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**IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION**

In re:)	Case No. 07-33849
)	Jointly Administered
MOVIE GALLERY, INC., et al., ¹)	Chapter 11
)	Hon. Douglas O. Tice, Jr.
Reorganized Debtors.)	
)	

**NOTICE OF MOTION OF PAGE TODD AND JOE MALUGEN SEEKING
 ENTRY OF AN ORDER HOLDING KEITH A. COUSINS IN CONTEMPT OF COURT,
 IMPOSING SANCTIONS, COMPELLING HIM TO DISMISS CERTAIN ACTIONS
 AND ENJOINING HIM AND HIS COUNSEL FROM PURSUING ANY ACTION IN
 CONTRAVENTION OF ORDERS OF THIS COURT**

PLEASE TAKE NOTICE THAT Page Todd and Joe Malugen (collectively, the “Movants”) have filed the *Motion of Page Todd and Joe Malugen Seeking Entry of an Order Holding Keith A. Cousins in Contempt of Court, Imposing Sanctions, Compelling Him to Dismiss Certain Actions and Enjoining Him and His Counsel from Pursuing Any Action in Contravention of Orders of This Court* in the above case.

PLEASE TAKE FURTHER NOTICE THAT your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)

¹ The debtors in these proceedings were: Movie Gallery, Inc.; Hollywood Entertainment Corporation; M.G. Digital, LLC; M.G.A. Realty I, LLC; MG Automation LLC; and Movie Gallery US, LLC.



PLEASE TAKE FURTHER NOTICE THAT in connection with the Reorganized Debtors' chapter 11 cases, an Order Establishing Certain Notice, Case Management and Administrative Procedures [Docket No. 88] (the "Case Management Order") was entered by the Court on October 17, 2007, which, among other things, prescribes the manner in which objections must be filed and served and when hearings will be conducted. A copy of the Case Management Order may be obtained at no charge at www.kccllc.net/moviegallery or for a fee via PACER at www.vaeb.uscourts.gov.

PLEASE TAKE FURTHER NOTICE THAT if you do not timely file and serve a written objection to the relief requested in the Motion, the Court may deem any opposition waived, treat the Motion as conceded and enter an order granting the relief requested in the Motion without further notice or a hearing.

PLEASE TAKE FURTHER NOTICE THAT in accordance with the Case Management Order, if you wish to oppose the Motion, **on or before 5:00 p.m. prevailing Eastern Time April 22, 2011, or such shorter time as the Court may hereafter order and of which you may receive subsequent notice (the "Objection Deadline")**, you must file with the Court, at the address shown below, a written objection pursuant to Local Bankruptcy Rule 9013-1 and the Case Management Order:

Clerk of the Court
United States Bankruptcy Court
701 East Broad Street, Room 4000
Richmond, Virginia 23219

PLEASE TAKE FURTHER NOTICE THAT in accordance with the Case Management Order, you must also serve a copy of your written objection on the Core Group, the 2002 List and the Affected Entities, as such terms are defined in Exhibit 1 to the Case Management Order so that the documents **are received on or before the Objection Deadline**.

PLEASE TAKE FURTHER NOTICE THAT if an objection is timely filed, served and received and such objection is not otherwise timely resolved, a hearing to consider such objection and the Motion will be held before The Honorable Douglas O. Tice in the United States Bankruptcy Court, 701 East Broad Street, Room 4000, Room 5100, Richmond, Virginia 23219 on **April 27, 2011 at 12:00 p.m. prevailing Eastern Time.**

PLEASE TAKE FURTHER NOTICE THAT you should consult the Case Management Order before filing any written objection to the Motion.

