

Before the
COPYRIGHT ROYALTY JUDGES
Washington, D.C.

In the Matter of)
)
Distribution of)
Cable Royalty Funds)
)
In the Matter of)
)
Distribution of)
Satellite Royalty Funds)

CONSOLIDATED DOCKET NO.
14-CRB-0010-CD/SD
(2010-2013)

**MULTIGROUP CLAIMANTS' REPLY IN SUPPORT OF
RESPONSE TO ORDER TO SHOW CAUSE**

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INTRODUCTION

In its “further briefing” the Settling Devotional Claimants (“SDC”) include an appendix of thirty documents comprising 721 pages, and no fewer than five original declarations authored by SDC personnel. As is immediately apparent, the SDC address subjects far beyond the topics addressed in either the Judges' order, fail to respond to the issues and facts set forth in Multigroup Claimants' filing, and with rare exception, none of the appendix documents appeared as part of the SDC's *Motion for Order to Show Cause* (filed December 26, 2020).

Multigroup Claimants avers that the vast bulk of the SDC's arguments and documents are facially irrelevant, and were included for purposes other than addressing the issues addressed in either the Judges' *Order to Show Cause* or Multigroup Claimants' filing. Coupled with the SDC's misrepresentations about their content and significance, they do not provide any basis on which to “disqualify” Multigroup Claimants as the recipient of royalties in this proceeding.

A. The “Transfers of Ownership Interest” submitted by Multigroup Claimants were not requested by the Judges to be “authenticated”, but have been, and benign explanations exist for any conflicts with publicly available information.

1. **Transfer of Ownership Authentication.** Although not requested by the Judges, the three most recent owners of WSG and Multigroup Claimants (from 2017 forward) have already confirmed their particular interests in those entities according to the various transfers of ownership, as part of declarations submitted in support of Multigroup Claimants *Opposition to SDC Motion to De-Designate Restricted Materials* (March 18, 2020; “*MGC Opposition*”). Such declarations are now modified to apply specifically to this pleading and authenticate the signatures therein. As noted, the respective declarants' interests therein are perfectly

corroborated by federal tax returns filed by such persons and WSG from 2017 and forward.¹

Decls. of Ryan Galaz; Alfred Galaz; Ruth Galaz.

2. WSG's "public information reports". As set forth in significantly greater detail in the *MGC Opposition* at pp. 15-19, and the declarations attached hereto, a benign explanation exists for the discrepancies between WSG's Texas "public information reports" and the transfer of ownership documents. Until this year, WSG's public information reports have *always* been prepared by WSG's certified tax professional (not WSG personnel), and are typically *not even shared with WSG personnel*. This fact is clear from the face of those reports. **Decls. of Wesley Crowley; Raul Galaz.**

As regards the 2017 report, former owner Denise Vernon erringly executed it even though she was no longer a member of WSG. Ms. Vernon executed the document when it was presented to her by WSG's accountant in 2017, believing that it applied to her 2016 membership interest, as were all other documents she was being requested to execute in connection with WSG's 2016 tax return. **Decls. of Denise Vernon; Raul Galaz.**

In 2018, WSG engaged a new tax professional (Wesley Crowley, CPA) to prepare its federal tax returns. During such engagement, Mr. Crowley filed both the 2018 and 2019 public information reports without consulting WSG, and never provided WSG copies thereof – a fact confirmed both by Mr. Crowley and all WSG representatives. **Decls. of Wesley Crowley; Ryan Galaz; Alfred Galaz; Ruth Galaz; Raul Galaz.** Such fact is already evident from the face of the documents, which erringly identify Alfred Galaz and Ruth Galaz as both "partners" and "directors" even though WSG does not have either "partners" or "directors", nor could, as a matter of law, and neither individual retained any interest in WSG. *Id.* Mr. Crowley presumably

¹ If necessary, all such individuals will agree to an *in camera* inspection of redacted copies of such tax returns by the Judges in order to establish such fact.

relied on the member information identified in WSG's 2017 tax return in order to prepare the 2018 public information report, even though its membership had changed, and then relied on the already-errant 2018 report to prepare the 2019 report, even though the 2018 return he prepared identified Ryan Galaz as the sole member of WSG. The 2018 report contains the typed name of Alfred Galaz as the party submitting the report, even though Alfred Galaz (nor any WSG representative) had ever seen the report, while the 2019 report reflects that Wesley Crowley is submitting the report. Again, all the foregoing is confirmed by Mr. Crowley and all WSG representatives. Id.

