

Before the
COPYRIGHT ROYALTY JUDGES
Washington, D.C.

In the Matter of)	
)	
Distribution of)	CONSOLIDATED DOCKET NO.
<u>Cable Royalty Funds</u>)	14-CRB-0010-CD/SD
)	(2010-2013)
In the Matter of)	
)	
Distribution of)	
<u>Satellite Royalty Funds</u>)	

**MULTIGROUP CLAIMANTS’ EMERGENCY MOTION FOR
REMOVAL FROM PUBLIC RECORD, AND SANCTIONS
AGAINST SDC AND ITS COUNSEL**

Multigroup Claimants hereby submits its *Emergency Motion for Removal from Public Record, and Sanctions Against the Settling Devotional Claimants and its Counsel*.

INTRODUCTION

On February 28, 2020, Multigroup Claimants, an assumed business name of Worldwide Subsidy Group, LLC, filed its *Response to Order to Show Cause*. Therein, Multigroup Claimants designated three exhibits as “Restricted Materials”,

pursuant to Section III. of the protective orders that, respectively, address the 2010-2013 cable and 2010-2013 satellite proceedings.¹

On March 2, 2020, SDC counsel informed Multigroup Claimants that it objected to the designation of “Restricted Materials”. On March 4, 2020, SDC counsel filed its *Motion to De-Designate Restricted Materials*.

In the event that the SDC took issue with Multigroup Claimants’ designation of restricted materials (and actually had a plausible reason to do so), the proper course of conduct was for the SDC to file a motion to de-designate the restricted materials. Notwithstanding, despite the fact that Multigroup Claimants followed the strict dictate of the protective orders in order to keep confidential its ownership and the transfer of interests thereto, the SDC’s “public version” of its *Motion to De-Designate Restricted Materials* effectively reveals such information, in violation of the protective orders.

A. THE SDC MOTION MAKES CLEAR IT WAS AWARE OF EXACTLY WHAT INFORMATION MULTIGROUP CLAIMANTS HAD IDENTIFIED AS CONFIDENTIAL, AND WAS DRAFTED TO ALLOW ANY PUBLIC READER TO DISCERN SUCH INFORMATION.

¹ Such protective orders were both issued on March 31, 2016, and are substantively identical. The two proceedings were subsequently consolidated pursuant to the Judges’ *Order Consolidating Proceedings and Reinstating Case Schedule* (Dec. 22, 2017).

Specifically, the *public* version of the SDC motion – *even its headings* - articulate *exactly* what category of information Multigroup Claimants had designated as restricted:

“I. Multigroup Claimants and Worldwide Subsidy Group Have No Legitimate Interest In Keeping the Identities of their Owners Confidential.”

SDC motion at 2 (Section I. heading).

Thereafter, the SDC make evident that a discrepancy exists between the assignee identified in a former owner’s bankruptcy petition, and Multigroup Claimants’ current owner:

“[redacted], although he claimed in his bankruptcy petition that the conveyance was to his ex-wife, Ruth Galaz:”

18. Within 2 years before you filed for bankruptcy, did you sell, trade, or otherwise transfer any property to anyone, other than property transferred in the ordinary course of your business or financial affairs? Include both outright transfers and transfers made as security (such as the granting of a security interest or mortgage on your property). Do not include gifts and transfers that you have already listed on this statement.

No
 Yes. Fill in the details.

Person Who Received Transfer Address	Description and value of property transferred	Describe any property or payments received or debts paid in exchange	Date transfer was made
Person's relationship to you Ruth Galaz Ex-wife	Worldwide Subsidy, business that was transferred to ex-wife in January of 2018. Business was inactive, \$0 FMV. Collected royalties from TV programs and copyrights.	None	1/1/2018
Kelli Carpenter 1616 S Fir Ave Broken Arrow, OK 74012	Attorney services for daughter during lengthy divorce and custody battle, total fees to date are \$17,000	\$17,000	In installments from January 2018 to date

SDC motion at 4. To this stated fact, which includes a snapshot of the May 2019 bankruptcy petition, the SDC argues in its *public* version of the SDC motion that such information “. . . does not identify [redacted]”, making further clear that a discrepancy exists and that a person other than Ruth Galaz was the transferee of the former owner’s interest. Other references further solidify the contention being made by the SDC. See SDC motion at 9-10.