Richmond, Virginia
Dated: April 15, 2011

/s/ Jeremy S. Williams

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In re:)	Case No. 07-33849
)	Jointly Administered
MOVIE GALLERY, INC., et al., ¹)	Chapter 11
)	Hon. Douglas O. Tice, Jr.
Reorganized Debtors.)	
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**MOTION OF PAGE TODD AND JOE MALUGEN SEEKING
ENTRY OF AN ORDER HOLDING KEITH A. COUSINS IN CONTEMPT OF COURT,
IMPOSING SANCTIONS, COMPELLING HIM TO DISMISS CERTAIN ACTIONS
AND ENJOINING HIM AND HIS COUNSEL FROM PURSUING ANY ACTION IN
CONTRAVENTION OF ORDERS OF THIS COURT**

Page Todd (“Todd”) and Joe Malugen (“Malugen” and together with Todd, the “Movants”) hereby file this motion (the “Motion”) seeking entry of an order from the Bankruptcy Court (the “Court”), substantially in the form of Exhibit A attached hereto, holding Keith A. Cousins (“Cousins”) in contempt of the Court, imposing sanctions, compelling him to dismiss certain actions currently pending against the Movants and enjoining him and his counsel from pursuing any action in contravention of the orders of this Court. In support of this Motion, the Movants respectfully state as follows:

¹ The debtors in these proceedings were: Movie Gallery, Inc.; Hollywood Entertainment Corporation; M.G. Digital, LLC; M.G.A. Realty I, LLC; MG Automation LLC; and Movie Gallery US, LLC.

Jurisdiction

1. The Bankruptcy Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

3. The statutory bases for the relief requested herein are section 105 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”), and Rules 9020 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”)

Background

4. This matter comes before the Court as a result of the refusal of Cousins and his counsel to obey the orders of this Court directing the dismissal of a lawsuit filed by Cousins in Alabama state court. Cousins has exhausted his appellate options, which included a ruling by the United States Court of Appeals for the Fourth Circuit (the “4th Circuit”) that affirmed this Court’s Order directing the dismissal of the pending suit as a violation of the discharge injunction and release provisions of the plan that was confirmed in this bankruptcy case. Despite this affirmance of the 4th Circuit and repeated requests of Cousins and his counsel to comply with the Orders of this Court, they have wholly failed and refused to comply, thereby resulting in the need for the Movants to initiate for the second time these contempt proceedings.

5. On October 16, 2007 (the “Commencement Date”), each of the Debtors filed a petition with the Bankruptcy Court under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”).

6. On April 10, 2008, the Bankruptcy Court entered an order (the “Confirmation Order”) confirming the Second Amended Joint Plan of Movie Gallery, Inc. and Its Debtor Subsidiaries Under Chapter 11 of the Bankruptcy Code with Technical Modifications [Docket

No. 2191] (the “2008 Plan”).² The terms of the 2008 Plan (including exhibits thereto) are expressly incorporated by reference into, and are an integral part of, the Confirmation Order. See Conf. Ord. § II.D, at ¶ 5.

7. Article X.B of the 2008 Plan governs Third Party Releases and provides, in part, that:

“NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE RELEASING PARTIES (REGARDLESS OF WHETHER A RELEASING PARTY IS A THIRD PARTY RELEASEE) SHALL PROVIDE A FULL DISCHARGE AND RELEASE (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) TO THE THIRD PARTY RELEASEES AND THE DEBTOR RELEASEES AND THEIR RESPECTIVE PROPERTY”

8. Article I.B(144) defines a “Releasing Party” as: “. . . all Holders of Claims” except those who vote to reject the plan, submit an Opt-Out Form or are in a class deemed to reject the plan.

9. Article I.B(59) defines “Debtor Releasees” as “(a) all current and former members (including ex officio members), officers and directors of the Debtors”

10. Article X.G of the Plan states that:

“EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, ALL ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS . . . CAUSES OF ACTION OR LIABILITIES THAT: . . . (C) HAVE BEEN RELEASED PURSUANT TO ARTICLE X.C HEREOF . . . ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST ANY ENTITY SO RELEASED”

11. The 2008 Plan became effective on May 20, 2008 (the “Effective Date”).

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan.

Cousins' State Court Action

12. On July 14, 2009, Keith A. Cousins (“Cousins”) and Thomas Johnson, Jr. (“Johnson”; and together with Cousins, “Plaintiffs”) filed their complaint against Movie Gallery, Inc., Malugen and Todd in Jefferson County, Alabama Circuit Court (the “State Court Action”).