3. Alfred Galaz's bankruptcy petition. Multigroup Claimants has already informed the Judges that no principal or representative of Multigroup Claimants had been aware of Alfred Galaz's bankruptcy petition until it was brought to their attention at least six months following its filing. See Multigroup Claimants' *Response to Order to Show Cause*, at 3. Such petition erringly indicated that Alfred Galaz transferred his interest in WSG to Ruth Galaz – not Ryan Galaz -- on January 1, 2018. SDC App. 114. According to Alfred Galaz, he provided his bankruptcy legal counsel all of his relevant papers, including the relevant transfer documents, speculates that his legal counsel simply misread them, misidentified Ruth Galaz (a co-signatory) as the transferee, and the error was not caught in the 48-page petition. Alfred Galaz revisited the subject following the undersigned's notification of such error, and was informed by his bankruptcy legal counsel that because there would be no consequence upon the merits of his bankruptcy filing, counsel considered amendment unnecessary. **Decls. of Alfred Galaz; Raul Galaz.**

In sum, until the SDC's notification, Multigroup Claimants and its representatives were unaware of the discrepancies existing within the Texas public information reports, or Alfred

Galaz's bankruptcy petition, were uninvolved in the preparation of those documents, and cannot therefore be attributed with the SDC's accusation of a "submission of false information" of which it was not aware. **Decl. of Ryan Galaz.**

B. The SDC misstates or omits significant facts about WSG, RTG, and their personnel.

Alfred Galaz. Alfred Galaz has already attested that he transferred all of his interests in Multigroup Claimants, that he'd owned 99% of WSG at the time, and that their interests were simply merged under common ownership. He further clarified that there was no need to identify "Multigroup Claimants" in his bankruptcy petition, as it was never assigned an Employer Identification Number (a prerequisite), and now further observes that he never identified Multigroup Claimants as a separate entity in his federal tax returns. **SDC App. At 133-134; Decl. of Alfred Galaz.**

Ruth Galaz. Feigning that it does not understand the distinction between ownership in an entity, and representation thereof, the SDC attempt to confuse the role of Ruth Galaz, questioning why she executed filings on behalf of WSG (as an "authorized representative") as recently as January 2020, despite not being an owner thereof. Despite submitting all other publicly-filed documents relating to WSG, the SDC conspicuously omit that Ruth Galaz has been engaged as WSG's agent for service of process since April 2015 (by Denise Vernon), and remains in that capacity at this time. **Exhibit 1.**

Ryan Galaz. The SDC falsely represent that in prior deposition testimony in an unrelated litigation, Ryan Galaz "repeatedly referred to Worldwide Subsidy Group as belonging to 'my family' and 'my grandparents,' without ever claiming that it belonged to him. App. 698, 723." Review of that testimony reflects nothing of the sort, and the citations are to Ryan Galaz's statement that WSG is "a company that has been operated by my family" and that a [pre-transfer] loan was made "between my family and me". In fact, such loan occurred eight months prior to

his grandparents' decision to transfer their interests in WSG to him, when there was no commonality of ownership between WSG and RTG. **Decl. of Ryan Galaz; Al Galaz; Ruth Galaz.**

RTG, LLC. The SDC allege that RTG, LLC, a limited liability company organized in 2016 and owned exclusively by Ryan Taylor Galaz is “controlled in part by Raul Galaz”. If accurate, which it is not, it is unclear why such allegation would matter, as the SDC suggest that any transfers by WSG to Raul Galaz (whom is openly involved with WSG) would be improper. Nevertheless, Raul Galaz does not “control” RTG, LLC, has never received any payment from RTG, is not a signatory to any of its financial accounts, and has never held himself out as either an owner or “member” thereof.²

Raul Galaz. The SDC falsely assert that Raul Galaz was “caught” backdating an agreement, citing to SDC App. 386, 451. As that citation reflects, however, Raul Galaz *volunteered* that the agreement was a re-creation of a prior document, not for any purpose of