Then, in the *public* version of its motion, the SDC make a conspicuous reference to the application of “Massachusetts law”, and to individuals conducting business there. SDC motion at 5. This reference is conspicuous because there is not, *nor ever has been*, any connection between the State of Massachusetts and WSG or Multigroup Claimants.

Already, *any* public reader of the SDC motion is aware that the information sought to be protected is the identity of the owner of WSG and Multigroup Claimants. Already, *any* public reader of the SDC motion is aware that such person or entity is subject to “Massachusetts law”. Moreover, the SDC’s statement in the *public* version of its motion that the identity sought to be kept confidential is part of “the Galaz family” (SDC motion at 10), dramatically narrows – **to one person** – the identity of persons for whom confidentiality could possibly be sought.

If the identity of Ryan Galaz was not already discernible by persons remotely familiar with “the Galaz family”, Ryan Galaz’s identity is exposed by the SDC’s description of and attachment of its Exhibits 5 and 6 in the public version of its motion. Despite redacting all textual references to its exhibits 5 and 6 within the public version of its pleading, the SDC nonetheless *include* a description of those exhibits within the Declaration of Matthew MacLean, and then attach those exhibits, fully unredacted.

As acknowledged by the SDC in the public version of its motion, Exhibit 5 is a declaration executed by Ryan Galaz in an unrelated legal matter, which five-page declaration was signed by Ryan Galaz “at Cambridge, Massachusetts”. The only significant connection between Exhibits 5 and 6, which is clarified at paragraphs 6-7 of Mr. MacLean’s declaration, is that they both involve “RTG, LLC”.

Obviously, Exhibits 5 and 6 to the SDC motion have literally *nothing* to do with the issue of whether three documents designated as “restricted materials” should be de-designated. Obviously, the SDC’s citation to “Massachusetts law” had zero application to the issues at hand because, as noted in Multigroup Claimants’ *Opposition to SDC Motion to De-Designate Restricted Materials* filed simultaneously herewith (see p. 11), merely by his ownership in Multigroup

Claimants, which is a dba of a Texas limited liability company, Ryan Galaz has not “conducted business under an assumed name . . . either individually or as a partnership”, as would be necessary for such Massachusetts provision to apply.

The foregoing makes clear that the true purpose for the SDC’s mention of Massachusetts law, and to describe and include SDC Exhibits 5 and 6 – inapplicable law and two irrelevant documents -- was to find a means to expose the very information that Multigroup Claimants deemed confidential, a blatant breach of the protective orders. No reasonable person could conclude otherwise.

B. THE SDC KNOWINGLY MISSTATED TEXAS LAW TO CREATE A FALSE PREDICATE THAT MULTIGROUP CLAIMANTS’ OWNERSHIP INFORMATION MUST BE PUBLICLY REPORTED.

On March 2, 2020, SDC counsel informed Multigroup Claimants that it objected to the designation of “Restricted Materials”. At such time, SDC counsel Matthew MacLean asserted in correspondence that Multigroup Claimants (a Texas entity) has a legal obligation to publicly report its owners, and expressly cited to

Texas Tax Code § 171.203.² In turn, Multigroup Claimants’ counsel immediately corrected him:

“Matt, your statement about Texas law and the filing of Public Information Reports is simply incorrect . . . In fact, there is no requirement in Texas that all of the members be identified, as is the case in most jurisdictions, no more than a corporation is obligated to affirmatively identify all of its owners. Ownership of WSG, a family-owned business, is a private matter, not a public matter, and your assertion of a nefarious purpose based on an incorrect interpretation of Texas law does not warrant our withdrawal of the Restricted clarification.”

See Exh. 7 to SDC *Motion to De-Designate Restricted Materials*, at 1-2.