13. Cousins asserts causes of actions against Todd (then Executive Vice President, Chief Compliance Officer and General Counsel for Movie Gallery US, LLC) and Malugen (former Chairman, President and Chief Executive Officer of Movie Gallery US, LLC) for committing fraud in various forms and otherwise making false and defamatory statements.

Cousins' Contempt and Affirmation

14. On August 21, 2009, the Debtors filed a motion with the Bankruptcy Court seeking to have Cousins held in contempt for his violation of the Injunction contained in the Plan (the “Original Contempt Motion”).

15. On September 25, 2009, the Bankruptcy Court entered an order in favor of the Debtors, enjoining Cousins from pursuing his State Court Action (the “Injunction Order”) [Docket No. 3653]. The Bankruptcy Court again ruled in favor of the Debtors and denied Cousins’ motion to reconsider on November 5, 2009.

16. The Injunction Order required Cousins and his counsel to “take all necessary actions to dismiss the Complaint as it pertains to Cousins, with prejudice, as to S. Page Tood and Joe T. Malugen within 10 days of the entry of this Order.” *See Injunction Order*, p. 2. In addition, the Court expressly enjoined Cousins and his counsel from (1) “further litigating the complaint currently pending in the State Court Action” and (2) “further litigating or initiating

suits against S. Page Todd or Joe T. Malugen that are premised on claims released pursuant to the Confirmation Order.” *Id.*

17. On October 16, 2009, the Court entered the *Order Granting Motion to Stay Effect of Order* (the “Stay Order”) [Docket No. 3727] in which the Debtors agreed that Cousins would not be required to dismiss the State Court Action until there was an entry of a final order by the highest court hearing an appeal, after which time the stay would dissolve.

18. On November 12, 2009, Cousins filed his Petition for Permission to Appeal (the “Appeal”) in the 4th Circuit.

19. On March 16, 2010, the 4th Circuit ordered that the Appeal was not stayed by the filing of Movie Gallery II (defined below) and a briefing schedule was entered whereupon the parties subsequently filed their briefs.

20. On December 13, 2010, the 4th Circuit affirmed the Injunction Order entered by this Court. A copy of the 4th Circuit’s ruling is attached hereto as **Exhibit B**. The time within which Cousins could appeal the Injunction Order to the United States Supreme Court has expired pursuant to Rule 14 of the Supreme Court Rules.

21. On February 2, 2010, Movie Gallery, Inc., Hollywood Entertainment Corporation, Movie Gallery US, LLC, MG Real Estate, LLC, and HEC Real Estate, LLC each filed a petition with this Court under chapter 11 of the Bankruptcy Code [Case No. 10-30696] (“Movie Gallery II”).

22. On April 27, 2010, after the filing of Movie Gallery II, while the 4th Circuit matter was still pending, Cousins filed a certain *Notice of Removal by Keith A. Cousin [sic] and Thomas Johnson, Jr.* removing the State Court Action to the United States District Court for the Northern District of Alabama (the “District Court”) [Case No. 2:10-CV-01093].

Cousins Continued Contempt

23. Cousins is in violation of the Injunction Order and Stay Order by his refusal to dismiss the State Court Action as required by such orders following the 4th Circuit's ruling and Cousins' failure to file an appeal to the United States Supreme Court.

24. Cousins refusal to dismiss the State Court Action also constitutes willful violations of the 2008 Plan and the Confirmation Order.

25. In addition to violating the Injunction Order, the Stay Order, the 2008 Plan and the Confirmation Order, Cousins also violated the automatic stay of 11 U.S.C. § 362 of Movie Gallery II by his having continued to pursue the State Court Action by removing the State Court Action to District Court and requesting that the District Court proceed with hearing his case.

26. In a brief entitled *Plaintiff's Brief in Support of Jurisdiction* (the "Brief") [Docket No. 6] filed by Cousins in connection with his removal of the State Court Action to District Court on October 1, 2010, Cousins argues, among other things, that by removing his claims to District Court, and likening them to adversary proceedings, the Injunction Order is somehow inapplicable. Cousins also asserts that this Court's notation on the docket that the Cousins' 4th Circuit appeal was not stayed gave him the right to proceed in the District Court. Cousins then argues that the automatic stay of 11 U.S.C. § 362 in connection with Movie Gallery II is not applicable. In conclusion, Cousins proposes that the District Court has jurisdiction over his action against the Movants and that the "action is due to proceed." See Brief, p. 13.

