360.10		3,360.10
Total 5000 Cost of Goods Sold	\$ 2,415,389.39		\$ 2,294,194.65
Total Cost of Goods Sold	\$ 2,415,389.39		\$ 2,294,194.65
Gross Profit	\$ 5,357,054.92		\$ 5,478,249.66
Expenses			
6000 Payroll Expenses			
6001 Salaries & Wages	2,462,899.92	(291,666.67) (B)	2,171,233.25
6002 Payroll Taxes	182,208.78		182,208.78
Total 6000 Payroll Expenses	\$ 2,645,108.70		\$ 2,353,442.03
6100 Employee Benefits			
6110 Medical Insurance	360,329.29		360,329.29
6190 Misc Employee Benefits	22,464.17		22,464.17
Total 6100 Employee Benefits	\$ 382,793.46		\$ 382,793.46
6200 Facilities			
6201 Rent	156,300.00		156,300.00
6203 Repair & Maintenance	22,929.18		22,929.18
6204 Office Supplies	16,263.61		16,263.61
6205 Utilities	26,404.14		26,404.14
6206 Cell Phone	2,239.58		2,239.58
6207 Insurance	61,013.10		61,013.10
6210 Meals and Entertainment	42,492.64		42,492.64
Total 6200 Facilities	\$ 327,642.25		\$ 327,642.25
6500 Computer & Software			
6501 Computer Equipment	10,093.30		10,093.30
6502 Software	93,625.00		93,625.00
Total 6500 Computer & Software	\$ 103,718.30		\$ 103,718.30
6700 Outside Services			
6701 Legal Fees	1,879,607.18	(1,867,838.49) (C)	11,768.69
6702 Accounting	71,083.13		71,083.13
6703 Consulting	454,754.12		454,754.12
Total 6700 Outside Services	\$ 2,405,444.43		\$ 537,605.94
6800 Travel			
6801 Airfare	25,460.19		25,460.19
6802 Hotel	21,626.76		21,626.76
6803 Parking/Transportation	8,274.47		8,274.47
6804 Travel Meals	4,205.78		4,205.78
6805 Other	1,040.08		1,040.08
Total 6800 Travel	\$ 60,607.28		\$ 60,607.28

VidAngel Inc.
Adjusted Profit and Loss
For the Period January 1 through October 31, 2019

	<u>Total</u>	<u>Adjustments</u>	<u>Adjusted Totals</u>
7000 Marketing			
7001 Advertising	241,290.54		241,290.54
7002 Public Relations	124,282.58		124,282.58
7005 Market Research	764.11		764.11
7006 Promotional	146,899.46		146,899.46
7007 Video Production	5,852.19		5,852.19
7008 Website Expenses	378.35		378.35
7009 Affiliate Marketing	185.15		185.15
7010 Email Marketing	63,035.63		63,035.63
Total 7000 Marketing	\$ 582,688.01		\$ 582,688.01
7500 Miscellaneous			
7502 Dues & Subscriptions	115,742.49		115,742.49
7504 Freight & Delivery	409.71		409.71
7506 Taxes & Licenses	89,248.85		89,248.85
7507 Other General and Admin Expenses	219.92		219.92
7510 Bank Charges	5,163.32		5,163.32
Total 7500 Miscellaneous	\$ 210,784.29		\$ 210,784.29
Total Expenses	\$ 6,718,786.72		\$ 4,559,281.56
Net Operating Income	\$ (1,361,731.80)		\$ 918,968.10

NOTES:

Note A - To adjust for reduction in expense based on new DVR operating model.

Note B - To adjust for reduction in salary related to in-house counsel.

Note C - To adjust for legal expenses related to litigation and bankruptcy reorganization. See attached schedule of legal expenses.