In fact, Texas Tax Code § 171.203, i.e., the provision of Texas law on which the SDC and its counsel *exclusively* relied, states, in pertinent part:

(a) A corporation, *limited liability company*, limited partnership, or professional association on which the franchise tax is imposed, regardless of whether the entity is required to pay any tax, *shall file a report with the comptroller containing:*

* * *

(3) *the name, title, and mailing address of each person who is:*

² “Brian, the filing of the public information report is required by Tex. Tax Code § 171.203. . . .” See Exh. 7 to SDC *Motion to De-Designate Restricted Materials*, at 1.

(A) *an officer or director of the corporation, limited liability company, or professional association on the date the report is filed and the expiration date of each person's term as an officer or director, if any; and*

(B) *a general partner of the limited partnership on the date the report is filed;*

* * *

Tex. Tax Code § 171.203 (emphasis added).

As the foregoing reflects, *nowhere* is there a requirement that each member (i.e., owner) of a limited liability company be identified in the annual public information report, merely any “officer or director”. Nevertheless, and despite such cautionary warning from Multigroup Claimants, the SDC nonetheless relied on such statute in its *Motion to De-Designate Restricted Materials*.

Conspicuously, however, *the SDC failed to detail the contents of such Texas tax code provision* – knowing that the Judges would not be firsthand familiar therewith -- and instead cited to the public information report form generated by the Texas Franchise Tax Board, but only after editing language in that document for the purpose of providing the misimpression that “each member” of an LLC must be identified on such report. *Id.* Such distortion of the tax code was immediately obvious to Multigroup Claimants, and was evidently known by SDC counsel when it engaged in this deceptive act.

Given these facts, i.e., the SDC's fraudulent misrepresentation of the Texas statute, and its creative editing of the Texas public information report form, no doubt is left that the SDC and its counsel were fully aware that no requirement existed for a limited liability company to report "all members". That is, the SDC were acutely aware that the predicate on which it was relying to make its argument that the owners of a Texas limited liability company must be publicly identified, was false.

C. THE SDC REFUSED TO WITHDRAW OR FURTHER REDACT THE PUBLIC VERSION OF ITS PLEADING IN ORDER TO OMIT THE RESTRICTED MATERIALS.

The SDC filed its motion on March 4, 2020. Because response thereto was not due until March 18, 2020, and Multigroup Claimants reasonably expected that the SDC would not violate the protective order, counsel did not review the SDC motion until March 12.

Multigroup Claimants immediately recognized that the SDC had violated the protective order by gratuitously including information that would reveal the identity of the WSG/Multigroup Claimants owner. As such, Multigroup Claimants' counsel notified the SDC counsel:

"I am in review of the SDC's Motion to De-Designate Restricted Materials, filed March 4, 2020. As you are aware, Multigroup Claimants filed certain information under seal, specifically any of the

information reflecting either the identity of the owners thereof, or the transfer of interests thereto. Notwithstanding the fact that you submitted a portion of your brief under seal, it still provides information from which one might reasonably deduce such information.

Multigroup Claimants hereby demands that you immediately contact the CRB, withdraw such filing, and refile it without such references as would allow deduction of the current owner. Specifically, you articulate that the owner of Multigroup Claimants is different than exists on other public filings; you make reference to the application of Massachusetts law, narrowing to one individual in the Galaz family that would likely be the owner and whom you mention elsewhere in your pleading; you gratuitously include publicly-filed documents identifying Ryan Galaz in your brief despite those documents having no relevance to the issue at hand, solely for the reader to deduce Ryan Galaz to be the owner (e.g., Exhs. 5, 6).”

Exhibit 1.

As the foregoing makes clear, withdrawing the public version of the SDC motion would have no bearing on the Judges’ review thereof, only the public access to such private information. Nevertheless, and as Exhibit 1 reflects, the SDC’s response reflected a personal animus and positions that simply defy credulity, including the following statements from Mr. MacLean:

“I certainly don't believe you have any right to keep confidential the fact that IPG's public filings contain false information, and I am not going to be a party to a cover-up.”