27. On January 13, 2011, correspondence was sent to counsel for Cousins requesting that he dismiss his District Court action, a copy of which is attached hereto as **Exhibit C**. Even with this request, Cousins refused to dismiss the District Court action.

28. Despite the 4th Circuit opinion affirming the Injunction Order, the terms of the Stay Order and requests by the Debtors and the Movants to not proceed in District Court and for Cousins to dismiss his actions, Cousins and his counsel have failed and refused to do so.

The Bankruptcy Court Has Jurisdiction

29. Pursuant to 11 U.S.C. § 105(a): “The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision . . . shall preclude the court from, *sua sponte*, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent an abuse of process.” Courts in this district recognize that section 105(a) “authorizes a bankruptcy court to hold a party in civil contempt for failing to comply with a previous order.” In re Cherry, 247 B.R. 176, 186-87 (Bankr. E.D. Va. 2000) (citing Burd v. Walters (In re Walters), 868 F.2d 665 (4th Cir. 1989)).

30. Moreover, a court has equitable power to enforce its own lawful orders. See, e.g., Matter of Rimstat, Ltd., 98 F.3d 956, 965-66 (7th Cir. 1996) (affirming contempt finding for violation of bankruptcy court’s order); In re Unioil, 948 F.2d 678, 682 (10th Cir. 1991). In particular, bankruptcy courts retain post-confirmation jurisdiction to interpret and enforce their own orders, particularly when disputes arise over a plan of reorganization. In re Petrie Retail, Inc., 304 F.3d 223, 230 (2d Cir. 2002).

31. Included in the ability to enforce orders is the right to punish parties for contempt pursuant to Bankruptcy Rule 9020. See In re Rainbow Magazine, 77 F.3d 278 (9th Cir. 1996); see also In re Walters, 868 F.2d 665 (4th Cir. 1989). “[C]ourts have inherent power to enforce compliance with their lawful orders through civil contempt.” Shillitani v. United States, 384 U.S. 364, 370 (1966); see also Cox v. Zale Delaware, Inc., 239 F.3d 910, 917 (7th Cir. 2001) (bankruptcy court retains jurisdiction to enforce its discharge injunctions).

32. Additionally, the ability of the Bankruptcy Court to enforce the Confirmation Order here is buttressed by the Plan and the terms of the Confirmation Order itself. Specifically, the Plan explicitly provides that this Bankruptcy Court retains jurisdiction to “enforce Article X.A, Article X.B, Article X.C, Article X.D, Article X.E, Article X.F and Article X.H hereof” See Plan, Art. XII.11. The Confirmation Order further provides that the Court retains “exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including, without limitation, jurisdiction over those matters set forth in Article XII of the Plan.” See Conf. Ord. § II.PP.

Cousins Continued Violation of the Confirmation Order and Injunction Order is Grounds for Contempt and Sanctions

33. A violation of a confirmation order is grounds for contempt under Rule 9020. See In re Durant, 239 B.R. 859 (Bankr. N.D.N.Y. 1999). The procedure invoked by the Movants here — a contempt motion in the Chapter 11 Cases — is an appropriate mechanism for securing compliance with the Confirmation Order. See In re Consolidated Indus., 360 F.3d 712 (7th Cir. 2004) (“[A]n adversary proceeding is not the proper vehicle to present a contempt claim, as civil contempt is a method of enforcing a court order, not an independent cause of action. The proper vehicle to enforce a court order is a motion in the original case.”) (internal citation omitted).

34. To prevail on a motion for civil contempt, a movant must prove by clear and convincing evidence that: (1) there was a valid court order that the alleged party committing contempt disobeyed; and (2) the party had knowledge or notice of the order. See Wessley Jessen Corp. v. Bausch & Lomb, Inc., 256 F. Supp. 2d 228 (D. Del. 2003); In re Reed, 11 B.R. 258, 268 (Bankr. D. Utah 1981) (notice or knowledge of an order).

