

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 Motion For Final Distribution Of 2010-2013
Cable Royalty Funds**

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On December 10, 2020, Multigroup Claimants submitted this *Motion for Final Distribution of 2010-2013 Cable Royalty Funds*. The motion was served on all relevant parties, both through the eCRB system, and via email, and no opposition was forthcoming. Because of issues arising with the eCRB filing system, Multigroup Claimants was recently requested by CRB staff to re-file its unopposed motion, and did so on February 2, 2021. Notwithstanding, upon this re-filing by Multigroup Claimants, the Settling Devotional Claimants (“SDC”) suddenly elected to oppose the distribution to Multigroup Claimants of over \$8 Million allocable to the 2010-2013 cable royalty funds.

Yet again the SDC and their legal counsel forage in the realm of unsubstantiated accusations against Multigroup Claimants, this time regurgitating unsubstantiated accusations contained in an Ex Parte Motion filed in the United States District Court for the Western District of Texas in the matter *United States v. Raul Galaz*, Case no. SA-06-CR-33(1)-FB. Specifically, on January 29, 2021, attorneys for the United States government (“the Government”) therein filed an Ex Parte Motion, under seal,¹ alleging facts that were not supported by a single item of evidence, nor for which Multigroup Claimants was provided an opportunity to respond. (See Exhibit B to the SDC’s Opposition.) In turn, the Opposition filed herein by the SDC solely relies on such unsubstantiated (and false) accusations in order to construct additional allegations of misconduct against Multigroup Claimants.

The SDC’s Opposition is mis-placed for several reasons, and Multigroup Claimants’ motion should be granted.

¹ Why the Ex Parte Motion was filed under seal is a question; ostensibly it was to protect from the dissipation of funds to be received imminently. However, according to the Ex Parte Motion, the referenced funds were not scheduled for distribution for two weeks at the earliest, more than ample time to address the allegations in the motion before the earliest possible date of distribution.

First, the Restraining Order attached as Exhibit A to the SDC's motion was *substantially modified* on February 2, 2021, i.e., before Multigroup Claimants' re-submission of its *Motion for Final Distribution of 2010-2013 Cable Royalties*, and is no longer the operative order in the action. See **Decl. of David Snell**. It is notable that the Government had failed to submit a single supporting exhibit or supporting declaration with its Ex Parte papers (the Restraining Order that followed was issued the same day, within hours, without Multigroup Claimants' knowledge that the Ex Parte Motion had been filed).² After Multigroup Claimants was served with the Restraining Order on the evening of Friday, January 29, 2021, the Government still refused to provide Multigroup Claimants the Ex Parte Motion, even while acknowledging to the District Court that there remained "no further purpose" to refrain from providing Multigroup Claimants the Ex Parte Motion after issuance of the Restraining Order. See Government's *Motion to Unseal* (Feb. 1, 2021). **Decl. of David Snell**.

Second, the contents of the Ex Parte Motion were not revealed to Multigroup Claimants until the evening of Monday, February 1, 2021. The following morning, February 2, 2021, during an already-scheduled status conference addressing a proposed confidentiality order, the Judge in the Western District of Texas took the opportunity to address the Restraining Order and after hearing further on the matter substantially eradicated it. Specifically, the Restraining Order was modified to only restrict \$250,000 of Multigroup Claimants' funds, requiring that such

² The Restraining Order was issued against a list of 18 persons and entities. Most of them do not, *nor ever have*, had any relation to Multigroup Claimants. It was issued against a long-disbanded legal entity. It was issued against persons that have had no connection with Multigroup Claimants or even an Multigroup Claimants-related entity. It was issued against persons whose last connection to an Multigroup Claimants-related entity was 16 years ago, 10 years, etc. In sum, the list of enjoined parties was indiscriminate, and the Government provided literally no explanation for its list of enjoined parties.

amount be secured until the merits of the yet-to-be-articulated allegations against WSG were considered.³ See **Decl. of David Snell**.