“Especially considering that you never told me what information you wanted to keep confidential or why, in spite of my request, I don't see

how I was expected to anticipate what "deduction" somebody might draw on the basis of my filing."³

“Raul Galaz’s choice to get his 27-year-old son mixed up in his fraudulent activities may be the most despicable thing that he has done yet. I feel so bad for Ryan Galaz, and his obvious naivety, that I almost want to withdraw my motion altogether and allow him to keep his identity confidential. But that would not be right for the system, the public, or, most of all, the claimants.”

“. . . I think this is as clear a case of bankruptcy fraud as I can imagine.”

“Nothing I have filed “suggests” who the “owner” of Multigroup Claimants is. I don’t even know who the “owner” of Multigroup Claimants is . . .”

Exhibit 1.

During this exchange, the SDC indicated that it would take certain remedial actions but, as the record reflects, *none* were made:

“If it will resolve this redaction issue, I would be willing to contact the CRB to file a substitute public redacted version that redacts the reference to Massachusetts law.”

“Pursuant to the protective order, we intend to redact information identifying Ryan Galaz as an owner or potential owner of Worldwide

³ As noted above, even the *headings* of the SDC’s Motion to De-Designate Restricted Materials reflect the category of information that Multigroup Claimants sought to assert confidentiality. Mr. MacLean cannot reasonably contend that he did not know what information was being deemed confidential, when his own briefing had already revealed such fact.

Subsidy Group or the assets of Multigroup Claimants, but we do not intend to redact any non-Restricted information.”

The exchange ultimately concluded with Multigroup Claimants’ notification that if the SDC did not immediately withdraw and replace the public version of its motion, and refile it without references to “Massachusetts law”, or any text or document relating to Exhibits 5 or 6, Multigroup Claimants would have no alternative than to file this motion.

“Your purported motive to "prevent fraudulent conveyances" before they have even occurred, is belied by the fact that WSG and MGC have never been alleged to have been engaged in any "fraudulent conveyances" (except perhaps, unsuccessfully by you). Your argument is circular. Your purported interest in "protecting the public" I find wholly disingenuous, and transparent. Your purported pause whether to protect Ryan Galaz is offensive and unbelievable. You are the only one who brought him into this, had the gall to accuse him of engaging in a "fraudulent coverup", yet you claim that you paused to consider whether you should have done so publicly? There is nothing "despicable" regarding the relationship of Raul Galaz and Ryan Galaz. What is "despicable" is how you frequently and loosely accuse everybody of engaging in "fraudulent" conduct, when literally no evidence of the same exists. That issue will soon be remedied.”

“I’ve already informed you of what needs to be done here, and your offer to redact only a portion of your motion, but not exhibits 5 and 6 pending further motion on an expedited basis, is not needed from you. Refusal of you to do it immediately, in light of what has already been brought to your attention, will only be further fodder for sanctions against you and your law firm. Submission of additional unredacted pleadings and exhibits that reveal the information we have asserted as "confidential", regardless of whether they were pulled from public

records, will similarly only be further fodder for sanctions against you and your law firm.”

CONCLUSION

SDC counsel has asserted that his motion to de-designate restricted materials is based on “the public interest”, the interest of Multigroup Claimants-represented copyright owners, and the need to “prevent fraudulent conveyances”. If genuine, then the statements of SDC counsel set forth in correspondence between the parties reveals an almost bizarre delusion of grandiose.

Multigroup Claimants, however, believes that the SDC’s string of motions repeatedly attacking Multigroup Claimants for matters that all have benign explanations, and repeatedly asserting that they are the product of “fraud” or impending “fraud”, are grounded in the more base motive of peppering the CRB record with allegations of fraud. However, ignoble that strategy, the fact that the SDC and its counsel has now intentionally disregarded the protective orders in effect, and rationalized the disclosure of confidential information on a variety of legal bases that are *prima facie* invalid, warrants sanctions against the SDC and its legal counsel.