35. The first element is satisfied as this Court entered the Confirmation Order which released and enjoined the causes of actions asserted by Cousins in this matter. See Conf. Ord. Article X.C. Under the Third-Party Release, all Releasing Parties (which would include Cousins as the holder of a claim) provide a full discharge and release to all Debtor Releases (which includes Todd and Malugen as officers of the Reorganized Debtors), which existed as of the Effective Date (which includes Cousins claims because they are premised on actions which wholly occurred prior to May 20, 2008). The scope of the release applies to torts, fraud or other actions (which includes the nature of Cousins' claims) which are in any way related to the Debtors or their bankruptcy (the alleged actions of Malugen and Todd were all in relation to their positions as officers of Movie Gallery).

36. Pursuant to Article X.G, the Court also granted an injunction against all claims against released parties. Consequently, Cousins released Todd and Malugen by voting in favor of the Plan and as released parties, Cousins is enjoined from commencing an action against them. Therefore, Cousins violated the discharge injunction by initiating the State Court Action in the first place, a finding by this Court which was affirmed by the 4th Circuit.

37. In addition to violating the 2008 Plan and its Confirmation Order, Cousins is also in violation of the Injunction Order, the Stay Order and he violated the automatic stay of 11 U.S.C. § 362 that was in effect in Movie Gallery II. Under the Injunction Order and Stay Order, Cousins was prohibited from pursuing his actions against Todd and Malugen. Cousins and his counsel violated those orders by removing the State Court Action to District Court and requesting that the District Court proceed with hearing his case.

38. Cousins is also in violation of the Injunction Order and the Stay Order because those orders required that once the appeal process ran, Cousins was to dismiss his claims against

Todd and Malugen. The appeals process has run and Cousins has not only failed to dismiss his suit against Todd and Page, but has filed additional pleadings in District Court seeking to proceed with his claims. These are willfull violations of not only the 2008 Plan and Confirmation Order, but also of the Injunction Order and the Stay Order (collectively, the “Orders”).

39. Second, Cousins had notice of the Orders. On or before May 22, 2008, Cousins was served with a copy of the *General Notice of Occurrence of Effective Date of Second Amended Joint Plan of Reorganization of Movie Gallery, Inc. and Its Debtor Subsidiaries Under Chapter 11 of the Bankruptcy Code with Technical Modifications* [Docket No. 2344] (the “Effective Date Notice”). The *Affidavit of Service* for the Effective Date Notice lists Cousins on Exhibit A as a party that was served with the Effective Date Notice at his registered address of 900 West Main Street Dothan, Alabama 3636 [Docket No. 2363]. In addition, Cousins cast his ballot in confirmation of the Plan, therefore having constructive knowledge of its terms and provisions. As such, Cousins had knowledge or notice that the Plan was confirmed and that the Confirmation Order was entered.

40. Cousins also had knowledge of the Injunction Order and Stay Order as demonstrated by his motion to reconsider the Injunction Order and the fact that counsel for Cousins submitted the Stay Order.

41. Cousins has willfully violated the Orders entered by the Bankruptcy Court and the discharge injunction by pursuing his State Court Action in District Court and by not dismissing his State Court Actions. When a party wilfully and deliberately violates a court order, compensatory damages as well as attorney’s fees are appropriate relief. *See In re Stephe W. Grosse, P.C.*, 84 B.R. 377 (Bankr. E.D. Pa. 1988). In this instance, Cousins has not only

violated one court order, the Confirmation Order, but has also violated the Injunction Order and the Stay Order.

42. The Movants therefore request that this Bankruptcy Court (a) hold Cousins in contempt of this Bankruptcy Court; (b) compel Cousins and his counsel to dismiss the action pending in District Court; (c) enjoin Cousins and his counsel from further litigating or initiating additional actions against Malugen or Todd to the degree such cause of action arises from the claims which were released pursuant to the Confirmation Order; (d) award the Movants sanctions in the amount of \$5,000.00 and continuing sanctions of \$500.00 per day after ten (10) days from the entry of an order granting this Motion that the State Court Action has not been dismissed; and (e) awarding Movants their attorneys fees, costs and expenses incurred in connection with this Motion, in an amount no less than \$6,369.37, which amount may be supplemented as necessary; and (f) grant such other relief as this Court deems just and proper.