Third, Multigroup Claimants pledged to the District Court that it would imminently file a motion to dissolve or modify the already-modified Restraining Order. Such motion is currently being drafted and addresses the fact that most of the accusations on which the Ex Parte Motion is based are not accusations against Multigroup Claimants, but rather accusations against Raul Galaz, and unrelated to Multigroup Claimants. That is, even if such accusations were accurate, they would have no bearing upon Multigroup Claimants, and cannot logically be utilized to encumber Multigroup Claimants' proceeds. **Decl. of David Snell**. Moreover, and as will be demonstrated in the impending motion to dissolve or modify, *literally 100% of the accusations made against Multigroup Claimants in the Ex Parte Motion are inaccurate*, a likely explanation for why the Government failed to produce a single exhibit in support thereof.⁴

Fourth, even if the Restraining Order remained in full force and effect as it was originally issued, it only restricted Multigroup Claimants' dissipation of funds, not its receipt of funds. Obviously, the District Court is the appropriate entity to administer and enforce its own orders,

³ The District Court's ruling was from the bench, and a memorialization of such ruling was to be drafted by counsel for the Government. An initial draft of the modified order was not presented by the Government until February 9, 2021, but contained errors, and a revised version thereof was not received by Multigroup Claimants' legal counsel until earlier today. In turn, the stipulated proposed order was only submitted to the District Court earlier today. **Decl. of David Snell**. Multigroup Claimants' legal counsel files the attached declaration in anticipation that the modified Restraining Order will not be executed by the District Court prior to the filing deadline for this reply brief, but nonetheless submits the stipulated order proposed by the parties. See **Exhibit A**.

⁴ The aggregate of allegations against Raul Galaz are also false, and will be proven as such – from “living a lavish lifestyle”, to not having paid restitution “for over five years”, to modifying his arrangement from employment to consultancy to “avoid paying restitution”, to “gifting \$152,000 to his girlfriend” – all demonstrably false.

and for the SDC to argue that third parties, such as the CRB, should alter their existing legal obligations to Multigroup Claimants in a clumsy attempt to help accomplish the perceived intention of the District Court, is simply irrational. Nothing in the Ex Parte Motion or the Restraining Order (whether original or modified) suggests that the District Court seeks to restrict Multigroup Claimants' receipt of funds, only its dissipation of funds, and if the District Court (or the Government) had sought to interrupt the distribution of funds from the Licensing Division, it would have done so. **Decl. of David Snell.**

Fifth, Multigroup Claimants' motion for the distribution of cable royalties for the years 2010-2013 was filed on December 10, 2020, i.e., two months ago. The SDC was served the motion at such time, and was notified of it both via eCRB service and via a courtesy copy forwarded by email on the date of filing. The SDC did not oppose the motion.

The *only* reason that the motion was re-submitted was because counsel for Multigroup Claimants contacted the CRB staff regarding the status of the motion for distribution of cable royalties (the CRB Judges granted Multigroup Claimants' *Third Motion for Final Distribution of 2010-2013 Satellite Royalty Funds* on December 29, 2020, but had not yet ruled on the current cable motion, which was submitted simultaneously and also was not opposed). Thereafter, on February 2, 2021, the CRB staff requested that Multigroup Claimants re-file the motion.⁵ As the undersigned understood, this was solely for the purpose of avoiding the logistical issue of removing the motion from under the parallel *allocation* proceeding for 2010-2013 cable

⁵ The undersigned recounted to the CRB staff that he had attempted to file the motion under the appropriate docket number, but that the eCRB system only allowed him to file the motion under the parallel *allocation* proceeding for 2010-2013 cable royalties. Confusion further arose because the eCRB system provided no confirmation emails following the filing of either of the motions by Multigroup Claimants on December 10, 2020.

royalties, and inserting it into the appropriate docket. Only then, two months after first being served with it, did the SDC suddenly decide to oppose this motion. Having acquiesced to it originally, this late opposition to the motion by the SDC should not be entertained by the CRB Judges.

What the SDC's opposition brief poignantly demonstrates is that allegations are not facts. That has been a common problem for the SDC and its counsel, i.e., understanding the difference. What is truly troubling, however, is the comfort by which the SDC continue to construct scenarios of fraud and misconduct. This time, taking unsubstantiated allegations in another matter, that were brought without the support of a single exhibit or declaration, that were made public less than two days earlier, and to which Multigroup Claimants was never given an opportunity to respond, and then interchangeably re-alleging accusations against an individual (Raul Galaz) as though they had been alleged against Multigroup Claimants. Then, injecting the SDC's previous unsubstantiated allegations against Multigroup Claimants, the SDC construct even different allegations of misconduct and fraud -- all without having the slightest information regarding Multigroup Claimants' financial or other dealings.⁶

As Multigroup Claimants has oft-stated, the SDC's intent throughout the CRB's proceedings has been to pepper the record (at this point, barrage the record) with unsubstantiated allegations of fraud and misconduct by Multigroup Claimants, its related entities and persons.

