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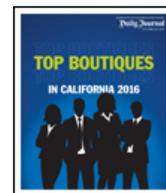
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Thursday, October 27, 2016

SPECIAL REPORT

Top Boutiques



Weekly Appellate Report Podcast

Michael Singer (Cohelan Khoury & Singer) voices CAFA concerns as the 9th Circuit applies state labor standards to "call-in" shifts; Neal Marder (Akin Gump) discusses *Brazil v. Dole* and potentially wider liability for companies labeling foods "All Natural."

00:00 / 53:37

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Litigation

City of Industry sues Burke, its legal adviser for 17 years

The complaint filed Oct. 6 in Los Angeles County Superior Court by Carlson, Calladine & Peterson LLP, accuses Burke of neglecting its professional and fiduciary duties in its efforts to prevent the election of city council candidates who the firm feared would adversely affect its lucrative contract with the city.

U.S. Court of Appeals for the 9th Circuit Appellate court revives shareholder suit against drugmaker

The 9th U.S. Circuit Court of Appeals revived a putative securities class action Wednesday against Arena Pharmaceuticals Inc.

Environmental

Environmental groups sue over EIR for State Water Project

A coalition of environmental groups and Delta water agencies has filed a California Environmental Quality Act challenge to the revised environmental impact report on a major portion of the State Water Project.

Mergers & Acquisitions Dealmakers

Relani Belous

Penthouse Global Media GC Relani Belous knows the pornography business faces tough scrutiny.



As general counsel for Penthouse Global Media Inc., Relani Belous is in charge of risk management for a business she says is defined by risk.

"People are already looking at you with one eyebrow up, not only from a legal standpoint, but from the community and from a business standpoint," she said. "You're already the red-headed stepchild in the world so you have to overcome that."

Belous has been the general counsel for Penthouse Global Media, or PGMI, since the acquisition of the Penthouse brand from FriendFinder Networks Inc., in February. But her familiarity with the products extends beyond that, having served as the vice president and senior counsel of IP and digital media for the previous parent company starting in 2009.

Relani Belous

Senior Vice President and General Counsel

Penthouse Global Media Inc.

Chatsworth

Size of legal department: 1 attorney

When PGMI CEO Kelly L. Holland bought the brand with the intention of aggressively expanding the print magazine as well as Penthouse's digital assets, hiring an "IP warrior," as Belous refers to herself, made a lot of sense.

"At the heart of it, we're an IP company," Belous said. "Kelly bought the brand, she bought the name, and so what comes along with that is the digital business, the print business and the broadcast business, so I think it all comes under that umbrella of content."

PGMI's Penthouse magazine is still a fully nude, wrapped-in-plastic publication. The company also produces hard core pornographic movies and offers additional digital content under the Penthouse brand. Holland, also known as Toni English, is a veteran producer in the adult entertainment business.

The company's commitment to publishing hard core content keeps it distinct from brands such as Playboy Enterprises Inc., which announced at the end of 2015 that it would no longer feature fully nude photographs.

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The strategy paid off, literally: In the months following Holland's February announcement that the company would continue to publish fully nude content, the magazine erased its debt and is expected to turn a profit by the end of the year, according to interviews Holland has recently given.

But that philosophy also comes with the understanding the company will receive high scrutiny from government regulators. PGMI has a presence in the First Amendment Coalition, for example, and a political stake in Measure B, or the County of Los Angeles Safer Sex In the Adult Film Industry Act, which passed in 2012 and requires the use of condoms in pornographic movies.

Voters in the upcoming Nov. 8 election will be asked to approve a statewide initiative with the same directive, Proposition 60.

"People ask what business we're in and we say we're in the risk business," Belous said. "I mean at the end of the day, we're not running a cracker factory."

In an interview with Daily Journal staff writer Paula Lehman-Ewing, Belous discussed the company's fresh start and its familiar challenges. Here is an edited transcript of that conversation:

Daily Journal: Why did bringing on an IP lawyer to oversee the legal issues of the company make sense?

Belous: The adult industry was one of the first things on digital. It was the first thing to take credit cards. It was the first thing to have an affiliate network. So I think it does make sense. You have to bring somebody in who not only stands understands IP but understands the value of IP. The magazine is going to end up online, the way media is distributed may change, so there will be a lot of licensees. We've been in different categories, like liquor and toys and novelties and stuff like that. We're looking to expand into different types of arrangements, maybe more brick and mortar types of things or location-based entertainment and so that's something that we're looking to explore. When you come out of the gate, it's like anything with your trademark, it's your reputation. From a business standpoint and then from an IP standpoint, making sure you have the right quality controls in place is important.

DJ: How has your role with the company shifted?

Belous: It's my job to plan in the divorce on the first date. And there's another saying that the only time you're at the top is when you're digging a hole. As a lawyer you learn things, you pick them up and you figure out what's necessary. Especially in California, it's a very highly regulated state and especially our industry. They're always coming for us with torches. There's the initiative [Prop. 60] that's on the ballot for the state that's coming up and Measure B passed, so it's like whack-a-mole. These things are never going to stop coming up. I just have to be there with a mallet.