Waiver of Memorandum Requirement

43. Pursuant to Local Rule 9013-1(G), and because there are no novel issues of law presented in this Motion, the Movants request that the requirement that all applications be accompanied by a written memorandum of law be waived.

Notice

44. Notice of this Motion has been given to the Core Group, the 2002 List and the Affected Parties as required by the Case Management Procedures.³ In light of the nature of the relief requested, the Movants respectfully submit that no further notice is required.

³ Capitalized terms used in this paragraph 44 but not otherwise defined herein shall have the meanings set forth in the Notice, Case Management and Administrative Procedures established by the Order Establishing Certain Notice, Case Management and Administrative Procedures [Docket No. 88] entered on October 17, 2007.

WHEREFORE, for the reasons set forth herein, the Movants respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit A, (a) holding that Cousins is in contempt of court; (b) compelling Cousins and his counsel to dismiss the action pending in District Court; (c) enjoining Cousins and his counsel from further litigating or initiating additional actions against Malugen or Todd to the degree such cause of action arises from the claims which were released pursuant to the Confirmation Order; (d) award the Movants sanctions in the amount of \$5,000.00 and continuing sanctions of \$500.00 per day after ten (10) days from the entry of an order granting this Motion that the State Court Action has not been dismissed; and (e) awarding Movants their attorneys fees, costs and expenses incurred in connection with this Motion in an amount no less than \$6,369.37, which amount may be supplemented as necessary; and (f) granting such other relief as this Court deems just and proper.

Richmond, Virginia
Dated: April 15, 2011

/s/ Jeremy S. Williams
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Peter J. Barrett (VSB 46179)
Jeremy S. Williams (VSB 77469)
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Counsel for Page Todd and Joe Malugen

EXHIBIT A

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Counsel to Page Todd and Joe Malugen

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:)	Case No. 07-33849
)	Jointly Administered
)	
MOVIE GALLERY, INC., et al., ¹)	Chapter 11
)	Hon. Douglas O. Tice, Jr.
Reorganized Debtors.)	
)	

**ORDER HOLDING KEITH A. COUSINS IN CONTEMPT OF COURT, IMPOSING
SANCTIONS AND ENJOINING HIM AND HIM COUNSEL FROM FURTHER
ACTION IN CONTRAVENTION OF THE CONFIRMATION ORDER**

Upon the motion (the “Motion”)² of Page Todd and Joe Malugen (the “Movants”) seeking the entry of an order (the “Order”), holding Keith A. Cousins (“Cousins”) in contempt of court, imposing sanctions, compelling him to dismiss certain pending actions, enjoining him and his counsel from further action in contravention of the order confirming the *Second Amended Joint Plan of Movie Gallery, Inc. and Its Debtor Subsidiaries Under Chapter 11 of the Bankruptcy Code with Technical Modifications* [Docket No. 2191] the *Order Enjoining Keith A. Cousins and His Counsel From Further Action in Contravention of the Confirmation Order*, [Docket No. 3653], the *Order Granting Motion to Stay Effect of Order* [Docket No. 3727] (collectively, the “Order”), and imposing sanctions against Cousins in the amount of \$5,000.000

¹ The debtors in these proceedings were: Movie Gallery, Inc.; Hollywood Entertainment Corporation; M.G. Digital, LLC; M.G.A. Realty I, LLC; MG Automation LLC; and Movie Gallery US, LLC.

and awarding the Movants their attorneys fees and costs incurred in connection with the Motion; it appearing that the relief requested in the Motion is in the best interests of the Movants; the Bankruptcy Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before the Bankruptcy Court pursuant to 28 U.S.C. §§ 1408 and 1409; proper notice of the Motion having been provided to all necessary and appropriate parties, including pursuant to the Order Establishing Certain Notice, Case Management and Administrative Procedures [Docket No. 88] entered by the Bankruptcy Court on October 17, 2007, and no further notice being necessary; and after due deliberation and sufficient cause appearing therefor, it is hereby **ORDERED, ADJUDGED and DECREED** that:

1. The Motion is granted as set forth herein.
2. Cousins has willfully violated the Orders and is therefore in contempt of court.
3. Within 10 days of the entry of this Order, Cousins shall pay to the Movants \$5,000.00 in sanctions and he shall satisfy costs and expenses incurred by the Movants in filing this Motion in an amount equal to \$_____, and a judgment shall be, and hereby is, entered against Cousins for such amounts.
4. Cousins and his counsel shall dismiss his suit pending against the Movants in the United States District Court for the Northern District of Alabama, Southern Division [Case No. 2:10-cv-01093] within 10 days of the entry of this Order. Each day thereafter that the suit is not dismissed, continuing sanctions of \$500.00 per day shall accrue for each day until the suit is dismissed.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

5. Cousins and his counsel are hereby enjoined from further litigating or initiating suits against S. Page Todd or Joe T. Malugen that are premised on claims released pursuant to the Confirmation Order.

6. The Movants are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

7. Notwithstanding the possible applicability of Bankruptcy Rule 9014 or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

8. The Bankruptcy Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Date: _____

UNITED STATES BANKRUPTCY JUDGE

We ask for this:

/s/

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Peter J. Barrett (VSB 46179)
Jeremy S. William (VSB 77469)
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Facsimile: (804) 783-6192
Counsel for Page Todd and Joe Malugen

EXHIBIT B

FILED: December 13, 2010

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 09-2386, Keith Cousins v. Movie Gallery, Inc.
07-33849

NOTICE OF JUDGMENT

Judgment was entered on this date in accordance with Fed. R. App. P. 36. Please be advised of the following time periods:

PETITION FOR WRIT OF CERTIORARI: To be timely, a petition for certiorari must be filed in the United States Supreme Court within 90 days of this Court's entry of judgment. The time does not run from issuance of the mandate. If a petition for panel or en banc rehearing is timely filed, the time runs from denial of that petition. Review on writ of certiorari is not a matter of right, but of judicial discretion, and will be granted only for compelling reasons. (www.supremecourtus.gov)

VOUCHERS FOR PAYMENT OF APPOINTED OR ASSIGNED COUNSEL: Vouchers are sent to counsel appointed or assigned by the Court in a separate transmission at the time judgment is entered. CJA 30 vouchers are sent to counsel in capital cases. CJA 20 vouchers are sent to counsel in criminal, post-judgment, habeas, and § 2255 cases. Assigned counsel vouchers are sent to counsel in civil, civil rights, and agency cases. Vouchers should be completed and returned within 60 days of the later of entry of judgment, denial of a petition for rehearing, or the grant or denial of a petition for writ of certiorari. If counsel appointed or assigned by the Court did not receive a voucher, forms and instructions are available from the Court's web site, www.ca4.uscourts.gov, or from the clerk's office.

BILL OF COSTS: A party to whom costs are allowable, who desires taxation of costs, shall file a Bill of Costs within 14 calendar days of entry of judgment. (FRAP 39, Loc. R. 39(b)).

PETITION FOR REHEARING AND PETITION FOR REHEARING EN BANC: A petition for rehearing must be filed within 14 calendar days after entry of judgment, except that in civil cases in which the United States or its officer or agency is a party, the petition

must be filed within 45 days after entry of judgment. A petition for rehearing en banc must be filed within the same time limits and in the same document as the petition for rehearing and must be clearly identified in the title. The only grounds for an extension of time to file a petition for rehearing are the death or serious illness of counsel or a family member (or of a party or family member in pro se cases) or an extraordinary circumstance wholly beyond the control of counsel or a party proceeding without counsel.

Each case number to which the petition applies must be listed on the petition to identify the cases to which the petition applies and to avoid companion cases proceeding to mandate during the pendency of a petition for rehearing in the lead case. A timely filed petition for rehearing or petition for rehearing en banc stays the mandate and tolls the running of time for filing a petition for writ of certiorari.