VidAngel Inc.
Legal Expenses
 January 1 through October 31, 2019

Date	Transaction Type	Num	Name	Memo/Description	Account	Amount
Legal Fees and Costs Related to Disney Litigation and Bankruptcy Reorganization						
05/30/2019	Expense		American Airlines	Flight for Bill Duckworth as witness in Hearing	6701 Outside Services:Legal Fees	246.30
05/30/2019	Expense		American Airlines	Aisle seat charges for flights for Bill Duckworth as witness in Hearing	6701 Outside Services:Legal Fees	44.13
05/30/2019	Expense		American Airlines	Flight home for Bill Duckworth as witness in Hearing	6701 Outside Services:Legal Fees	422.00
02/28/2019	Bill	892968	Analysis Group Inc.	Disney v. VidAngel Professional Services AG Case No: 028880 through Feb 28, 2019	6701 Outside Services:Legal Fees	18,371.50
03/11/2019	Bill	892221	Analysis Group Inc.	Disney v. VidAngel Professional Services AG Case No: 032059 through October 24th, 2017	6701 Outside Services:Legal Fees	5,604.00
03/31/2019	Bill	894067	Analysis Group Inc.	Disney v. VidAngel Professional Services AG Case No: 028880 through Mar 31, 2019	6701 Outside Services:Legal Fees	77,797.00
04/30/2019	Bill	894777	Analysis Group Inc.	Disney v. VidAngel Professional Services AG Case No: 028880 through Apr 30, 2019	6701 Outside Services:Legal Fees	20,154.00
05/31/2019	Bill	895644	Analysis Group Inc.	Disney v. VidAngel Professional Services AG Case No: 028880 through May 31, 2019	6701 Outside Services:Legal Fees	21,091.00
01/31/2019	Bill	13589	Baker Marquart LLP	Legal services regarding Disney v. VidAngel Matter #1238-003 through 1/31/2019	6701 Outside Services:Legal Fees	46,230.75
01/31/2019	Bill	13589	Baker Marquart LLP	Legal expenses through 1/31/2019	6701 Outside Services:Legal Fees	101.57
02/28/2019	Bill	13648	Baker Marquart LLP	Legal services regarding Disney v. VidAngel Matter #1238-003 through 2/28/2019	6701 Outside Services:Legal Fees	34,477.65
02/28/2019	Bill	13648	Baker Marquart LLP	Legal expenses through 2/28/2019	6701 Outside Services:Legal Fees	310.64
03/31/2019	Bill	13742	Baker Marquart LLP	Legal expenses through 3/31/2019	6701 Outside Services:Legal Fees	9,156.19
03/31/2019	Bill	13742	Baker Marquart LLP	Legal services regarding Disney v. VidAngel Matter #1238-003 through 3/31/2019	6701 Outside Services:Legal Fees	3,794.85
04/30/2019	Bill	13805	Baker Marquart LLP	Legal services regarding Disney v. VidAngel Matter #1238-003 through 4/30/2019	6701 Outside Services:Legal Fees	139.05
04/30/2019	Bill	13805	Baker Marquart LLP	Legal expenses through 4/30/2019	6701 Outside Services:Legal Fees	4,220.11
05/13/2019	Bill		Bill Duckworth	Expert witness payment for time spent in deposition	6701 Outside Services:Legal Fees	1,697.50
06/25/2019	Bill		Bill Duckworth	Transportation and meal expenses during trial	6701 Outside Services:Legal Fees	139.19
06/25/2019	Bill		Bill Duckworth	Expert Witness Services for trial	6701 Outside Services:Legal Fees	10,000.00
01/31/2019	Bill	34314	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 January Services	6701 Outside Services:Legal Fees	6,950.00
02/28/2019	Bill	35292	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 February Services	6701 Outside Services:Legal Fees	53,330.00
03/31/2019	Bill	35799	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 March Expenses	6701 Outside Services:Legal Fees	1,777.68
03/31/2019	Bill	35799	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 March Services	6701 Outside Services:Legal Fees	179,800.00
04/30/2019	Bill	36493	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 April Services	6701 Outside Services:Legal Fees	177,350.00
04/30/2019	Bill	36493	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 April Expenses	6701 Outside Services:Legal Fees	2,257.61
05/31/2019	Bill	37213	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 May Services	6701 Outside Services:Legal Fees	308,710.00
05/31/2019	Bill	37213	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 May Services Discount	6701 Outside Services:Legal Fees	(220,000.00)
05/31/2019	Bill	37213	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 May Expenses	6701 Outside Services:Legal Fees	2,344.55
06/19/2019	Bill	37412	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 June Expenses	6701 Outside Services:Legal Fees	875.50
06/19/2019	Bill	37412	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 June Services	6701 Outside Services:Legal Fees	330,310.00
06/30/2019	Bill	38339	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 June Expenses	6701 Outside Services:Legal Fees	41,870.44
06/30/2019	Bill	38339	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 June Services	6701 Outside Services:Legal Fees	7,000.00
07/31/2019	Bill	39077	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 July Services	6701 Outside Services:Legal Fees	21,760.00
07/31/2019	Bill	39077	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 July Expenses	6701 Outside Services:Legal Fees	1,268.91
08/31/2019	Bill	39659	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 August Services	6701 Outside Services:Legal Fees	14,260.00
08/31/2019	Bill	39659	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 August Expenses	6701 Outside Services:Legal Fees	394.78
09/30/2019	Bill	40308	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 Sept Services	6701 Outside Services:Legal Fees	6,520.00
09/30/2019	Bill	40308	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 Sept Expenses	6701 Outside Services:Legal Fees	162.13