DJ: So do you find yourself constantly on defense or do you ever go on the offensive as well?

Belous: It's a business decision as to what you want to do because, as the old saying goes, you can't stop for every barking dog. We'd spend the entire day analyzing everything and we can't do business like that. I think at the end of the day there are times when you have to be proactive, but there's always going to be a time when you have to be reactive. Sometimes there's no planning you can do. I think you have to look at things logically and say, "OK, well, if this happens, we will do this."

This is why I'll rely on outside counsel or people who work in the business. This industry has had to really survive. It's really like surviving cancer and a stroke and losing your leg at the same time and we're still here. So we're here for a reason. We've been resilient to legislation and all those kind of arrows that have been thrown at us because at the end of the day, you have to know if the law is on your side.

I'm having that conversation no matter what the legislation because this is the business we're in. We are in the risk business. So whether it's some guy with a statute or a proposal on the ballot, it doesn't really matter. This is something you deal with when you run a higher risk business like cigarettes or guns. They're coming for you no matter what. So do you sit around and bite your nails? I mean just because you're limping doesn't mean you're not in the race. I think it becomes an exercise in futility.

DJ: At what point do you decide to bring in outside counsel for matters?

A roundup of recent transactions and the California lawyers involved.

Law Practice

New Procopio partner loves the land and those who transform it

In her capacity as the head of the land use practice at Procopio, Cory, Hargreaves & Savitch LLP, Madaffer divides her time between the office and traveling around San Diego County visiting project sites and consulting experts.

Litigation

Students win false advertisement claim against paramedic training school

In the latest blow to the for-profit education industry, plaintiffs in a class action against a paramedic training program won summary judgment this week on their claim that it falsely advertised that students would be first in line for internship and job opportunities.

Corporate Counsel

Relani Belous

Senior Vice President/General Counsel
Penthouse Global Media Inc. (Chatsworth)

Government

Los Angeles attorneys break down state propositions

Attorneys gathered in Los Angeles Tuesday to hear explanations on the purpose of each measure, the arguments for and against them and to warn of pitfalls that could potentially neutralize votes.

Intellectual Property

Justices to weigh 'useful article' copyrights

On Monday, the U.S. Supreme Court will hear oral argument over "What is the appropriate test to determine when a feature of a useful article is protectable under section 101 of the Copyright Act?" By **Tyler T. Ochoa**

Technology & Science

AI report shows concern for justice and fairness

The White House report on artificial intelligence puts indirect pressure on big data companies to be more transparent regarding how their data is gained, processed, used and shared. By **Anna Hsia**

Attorneys need not be cloudy regarding cloud ethics

Although few new technologies conjure more confusion and anxiety than the ubiquitous word "cloud," attorneys primarily need to remember that their number one ethical goal regarding the cloud is to protect client confidences and information. By **Perry L. Segal**

Judicial Profile

Julian Recana

Superior Court Judge
Los Angeles County (Compton)

Belous: Outside attorneys play a key role but I think they're more of a cane than a crutch. I'm going to them because these are people who understand this business. I want someone to look at it not only from a legal standpoint but I think a realistic sense and say here's what we have and here's what the game plan is. These guys have been to battle. They've been generals.

It's sort of like, do I go to a restaurant for something I can make at home or do I go to a restaurant to eat something I can't just make in my kitchen? These guys have that wheelhouse of knowledge. They have been involved in the political aspects of these issues and they can draw on past experience and say, "Here's where we should be," or they'll say, "Let's wait."

With technology, we live in a very reactionary world. If I don't answer a text in three seconds, there's something wrong, right? I think sometimes you have to pause and wait and see what's going to happen. It's not about acquiescing or being incompetent or anything like that but I think you have to sometimes take a step back and say let's not bring a gun to a knife fight.

DJ: What firms do you work with currently?

Belous: We work with Allen, Dyer, Doppelt, Milbrath & Gilchrist in Orlando. We do some work with Greenberg Traurig and Jeffrey Doublas for First Amendment issues. Bayard PA in Delaware is handling our litigation. We work with Pryor Cashman in New York. We work with Miller Law Group for employment matters.

DJ: How do you plan for possible new laws?

Belous: You're looking at all possible outcomes. It will be a while until something gets implemented but I think you have to have those kind of discussions and think about what your options are. But when you have a rational thought and trying to discuss an irrational situation that's being presented, I don't know what your options are. It's sort of like we're blowing up the bridge or we're burning it. That becomes a challenge in itself and at the end of the day, you have to just wait and see what's really going to happen. I don't think you plan for an unknown in a vacuum. It's just not that kind of situation.

You have to deal with this constantly. But when it comes to thinking about what it's doing to your reputation, you're already there. You're the pariah. So in that sense, what can you do? I think you can be who you are and comply the best that you can and really, at the end of the day that's all you can do.

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Daily Journal Profile Guidelines

Recent Corporate Counsel Profiles

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Judges and Judiciary

Judicial Council considers fairest way to divide limited funds

Tensions are brewing among trial court leaders over the distribution of public money and the number of judgeships in the state.

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