² The SDC refer the Judges to two documents ostensibly executed by Raul Galaz as “an authorized member” of RTG, LLC. SDC App. 335, 337. They were not. Raul Galaz was openly involved with a real property renovation project of RTG. SDC App. 709, 722, 725 (Ryan Galaz deposition), and the general contractor periodically requested RTG to quickly execute original documents. In order to avoid the delay caused by overnight mail, RTG executed a limited power of attorney for Raul Galaz to execute documents on RTG’s behalf, only in connection with the project, which was provided to the general contractor. **Exhibit 2 (Decl. of R. Traino)**; SDC App. 725. Consequently, most documents executed by Raul Galaz were “obo RTG”, clarifying that signature was as a “representative” or pursuant to such “power of attorney”. See SDC App. 339, 341, 343, 345. On two occasions, however, Raul Galaz did not clarify his position as part of his execution and, *only* after his execution and without his knowledge, the in-house notary public of the general contractor typed in the words “authorized member”, then indicated that the execution had occurred in front of the notary, when it had not. *Cf. Exhibit 2 (Decl. of R. Traino) at Exhs. C, D, E with SDC App. 337.* In one of the two instances, a copy of the document executed by Raul Galaz was also returned to the contractor via email, documenting exactly what had been executed by Raul Galaz, and validating that he never executed the document as “an authorized member” of RTG. Id. Upon discovery of the contractor’s interlineations a year subsequent, when it was raised in an unrelated litigation, the general contractor was contacted, an explanation demanded, and the general contractor executed a declaration describing these events. **Exhibit 2 (Decl. of R. Traino); Decl. of Raul Galaz.**

deception (the later execution was revealed), but to document the parties' agreement after the original document was lost by both. In fact, the claims of IWV Media Group were sustained based on other evidence. *Id.* Elsewhere, and literally based on nothing, the SDC assert that Raul Galaz has a "history of falsifying signatures", despite no such evidence.

C. The SDC allege "forged" signatures, even when no "signatures" exist.

Alfred Galaz signature. The SDC have repeatedly referred to Alfred Galaz's typewritten name on the 2018 public information report, as "Al Galaz's signature", and now postulate based on Alfred's "carefully chosen language" that Raul Galaz "forged" that typewritten text. SDC *opp.* at 9-10. This bizarre speculation based on nothing is refuted by five declarations, including that of WSG's accountant (Wesley Crowley) who acknowledges preparing the 2018 report; no WSG representative ever saw such document. **Decls. of Wesley Crowley, Alfred Galaz, Ruth Galaz, Raul Galaz, Ryan Galaz.**

Ryan Galaz signatures. The SDC engage a handwriting analyst to conclude that Ryan "may have" executed one, and "cannot be associated" with the second signature of two declarations executed by Ryan Galaz in unrelated 2017 litigation. SDC App. 620. Initially, *why* such declarations in unrelated litigation are of *any* significance is unclear, but purportedly are to demonstrate that someone other than Ryan is signing Ryan's name on behalf of RTG so that it *might* have occurred here. In fact, both documents were originally executed by Ryan Galaz, then sent by overnight mail to Brian Boydston and his associate in Los Angeles, a fact confirmed by attorney-client privileged correspondence. **Decls. of Ryan Galaz, Brian Boydston, James Sun.** The SDC clearly need to engage better "expert" witnesses.

D. No issue exists that Worldwide Subsidy Group, LLC dba Multigroup Claimants possesses the authority to collect funds on behalf of the copyright owners that

Multigroup Claimants has claimed to represent. Multigroup Claimants has engaged in no “deception”, nor had any plausible reason to do so.

Prior to January 1, 2017, the 99/1% interests in WSG were held by Denise Vernon and Ruth Galaz, respectively. As of January 1, 2017, this changed, and there became a near commonality of ownership of any interests in WSG and Multigroup Claimants, whereby the 99/1% interests in WSG were held by Alfred Galaz and Ruth Galaz, respectively, and Alfred Galaz held a 100% interest in “Multigroup Claimants, a sole proprietorship of Alfred Galaz”. As of January 1, 2018, there became a perfect commonality of ownership by Ryan Galaz of all interests.

Conspicuously absent from the SDC/MPA briefing is *any* contention that these ownership changes were remotely relevant to this or any proceeding, or *why* any transfer of ownership would matter in the slightest. Multigroup Claimants has never asserted that there were different individuals involved in Multigroup Claimants’ business than WSG’s, only that ownership of the particular entities varied – all accurate statements when made. Even the Judges observed in their October 23, 2017 ruling that “[t]he same individuals who conducted [WSG’s] business now conduct [Multigroup Claimants’] business”³ -- a fact to which Multigroup Claimants has never suggested otherwise.