⁶ The accusations set forth at page 3 of the SDC opposition brief are simply mind-numbing. The SDC reasserts its unsubstantiated allegation from prior briefing that \$1,753,265.31 of Worldwide Subsidy Group LLC ("WSG") transfers were "for no apparent consideration", then compares this to monies received by WSG since 2004. The SDC then tack on an additional amount (\$152,000) that Raul Galaz – not Multigroup Claimants – is alleged to have gifted to his girlfriend, and make a further comparison of amounts the SDC contends has been received by WSG over the last 17 years. Why such accusation against Raul Galaz has any significance to Multigroup Claimants remains unexplained in the SDC opposition brief, for the obvious reason that it is irrelevant.

The consequence of the SDC's practice is demonstrated by the Government's Ex Parte Motion, portions of which itself relies on and regurgitates the SDC's unsubstantiated allegations from pleadings past, and to which the SDC now re-allege as if the Government's repeat of the SDC's false allegation makes it more accurate.

For example, the Government's Ex Parte Motion alleges that Multigroup Claimants "purchased a condominium for Raul Galaz to live in". While such allegation, even if true, would have no bearing on Multigroup Claimants in these proceedings, it was irresponsibly repeated by the Government in its Ex Parte Motion based on nothing more than the same unsubstantiated falsity made by the SDC in *these* proceedings. In fact, not only is such allegation inaccurate, *literally 100% of the allegations made against Multigroup Claimants in the Government's Ex Parte Motion are inaccurate.* Multigroup Claimants will dispose of the Government's allegations in due time but, as mentioned, Multigroup Claimants only obtained a copy of such sealed motion after it was unsealed the evening of Monday, February 1.

Multigroup Claimants has regularly brought to the Judges' attention the refusal of the SDC to make its allegations outside of the context of these proceedings, and for taking cowardly cover behind the absolute privilege afforded to statements made in legal pleadings. Multigroup Claimants' recitation of this unadmirable practice in its July 10, 2020 *Reply In Support of Motion for Substitution of Parties* can as easily be asserted today:

"Notably, the SDC, its principals, its individual counsel, and its law firms, continue to shrug from uttering their allegations of misconduct and fraud outside of this context – as WSG has challenged them to do -- where they cannot hide behind the skirt of a rule that permits even malicious untruths to be published without consequence. In fact, the SDC continue to engage in their pattern and practice of unconscionable conduct, such as when SDC counsel Matthew MacLean incredulously explained that his purpose for contacting a bankruptcy

trustee in Tulsa, Oklahoma in order to report “discrepancies” in the bankruptcy petition for the personal bankruptcy of an 85-year old man, unnecessarily injecting strife into that octogenarian’s life, was to comply with his “serious” oath to “do no falsehood or consent that any be done in Court”. See *Declaration of Matthew J. MacLean in support of Settling Devotional Claimants’ Opposition to Multigroup Claimants’ Emergency Motion for Removal from Public Records and Sanctions Against SDC and its Counsel* at para. 3 (Mar. 27, 2020). Of course, Mr. MacLean has never explained *why* he was affirmatively monitoring Alfred Galaz’s personal bankruptcy in Tulsa, Oklahoma, or why he would unnecessarily malign a young man in public pleadings . . . by characterizing as “fraudulent” a documented transfer to him from his grandfather.

The answer to the SDC’s motivations are no secret. Just repugnant.”

In sum, the SDC will continue with such despicable practices unless discouraged from doing so. Similar conduct by the SDC has absorbed an extraordinary amount of time in these proceedings, and will continue to do so unless the Judges put an end to it. It is a practice that has flourished because of only one party, the SDC, and its legal counsel, and compromises the “integrity of the proceedings” that the Judges have oft expressed a desire to protect.

CONCLUSION

For the reasons set forth above, Multigroup Claimants' motion for final distribution of its 2010-2013 Cable Royalties in the Devotional and Program Suppliers categories should be granted.

Respectfully submitted,

February 10, 2021

_____/s/_____
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LLC dba Multigroup Claimants

CERTIFICATE OF SERVICE

I certify that on February 10, 2021, I caused a copy of the foregoing pleading to be served on all parties registered to receive notice by eCRB by filing through the eCRB filing system.

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

EXHIBIT A

EXHIBIT A

United States District Court
Western District of Texas
San Antonio Division

United States of America,
Plaintiff,

v.

Raul C. Galaz,
Defendant.

Case No. SA-06-CR-331-FB

Order

On February 2, 2021 this Court held proceedings in the above case before United States District Judge Fred Biery.

IT IS THEREFORE ORDERED that the *Restraining Order* (Doc. No. 43) issued by this Court on January 29, 2021, is modified to only encumber \$250,000 of the funds set to be deposited with WSG on or after February 11, 2021.