A petition for rehearing must contain an introduction stating that, in counsel's judgment, one or more of the following situations exist: (1) a material factual or legal matter was overlooked; (2) a change in the law occurred after submission of the case and was overlooked; (3) the opinion conflicts with a decision of the U.S. Supreme Court, this Court, or another Court of Appeals, and the conflict was not addressed; or (4) the case involves one or more questions of exceptional importance. A petition for rehearing, with or without a petition for rehearing en banc, may not exceed 15 pages. Copies are not required unless requested by the Court. (FRAP 35 & 40, Loc. R. 40(c)).

MANDATE: In original proceedings before this Court, there is no mandate. Unless the Court shortens or extends the time, in all other cases, the mandate issues 7 days after the expiration of the time for filing a petition for rehearing. A timely petition for rehearing, petition for rehearing en banc, or motion to stay the mandate will stay issuance of the mandate. If the petition or motion is denied, the mandate will issue 7 days later. A motion to stay the mandate will ordinarily be denied, unless the motion presents a substantial question or otherwise sets forth good or probable cause for a stay. (FRAP 41, Loc. R. 41).

FILED: December 13, 2010

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 09-2386
(07-33849)

KEITH A. COUSINS

Petitioner - Appellant

v.

MOVIE GALLERY, INC., formerly doing business as Game Crazy, formerly doing business as M.G. Midwest, formerly doing business as M.G.A., Inc., formerly doing business as Moovies, Inc., formerly doing business as Movie Gallery Asset Management, Inc., formerly doing business as Movie Gallery Finance, Inc., formerly doing business as M.G.A. Realty 1, Inc., formerly doing business as Movie Gallery Licensing, Inc., formerly doing business as Movie Gallery Promotions, Inc., formerly doing business as Movie Gallery Services, Inc., formerly doing business as Movie Gallery US, Inc., formerly doing business as MovieGallery.com, Inc., formerly doing business as Video Library, Inc., formerly doing business as Video Update, Inc.; HOLLYWOOD ENTERTAINMENT CORPORATION; M.G. DIGITAL, LLC; M.G.A. REALTY I, LLC; MG AUTOMATION LLC; MOVIE GALLERY US, LLC

Respondents - Appellees

J U D G M E N T

In accordance with the decision of this Court, the judgment of the District Court is affirmed.

This judgment shall take effect upon issuance of this

Court's mandate in accordance with Fed. R. App. P. 41.

/s/ PATRICIA S. CONNOR, CLERK

EXHIBIT C

**MAYNARD COOPER
& GALE PC**

ATTORNEYS AT LAW

Jeffrey M. Grantham
DIRECT 205.254.1035
EMAIL jgrantham@maynardcooper.com

January 13, 2011

Via E-Mail and U. S. Mail

Romaine S. Scott, III
Haskell Slaughter Young & Rediker, LLC
1400 Park Place Tower
2001 Park Place North
Birmingham, AL 35203

Re: *Thomas D. Johnson, Jr., et al. v. Movie Gallery, Inc., et al.*
Civil Action No.: CV-2009-02110

Dear Romaine:

I am writing to follow up on our discussion of Thursday, January 6, 2011. Please consider this letter my demand that your clients do the following:

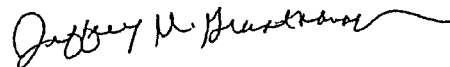
1. Dismiss with prejudice all claims of Keith Cousins against all Defendants. The Fourth Circuit Court of Appeals has affirmed that Cousins' claims are barred by the release in the initial Movie Gallery bankruptcy case and that he is enjoined from proceeding further with these claims. Proceeding further with these claims would be in violation of the injunction and in contempt of court.

2. Dismiss with prejudice Thomas Johnson's claims against Movie Gallery. These claims are now barred by the confirmation order in Movie Gallery's second bankruptcy and he is enjoined from proceeding further against Movie Gallery.

3. Agree to the remand of Thomas Johnson's claims against Page Todd and Joe Malugen to state court.

If we do not have an agreement on these three points by Monday, January 24, 2011, then we will proceed accordingly.

Sincerely,



Jeffrey M. Grantham

JMG/mk