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Chapter 11 Trustee of VidAngel, Inc.

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

In re

VIDANGEL, INC.

Debtor.

Bankruptcy No. 17-29073 (KRA)

Chapter 11

PLAN OF REORGANIZATION

Dated: March 5, 2020

George Hofmann, in his capacity as the Chapter 11 Trustee of VidAngel, Inc., hereby proposes the following plan of reorganization under Section 1121 of Title 11 of the United States Code.

ARTICLE I

DEFINITIONS AND CONSTRUCTION OF TERMS

For purposes of this Plan, the following terms shall have the meanings specified in this Article I. A term used but not defined herein, which is also used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. Wherever from the context it appears appropriate, each term stated shall include both the singular and the plural, and pronouns shall include the masculine, feminine and neuter, regardless of how stated. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular Section, sub-Section or clause contained in the Plan. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the terms of this Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof.

"Administrative Expense Claim" shall mean a Claim that is Allowed under Section 503(b) of the Bankruptcy Code or otherwise is allowed under this Plan, and that is entitled to priority under Section 507(a)(1) of the Bankruptcy Code and/or under Section 2.2(a)(2) of this Plan, including, without limitation,

- (a) fees and expenses of Professionals Allowed pursuant to an Order of the Bankruptcy Court,
- (b) all fees and charges assessed against the Estate pursuant to 28 U.S.C. § 1930,
- (c) Post-Effective Date fees and expenses of the Plan Administrator and his Professionals payable pursuant to Section 2.2(d)(2) of this Plan, and
- (d) other Post-Effective Date Administrative Expenses.

"Allowed" shall mean, with reference to any Claim:

- (a) a Claim that has been listed by the Debtor in its Schedules and (i) is not listed as disputed, contingent or unliquidated, and (ii) is not a Claim as to which a proof of claim has been filed;
- (b) a Claim as to which a timely proof of claim has been filed by the Bar Date and either (i) no objection thereto, or application to estimate, equitably subordinate or otherwise limit recovery, has been made on or before any applicable deadline, or (ii) if an objection thereto, or application to estimate, equitably subordinate or otherwise limit recovery has been interposed, the extent to which such Claim has been allowed (whether in whole or in part) by a Final Order, provided, however, that

notwithstanding their status as Allowed Claims as of the date of this Plan, the Copyright Creditors' Claims shall remain subject to a further determination of their extent and amount, as described further in Section 4.3 of this Plan;

(c) a Claim arising from the recovery of property under Section 550 or 553 of the Bankruptcy Code and allowed in accordance with Section 502(h) of the Bankruptcy Code; or

(d) any Claim expressly allowed under this Plan or pursuant to the Confirmation Order.

Except as otherwise specified in the Plan or any Final Order of the Bankruptcy Court, and except for any Claim that is Secured by property of a value in excess of the principal amount of such claims, the amount of an Allowed Claim shall not include any attorneys' fees, costs, penalties, or interest on such Claim occurring or incurred from and after the Petition Date.

"Avoidance Actions" shall mean Causes of Action arising or held by the Estate under Sections 502, 510, 541, 544, 545, 547, 548, 549, or 550 of the Bankruptcy Code, or under related state or federal statutes and common law, including fraudulent or avoidable transfer laws.

"Bankruptcy Case" shall mean the Debtor's case pending in the Bankruptcy Court under case number 17-29073.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, as applicable to the Bankruptcy Case.

"Bankruptcy Court" shall mean the United States Bankruptcy Court for the District of Utah in which the Bankruptcy Case is pending and, to the extent of any reference under 28 U.S.C. § 157, the unit of such District Court specified pursuant to 28 U.S.C. § 151.

"Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure as promulgated under 28 U.S.C. § 2075, and any local rules of the Bankruptcy Court.

"Bar Date" shall mean: (i) February 14, 2018, with respect to a Claim against the Estate other than a Claim of a Governmental Unit, a Credit Holders' Claim, or a Pre-Appointment Administrative Expense Claim; (ii) February 14, 2018, with respect to a Claim of a Governmental Unit against the Estate; (iii) December 13, 2019, with respect to a Pre-Appointment Administrative Expense Claim; (iv) April 17, 2020, with respect to a Credit Holders' Claim; and (v) if this Plan and/or an order of the Bankruptcy Court establishes a different bar date for a specific claim or category of Claims (e.g., rejection damages Claims or other post-Petition Date Claims), the date established by the Plan or order of the Court.