Multigroup Claimants files this motion on an emergency basis, on the grounds that any delay further exposes the restricted materials to the public. To that end, Multigroup Claimants seeks the following:

-- that the public version of the SDC's *Motion to De-Designate Restricted Materials* be immediately removed from the eCRB system;

-- that the SDC and its legal counsel, specifically Matthew MacLean and the law firm Pillsbury, Winthrop, et al. be formally sanctioned for their violation of the applicable protective orders, in a manner that the Judges deem appropriate; and

-- that all recipients of the public version of the SDC motion, including the SDC, be ordered to immediately inform Multigroup Claimants of any non-client persons or entities to whom the motion or its contents were communicated, and provide such communications.

The latter request is not random. As reflected in the SDC's *Further Briefing In Response to Multigroup Claimant's Response to Order to Show Cause* (filed March 16, 2020), the SDC submit a 791-page appendix. Therein, within the declaration of Mr. MacLean, the SDC attach two deposition transcripts from an unrelated litigation that does not involve WSG or Multigroup Claimants, but does involve Ryan Galaz, and Mr. MacLean expressly asserts that his source for such transcripts was the adverse counsel to Mr. Galaz in that proceeding. See Decl. of MacLean at 5 (description of App. 636-754, and App. 756-791). This connection

deems possible, if not likely, that the SDC has already affirmatively passed onto such parties the information appearing in the SDC motion.

Moreover, and as the undersigned was preparing to file this pleading, it received a letter dated March 17, 2020, from the Chapter 7 bankruptcy trustee for the bankruptcy case of Alfred Galaz, indicating that “the bankruptcy estate may have an interest in the subject of this litigation”, and requesting the undersigned to contact him at his earliest opportunity. While Multigroup Claimants is certain that there is no valid interest to be asserted by the bankruptcy trustee, it will only follow after the unnecessary expenditure of attorneys fees that have been provoked as a result of the pleadings filed by the SDC in this matter, including a brief and 791-page appendix filed on March 16, 2020, which gratuitously included documents having nothing to do with the instant matter. What is evident, is that Mr. MacLean has enlisted the unknowing assistance of third parties by making its unsubstantiated accusations, and communicating confidential information that was protected by protective orders to those entities.

Respectfully submitted,

Dated: March 18, 2020

_____/s/_____
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CERTIFICATE OF SERVICE

I hereby certify that on this 18th 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.

_____/s/_____
Brian D. Boydston, Esq.

National Association of Broadcasters (NAB) aka CTV, represented by John Stewart, served via Electronic Service at jstewart@crowell.com.

MPAA-Represented Program Suppliers (MPAA), represented by Lucy H Plovnick, served via Electronic Service at lh@msk.com.

Canadian Claimants Group, represented by Victor J Cosentino, served via Electronic Service at victor.cosentino@larsongaston.com.

SESAC Performing Rights, LLC, represented by John C. Beiter, served via Electronic Service at john@beiterlaw.com.

Public Television Claimants (PTC), represented by Ronald G. Dove Jr., served via Electronic Service at rdove@cov.com

Joint Sports Claimants (JSC), represented by Ritchie T. Thomas, served via Electronic Service at ritchie.thomas@squirepb.com.

Settling Devotional Claimants (SDC), represented by Matthew MacLean, served via Electronic Service at matthew.maclean@pillsburylaw.com.

Proof of Delivery

I hereby certify that on Tuesday, June 30, 2020, I provided a true and correct copy of the Multigroup Claimants' Emergency Motion For Removal From Public Record, And Sanctions Against Sdc And Its Counsel to the following:

Joint Sports Claimants (JSC), represented by Michael E Kientzle, served via ESERVICE at michael.kientzle@apks.com

MPA-Represented Program Suppliers (MPA), represented by Gregory O Olaniran, served via ESERVICE at goo@msk.com

Settling Devotional Claimants (SDC), represented by Matthew J MacLean, served via ESERVICE at matthew.maclean@pillsburylaw.com

Canadian Claimants Group, represented by Lawrence K Satterfield, served via ESERVICE at lksatterfield@satterfield-pllc.com

National Association of Broadcasters (NAB) aka CTV, represented by John Stewart, served via ESERVICE at jstewart@crowell.com

Public Television Claimants (PTC), represented by Lindsey L. Tonsager, served via ESERVICE at ltonsager@cov.com

Signed: /s/ Brian D Boydston