VidAngel Inc.
Legal Expenses
 January 1 through October 31, 2019

Date	Transaction Type	Num	Name	Memo/Description	Account	Amount
10/31/2019	Bill	41376	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 Oct Expenses	6701 Outside Services:Legal Fees	999.35
10/31/2019	Bill	41376	Call & Jensen	Disney V. VidAngel Trial Matter VID02-02 Oct Services	6701 Outside Services:Legal Fees	45,700.00
06/06/2019	Check	1234	Chia Mei Jui, CSR	Court Reporter Transcript fee	6701 Outside Services:Legal Fees	1,200.00
03/01/2019	Bill	194954	DepotmaxMerit Litigation Services	Original and certified transcript for Bill Aho	6701 Outside Services:Legal Fees	991.79
03/25/2019	Bill	M-242833	Epiq Court Reporting	Deposition transcript for Jarom McDonald	6701 Outside Services:Legal Fees	1,364.45
03/25/2019	Bill	M-242985	Epiq Court Reporting	Deposition transcript for Patrick Reilly	6701 Outside Services:Legal Fees	1,145.85
03/26/2019	Bill	M-243368	Epiq Court Reporting	Deposition transcript for Neal Harmon	6701 Outside Services:Legal Fees	2,678.40
03/27/2019	Bill	M-243496	Epiq Court Reporting	Deposition transcript for Bill Aho	6701 Outside Services:Legal Fees	481.50
08/01/2019	Bill	M-246570	Epiq Court Reporting	Deposition Jeffrey H Ph.D. Kinrich transcript	6701 Outside Services:Legal Fees	594.20
05/30/2019	Expense		Hilton	Hotel for Bill Duckworth as witness in Hearing	6701 Outside Services:Legal Fees	849.92
09/09/2019	Check	TA 130	International Sureties, Ltd.	Chapter 11 Bond Fee in Bankruptcy Case	6701 Outside Services:Legal Fees	12,030.00
06/05/2019	Bill	INV13024	Ipro Tech LLC	TrialDirector Software subscription needed for trial	6701 Outside Services:Legal Fees	589.88
01/25/2019	Expense	Wire 01.25.19	Jay Philpot	Consulting Services (1/20/19 - 2/19/19)	6701 Outside Services:Legal Fees	30,000.00
02/20/2019	Bill		Jay Philpot	Legal Services for 02/20 - 03/20	6701 Outside Services:Legal Fees	30,000.00
03/21/2019	Bill		Jay Philpot	Legal Services for 03/21 - 04/20	6701 Outside Services:Legal Fees	30,000.00
04/17/2019	Bill		Jay Philpot	Legal Services for 04/21 - 05/20	6701 Outside Services:Legal Fees	30,000.00
05/21/2019	Bill		Jay Philpot	Legal Services for 05/21 - 06/20	6701 Outside Services:Legal Fees	30,000.00
07/01/2019	Bill		Jay Philpot	Legal Services for 06/21 - 07/20	6701 Outside Services:Legal Fees	30,000.00
04/11/2019	Bill	265088	Kusar Legal Services, Inc.	Transcript for Witness Robert Schumann in Case: Disney v. VidAngel	6701 Outside Services:Legal Fees	1,695.90
05/20/2019	Bill		Midwest Reporters, Inc.	Videotape Deposition Testimony of William Duckworth	6701 Outside Services:Legal Fees	1,453.00
01/31/2019	Bill	1212747	Parsons Behle & Latimer	Legal Expenses January	6701 Outside Services:Legal Fees	515.62
01/31/2019	Bill	1212747	Parsons Behle & Latimer	Bankruptcy Case Legal Services January 31, 2019	6701 Outside Services:Legal Fees	75,480.00
02/28/2019	Bill	1217692	Parsons Behle & Latimer	Bankruptcy Case Legal Services February 28, 2019	6701 Outside Services:Legal Fees	13,682.00
02/28/2019	Bill	1217692	Parsons Behle & Latimer	Legal Expenses February	6701 Outside Services:Legal Fees	100.90
03/31/2019	Bill	1222621	Parsons Behle & Latimer	Legal Expenses March	6701 Outside Services:Legal Fees	595.75
03/31/2019	Bill	1222621	Parsons Behle & Latimer	Bankruptcy Case Legal Services March 31, 2019	6701 Outside Services:Legal Fees	16,389.00
05/31/2019	Bill	1232724	Parsons Behle & Latimer	Legal Expenses May & April	6701 Outside Services:Legal Fees	56.85
05/31/2019	Bill	1232724	Parsons Behle & Latimer	Bankruptcy Case Legal Services through May 31, 2019 (includes April)	6701 Outside Services:Legal Fees	19,372.50
06/30/2019	Bill	1238535	Parsons Behle & Latimer	Bankruptcy Case Legal Services through June 30, 2019 (and July 1st)	6701 Outside Services:Legal Fees	47,039.50
06/30/2019	Bill	1238535	Parsons Behle & Latimer	Legal Expenses June	6701 Outside Services:Legal Fees	94.80
07/31/2019	Bill	1243333	Parsons Behle & Latimer	Bankruptcy Case Legal Services through July 31, 2019	6701 Outside Services:Legal Fees	55,292.00
07/31/2019	Bill	1243333	Parsons Behle & Latimer	Legal Expenses July	6701 Outside Services:Legal Fees	533.65
08/31/2019	Bill	1248461	Parsons Behle & Latimer	Bankruptcy Case Legal Services through Aug 31, 2019	6701 Outside Services:Legal Fees	46,405.50
08/31/2019	Bill	1248461	Parsons Behle & Latimer	Legal Expenses August	6701 Outside Services:Legal Fees	1,026.96
09/30/2019	Bill	1254265	Parsons Behle & Latimer	Bankruptcy Case Legal Services through Sept 30, 2019	6701 Outside Services:Legal Fees	3,622.00
09/30/2019	Bill	1254265	Parsons Behle & Latimer	Legal Expenses Sept	6701 Outside Services:Legal Fees	309.94
06/06/2019	Check	1233	Pat Cuneo, CSR 1600	Court Reporter Transcript fee	6701 Outside Services:Legal Fees	1,200.00
06/10/2019	Bill		Pat Cuneo, CSR 1600	Remaining balance due for daily transcripts of trial	6701 Outside Services:Legal Fees	156.60
03/29/2019	Bill	663831	TSG Reporting, Inc.	Transcript for Witness Derek Grey in Case: Disney v. VidAngel	6701 Outside Services:Legal Fees	1,570.25
03/29/2019	Bill	663832	TSG Reporting, Inc.	Videographer for Witness Derek Grey in Case: Disney v. VidAngel	6701 Outside Services:Legal Fees	1,440.00