Consequently, the SDC accuse Multigroup Claimants of deception as to a matter for which it has no plausible reason to be deceptive, for which it does not even postulate a plausible reason, for which there has never been a ruling or regulation requiring participants to update parties as to the status of their ownership (much less, *post-discovery*), and no apparent relevance to these proceedings, *particularly* where Multigroup Claimants’ had merged its interests *back* with the entity from whom it had acquired all its interests (WSG dba IPG). Literally no basis

³ *Ruling and Order Regarding Objection to Cable and Satellite Claims*, at 9.

exists to argue that Multigroup Claimants is not entitled to receive the already-awarded royalties from this proceeding.

Finally, while the SDC allege Multigroup Claimants' "repeated" acts of "deception", it cites to literally none. SDC Resp. at 13-14. A reading thereof includes cites to three pleadings (and a nonexistent footnote in a Judges' order) in the first few weeks of 2018 referring to WSG dba IPG as Multigroup Claimants' "predecessor", an *accurate* statement even if they had only recently merged, where each reference is only for the purpose of referring to decisions involving WSG, not to address its ownership interests. Next, the SDC challenge Alfred Galaz's explanation as to whether the interests of WSG and Multigroup Claimants were merged immediately before January 1, 2018 when Alfred Galaz retained all but a 1% interest in WSG, or immediately after, when 100% of both entities were transferred to Ryan Galaz. *Id.* The SDC is clearly splitting hairs.

The question, therefore, is whether the reference to WSG as a "predecessor" to Multigroup Claimants in the first few weeks after the January 1, 2018 transfer, were "deceptive" because it was not clarified that the interests of those entities were now merged, and whether those inconsequential matters warrant the "disqualification or debarment" of WSG and any of its representatives. Of course not, and the contention is absurd.

E. Publicly-reported transactions involving real property previously acquired and mortgaged by Worldwide Subsidy Group LLC, and other transactions, have zero relevance to this proceeding, and are falsely represented by the SDC as "replete with fraud", "fraudulent conveyances", and "embezzlement of claimant funds".

In the allotted briefing limits, Multigroup Claimants cannot possibly begin to address the full extent of irrelevance and inaccuracy of the SDC's section V arguments speculating on WSG's income, assets, and liabilities since its inception in 1998. The gist of the SDC argument

is that “[WSG] transfers of value to RTG . . . were made at least in part for the purpose of putting those funds out of reach of [WSG] claimants, along with other creditors of [WSG], Raul Galaz, and Alfred Galaz.” SDC Br. at 17.

Of course, the SDC do not identify *any* creditors of WSG. Of course, the creditors of Raul Galaz and Alfred Galaz are not creditors of WSG. Of course, the SDC can identify only a single instance – in 22 years – that any WSG client has asserted (unreasonably) that it did not receive the royalties it was due, which position was thoroughly addressed by the Judges and denied. **Decl. of Raul Galaz.** Further, while the SDC cannot possibly begin to estimate WSG’s income from public records, it conveniently excludes public records that would contradict its contention. See, e.g., **Exhibit 3** (WSG judgment for \$1,018,249). The SDC are also firsthand aware of settlements between WSG and SDC members, the existence of WSG settlements with other entities (e.g., MPAA), yet mentions *none* of this. And while the SDC indicates that “[WSG] may have received some amounts for copyright royalty claims in Canada or elsewhere in the world”, it acknowledges that it has no idea what those amounts may be. In fact, WSG collects royalties worldwide, and has accounted to its clients for *hundreds* of collections from sources unidentified by the SDC. **Decl. of Ryan Galaz.** The SDC’s ignorance as to WSG’s income, assets, and liabilities, and operations, is profound and comprehensive.

Nevertheless, the SDC now set their sights on Ryan Galaz and a company he formed in 2016, RTG, LLC, and to the shame of every person contributing to the SDC brief, publicly accuse him as a participant in transactions “replete with indications of fraud” “fraudulent conveyances”, and “embezzlement of funds”, all for transactions which reflect nothing of the sort. The SDC do not engage in this shameless exercise and new round of accusations to protect the public or WSG-represented claimants, but rather as a pedestal to besmirch, in what has clearly become a personal matter to the SDC and its counsel.

March 22, 2020

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 22nd of March, 2020, a copy of the foregoing was filed with the eCRB system, and therefore sent by electronic mail to the parties listed on the attached Service List.

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Proof of Delivery

I hereby certify that on Tuesday, June 30, 2020, I provided a true and correct copy of the Multigroup Claimants' Reply In Support Of Response To Order To Show Cause to the following:

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