

Faith-Based Streaming Service Moving Out of Bankruptcy After Copyright Lawsuit

VidAngel announced yesterday, March 5, that due to “rapid growth over the last year,” VidAngel Trustee George Hofmann has filed a plan of reorganization. The plan outlines a strategy so that VidAngel can move out of bankruptcy.

The strategy includes a 14-year payoff of \$62 million to companies that won a copyright lawsuit in June 2019, according to DeseretNews.

Several studios—including Disney, 20th Century Fox and Warner Brothers—sued VidAngel in 2016 for copyright infringement.

VidAngel offers streaming services that allow viewers to cut explicit content from films and television shows. Major film studios argued that VidAngel illegally copied their films and streamed them for \$1 per movie.

VidAngel argued they were legally allowed to edit and stream the films because of the 2005 Family Movie Act, which allows DVDs to be edited with sanitizing technology, according to CBN News. The judge presiding over the case dismissed this argument.

VidAngel filed for bankruptcy in October 2017 in order to pause the lawsuit. But in June 2019, a federal judge ruled that VidAngel must pay \$62 million in damages. The faith-based streaming company is in the process of appealing that sentence.

“Bankruptcy law was established by Congress to give companies a chance to rehabilitate, get back on their feet, pay their creditors, and continue to move forward,” Hofmann says.

“VidAngel has a reorganization plan that does just that. After entry of an adverse judgment in an amount that, initially, seemed insurmountable, the company’s business and revenues are growing, and the company is expanding into new lines of business. According to third party financial experts hired to advise me in the reorganization process, VidAngel’s robust growth makes paying the judgment in full feasible. I look forward to the court confirming a plan so that VidAngel can emerge from bankruptcy, pay its debts and focus on growing a great business.”

VidAngel CEO Neal Harmon issued the following statement:

“We would not be in this position today were it not for the support and loyalty of our customers, investors, and the resilient VidAngel team. We’ve gone from avoiding threats of a shutdown to being able to say, ‘just send us the bill.’ VidAngel is turning a page in its history, and we believe that we now are moving forward stronger than we’ve ever been. VidAngel remains committed to helping you, the viewer, make entertainment good for your home.”