“Business Day” shall mean any day other than a Saturday, Sunday or legal holiday recognized in the State of Utah.

“California Court” shall mean the United States District Court for the Central District of California.

“California Court Judgment” shall mean that certain *Judgment* entered on September 23, 2019, by the California Court, against the Debtor and in favor of the Copyright Creditors, as such judgment may be altered or amended by the California Court or upon appeal.

“California Litigation” shall mean *Disney Enterprises, Inc., et al v. VidAngel Inc.*, case # 2:16-cv-04109-AB-PLA, in the United States District Court for the Central District of California, including any and all appeal(s) arising therefrom and related thereto.

“Cash” shall mean lawful currency of the United States of America (including wire transfers, cashier’s checks drawn on a bank insured by the Federal Deposit Insurance Corporation, certified checks and money orders).

“Causes of Action” shall mean, without limitation, any and all actions, causes of action, defenses, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, Claims or proceedings to recover money or property and demands of any nature whatsoever, whether known or unknown, in law, equity or otherwise, including, without limitation, Avoidance Actions.

“Chapter 11 Trustee” shall mean the duly-appointed chapter 11 trustee in the Case, who is presently George Hofmann.

“Claim” shall mean a claim against a Person or its property as defined in Section 101(5) of the Bankruptcy Code, including, without limitation, (i) any right to payment, whether or not such right is reduced to judgment, and whether or not such right is liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) any right to an equitable remedy for breach of performance, if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, or is fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

“Class” shall mean those classes designated in Article III of this Plan.

“Collateral” shall mean any property or interest in property of the Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.

“Confirmation Date” shall mean the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket in the Bankruptcy Case.

“Confirmation Order” shall mean the order of the Bankruptcy Court confirming the Plan pursuant to the provisions of the Bankruptcy Code, and any supplementary orders of the Bankruptcy Court issued in furtherance of the Plan.

“Contingent or Unliquidated Claim” shall mean any Claim for which a proof of claim has been filed with the Bankruptcy Court but which was not filed in a sum certain, or which has not occurred and is dependent upon a future event that has not occurred or may never occur, and which has not been Allowed.

“Convenience Claim” shall mean all General Unsecured Claims of a single holder of a type that would otherwise be included in Class 2 (or any other Class if such holder makes a Convenience Class Election) which are either (i) \$5,000 or less in the aggregate; or (ii) greater than \$5,000 in the aggregate but as to which the holder thereof has elected voluntarily to reduce the claim to \$5,000 by making a Convenience Class Election pursuant to section 4.2(d) of this Plan.

“Convenience Claim Election” shall mean an election made by the holder of any Claim on or before the Voting Deadline, to be treated as a Convenience Claim in Class 6, *provided, however*, that holders of Credit Holders’ Claims may not make a Convenience Claim Election. A Convenience Claim Election must be made in an authenticated written notice to the Chapter 11 Trustee, whereby the holder of such Claim voluntarily elects, if the Claim is, or may be, greater than \$5,000, voluntarily to reduce the amount of the Claim to \$5,000. Such an election constitutes an irrevocable waiver and release of all amounts in excess of \$5,000, any rights in Collateral and any priority. Any holder that makes a Convenience Class Election shall be deemed to release the Debtor and the Estate from any and all liability for amounts in excess of \$5,000. If a holder of a Class 2 Claim timely makes such a Convenience Class Election, its Claim shall be treated as a Class 6 Convenience Claim. Holders of Allowed Convenience Claims shall be treated in accordance with Section 4.6 of the Plan.

“Copyright Creditors” shall mean 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 Entertainment Co., collectively.

“Copyright Creditors’ Claim” or “Copyright Creditors’ Claims” shall mean any and all Claim(s) held by the Copyright Creditors. As described in more detail herein, although the Copyright Creditors’ Claims are deemed “Allowed” for the purpose of voting on the Plan and receiving treatment under Section 4.3 of the Plan, the amount of the Copyright Creditors’ Claims as set forth in the California Court Judgment shall be deemed a Disputed Claim Amount unless and until: (i) (a) all Rule 59, 60(b), and other post-trial motions to alter, amend, vacate, or otherwise affect the California Court Judgment have been finally decided, and (b) all appeals have been finally decided and all deadlines for further appeal, rehearing, and/or certiorari have passed; (ii) the Chapter 11 Trustee or the Plan Administrator, and the Copyright Creditors, agree to an Allowed Claim amount; or (iii) the Bankruptcy Court enters a Final Order estimating such Claims for the purpose of distributions under the Plan.

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