IT IS FURTHER ORDERED that Worldwide Subsidy Group, LLC (“WSG”) shall deposit \$250,000 with the United States District Clerk for the Western District of Texas in San Antonio, Texas or into the IOLTA account of its attorney’s law firm, Snell & Snell, LP.

IT IS FURTHER ORDERED that the Clerk is authorized to deposit the funds into the Court Registry Investment System.

IT IS SO ORDERED.

Dated: _____

FRED BIERY
UNITED STATES DISTRICT JUDGE

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>)	

DECLARATION OF DAVID SNELL

I, DAVID SNELL, declare and state as follows:

1. I am legal counsel to Worldwide Subsidy Group, LLC, a non-party in *United States v. Raul Galaz*, Case no. SA-06-CR-33(1)-FB before the United States District Court for the Western District of Texas. I submit this declaration in support of Multigroup Claimants' *Reply in Support of Motion for Final Distribution of 2010-2013 Cable Royalty Funds*. The following facts are within my personal knowledge, and if called upon I could and would testify competently thereto.

2. The Restraining Order attached as Exhibit A to the Settling Devotional Claimants' ("SDC") motion was substantially modified on February 2, 2021, i.e., prior to Multigroup Claimants' re-submission of its *Motion for Final Distribution of 2010-2013 Cable Royalties* (Feb. 2, 2021), and is no longer the operative order in the action. The Ex Parte Motion filed by the Government on Friday, January 29, 2021 (Exhibit B to the SDC brief) was filed "under seal". The Ex Parte Motion was filed without a supporting declaration or affidavit, and the Restraining Order that followed was issued the same day, within hours, even without

Multigroup Claimants' knowledge that the Ex Parte Motion had been filed. After Multigroup Claimants was served with the Restraining Order on the evening of Friday, January 29, 2021, the Government refused to provide Multigroup Claimants the Ex Parte Motion, even while acknowledging to the federal District Court that there remained "no further purpose" to refrain from providing Multigroup Claimants the Ex Parte Motion after issuance of the Restraining Order. See Government's *Motion to Unseal* (Feb. 1, 2021).

3. The contents of the Ex Parte Motion were not revealed to Multigroup Claimants until the evening of Monday, February 1, 2021. The following morning, during an already-scheduled status conference addressing a proposed confidentiality order, the District Court took opportunity to address the Restraining Order and after hearing further on the matter announced that it was substantially modifying it. Specifically, the court announced that the Restraining Order was modified to only restrict \$250,000 of Multigroup Claimants' funds, requiring that such amount be secured until the merits of the yet-to-be-articulated allegations against WSG were considered.

4. The District Court's ruling was orally from the bench, and a memorialization of such ruling was to be drafted by counsel for the Government. An initial draft of the modified order was not presented by the Government until February 9, 2021, i.e., yesterday, but contained errors, and a revised version thereof was not received by me until earlier today. In turn, the stipulated proposed order was only submitted to the District Court earlier today. I file this declaration in anticipation that the modified Restraining Order will not be executed by the District Court prior to the filing deadline for this reply brief, and nonetheless submit the stipulated order proposed by the parties. See **Exhibit A** to Reply Brief.

5. Multigroup Claimants pledged to the District Court that it would imminently file a motion to dissolve or modify the already-modified Restraining Order. Such motion is currently being drafted and addresses the fact that most of the accusations on which the Ex Parte Motion was based are not accusations against Multigroup Claimants, but rather accusations against Raul Galaz, and unrelated to Multigroup Claimants. That is, even if such accusations were accurate, they would have no bearing upon Multigroup Claimants, and cannot logically be utilized to encumber Multigroup Claimants' proceeds.

6. Even as originally issued, the Restraining Order only restricted Multigroup Claimants' dissipation of funds, not its receipt of funds. Nothing in the Ex Parte Motion or the Restraining Order (whether original or modified) suggests that the District Court seeks to restrict Multigroup Claimants' receipt of funds, only its dissipation of funds, and if the District Court (or the Government) had sought to interrupt the distribution of funds from the Licensing Division, it would have done so.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct. Executed this 10th day of February, 2021, in San Antonio, Texas.



David Snell

Proof of Delivery

I hereby certify that on Wednesday, February 10, 2021, I provided a true and correct copy of the Multigroup Claimants's Reply In Support Of Motion For Final Distribution Of 2010-2013 Cable Royalty Funds to the following:

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

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

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

Public Television Claimants (PTC), represented by Dustin Cho, served via ESERVICE at dcho@cov.com

Signed: /s/ Brian D Boydston