VidAngel Inc.
Legal Expenses
January 1 through October 31, 2019

Date	Transaction Type	Num	Name	Memo/Description	Account	Amount
04/30/2019	Bill	OC3753956	Veritext, LLC	Transcript services for Expert Witness William Barnett	6701 Outside Services:Legal Fees	1,094.55
05/01/2019	Bill	OC3758292	Veritext, LLC	Transcript services for Expert Witness Robin Russell	6701 Outside Services:Legal Fees	993.20
09/30/2019	Journal Entry	253	Winston & Strawn	Accrued Legal Expenses Winston & Strawn LLP for Sept 2019	6701 Outside Services:Legal Fees	35,000.00
10/31/2019	Journal Entry	275	Winston & Strawn	Accrued Legal Expenses Winston & Strawn LLP for Oct 2019	6701 Outside Services:Legal Fees	50,000.00
07/24/2019	Deposit			Reimbursement for hotel payment	6701 Outside Services:Legal Fees	(3,350.16)
08/31/2019	Journal Entry	844		Accrued Trustee Expenses for August 2019	6701 Outside Services:Legal Fees	5,000.00
09/30/2019	Journal Entry	253		Accrued Trustee Expenses for Sept 2019	6701 Outside Services:Legal Fees	32,503.81
10/31/2019	Journal Entry	275		Accrued Trustee Expenses for Oct 2019	6701 Outside Services:Legal Fees	19,000.00

Total Legal Fees and Costs Related to Disney Litigation and Bankruptcy Reorganization

1,867,838.49

Other Legal Fees and Costs

01/09/2019	Expense		Amazon	Thank you bonus sent to Rick Franklin from Neal for legal services	6701 Outside Services:Legal Fees	745.63
06/10/2019	Expense		Airbnb	Hotel stay for Marcus Mumford and family for trial in LA (Harmon Brothers)	6701 Outside Services:Legal Fees	\$ 3,350.16
02/01/2019	Bill	5004737415-00	CT Corporation	Legal Services: Amendment Delaware, State Computer Access Fee's: Delaware	6701 Outside Services:Legal Fees	452.00
02/28/2019	Bill	659525	Durham Jones and Pinegar, P.C.	Legal Services regarding ClearPlay through 02/28/19	6701 Outside Services:Legal Fees	380.00
02/28/2019	Bill	661863	Durham Jones and Pinegar, P.C.	Legal Services regarding fee application through 02/28/19	6701 Outside Services:Legal Fees	205.00
04/05/2019	Bill	663167	Durham Jones and Pinegar, P.C.	Legal Services regarding ClearPlay through 03/31/19	6701 Outside Services:Legal Fees	798.00
04/30/2019	Bill	667293	Durham Jones and Pinegar, P.C.	Legal Services regarding ClearPlay through 04/30/19	6701 Outside Services:Legal Fees	342.00
01/31/2019	Bill	192540	Strong & Hanni, P.C.	HLS National Stage matter through 1/31/19	6701 Outside Services:Legal Fees	243.00
02/28/2019	Bill	193794	Strong & Hanni, P.C.	HLS National Stage matter through 2/28/2019	6701 Outside Services:Legal Fees	28.50
04/30/2019	Bill	196333	Strong & Hanni, P.C.	HLS National Stage matter through 4/30/2019	6701 Outside Services:Legal Fees	228.00
05/31/2019	Bill	198248	Strong & Hanni, P.C.	General Business services through May 31, 2019	6701 Outside Services:Legal Fees	199.50
08/31/2019	Bill	202387	Strong & Hanni, P.C.	'677 Pat App (Tipping) Legal Services through August 31st	6701 Outside Services:Legal Fees	1,704.00
08/31/2019	Bill	202388	Strong & Hanni, P.C.	China HLS National Stage Legal Services through August 31st	6701 Outside Services:Legal Fees	135.00
09/30/2019	Bill	204110	Strong & Hanni, P.C.	China HLS National Stage Legal Services through Sept 30th	6701 Outside Services:Legal Fees	162.00
09/30/2019	Bill	204111	Strong & Hanni, P.C.	General Patent Legal Services through Sept 30th	6701 Outside Services:Legal Fees	270.00
10/31/2019	Bill	205496	Strong & Hanni, P.C.	EU HLS National Stage Legal Services through Oct 31st	6701 Outside Services:Legal Fees	57.00
10/31/2019	Bill	205496	Strong & Hanni, P.C.	EU HLS National Stage Legal Expenses through Oct 31st	6701 Outside Services:Legal Fees	1,170.05
10/31/2019	Bill	205495	Strong & Hanni, P.C.	'677 PAT APP (Tipping) Legal Services through Oct 31st	6701 Outside Services:Legal Fees	984.00
04/12/2019	Expense			Credit check related to ClearPlay for legal	6701 Outside Services:Legal Fees	49.95
04/12/2019	Expense			Credit check related to ClearPlay for legal	6701 Outside Services:Legal Fees	49.95
04/12/2019	Expense			Credit check related to ClearPlay for legal	6701 Outside Services:Legal Fees	39.95
05/02/2019	Expense			NATIONAL BENEFIT SERVICE billerp (Payment for creation of POP documentation)	6701 Outside Services:Legal Fees	175.00

Total Other Legal Fees

11,768.69

Total Legal Fees

\$ 1,879,607.18