IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

In re:	§	**Chapter 11**
	§	
SPHERATURE INVESTMENTS, LLC,	§	**Case No.: 20-42492**
	§	
Debtor.	§	**Jointly Administered**
	§	

MONTGOMERY CAPITAL ADVISERS, LLC'S OBJECTION TO DEBTORS' EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS GRANTING USE OF CASH COLLATERAL AND SCHEDULING FINAL HEARING

[Responds to Docket No. 18]

Montgomery Capital Advisers, LLC, as Collateral Agent ("MCA") files this Objection (the "Objection") to the Debtors' Emergency Motion for Interim and Final Orders Granting Use of Cash Collateral and Scheduling Final Hearing (the "Cash Collateral Motion").

I. OVERVIEW

The Debtors' own cash collateral budget indicates likely administrative insolvency by the end of this month. The Debtors will end April with $2.8 million cash on hand[1]; however, on information and belief, the estates' accrued and unpaid administrative expense claims, including an estimated $4.4 million professional fees,[2] will likely exceed this amount, even after applying all budgeted payments. MCA holds a valid and enforceable senior secured lien on substantially all of the Debtors' assets, including the Debtors' cash. MCA has patiently permitted the Debtors' use of its cash collateral under interim orders with minimal adequate protection to fund the Debtors' optimistic sales efforts. However, no sale, auction or even bid deadline is scheduled and no stalking

[1] See Exhibit A attached hereto – Debtors' Proposed 4th Interim Budget.

[2] *See* Exhibit B attached hereto – Email from Simon Davies to Jeff Crawford dated Thursday, April 01, 2021, 5:50 PM, RE: Accrued Professional Restructuring Fees.

horse asset purchase agreement is on file. Unfortunately, the Debtors are running out of money – and MCA is running out of collateral – and the Debtors cannot adequately protect MCA to run a sales process.

The Debtors filed their bid and sales procedures motion more than seventy (70) days ago, promising to file a stalking horse asset purchase agreement by February 9, 2021 – fifty-two (52) days ago. ECF No. 92 at ¶16(d)(1). To date, the Debtors have failed to file any asset purchase agreement, have failed to conduct any hearing on any proposed sales process timely or bid procedures, and depleted millions of dollars of cash collateral in the process. These facts prevent the Debtors from providing MCA sufficient adequate protection for any further use of MCA's cash collateral.

As of the filing of this objection, MCA has not consented to the Debtors' use of its cash collateral and the Cash Collateral Motion proposes inadequate protection for MCA. In response, MCA files this objection, opposing the Debtors' continued use of cash collateral absent significant additional protections to compensate MCA for the Debtors' depletion of MCA's collateral. Absent the protections requested herein, MCA opposes the Debtors' use of its collateral, and demands that the Debtors be required to segregate and account for any collateral in their possession and be prohibited from using such collateral in any manner.

II. BACKGROUND

1. On November 3, 2017, Montgomery Capital Advisers, LLC, as collateral agent on behalf of the Lenders (as defined below) (in such capacity, "MCA") acquired a security interest in and lien on Spherature Investments LLC f/k/a WorldVentures Holdings, LLC's ("WorldVentures") assets, as security for indebtedness evidenced by certain promissory notes in the aggregate amount of $3,100,000.00 (the "Original Notes") issued pursuant to that certain Note and Warrant Purchase Agreement (as modified and amended from time to time, the "Original

Agreement"), dated as of November 3, 2017 by and among WorldVentures, MCA, and the other lenders from time to time party thereto (collectively, the "Lenders," together with MCA, the "Secured Parties"). MCA is the Collateral Agent on behalf of the Lenders.

2. In connection with and as security for the indebtedness, WorldVentures executed a Security Agreement dated as of November 3, 2017, in favor of MCA (as amended or modified from time to time prior to the Petition Date, the "Security Agreement"). On March 1, 2018, WorldVentures Enterprises, LLC, WorldVentures Marketing Holdings, LLC, WorldVentures Marketing, LLC, WorldVentures Marketplace, LLC, WorldVentures Services, LLC, Rovia LLC, Rosia Enterprises LLC, Rovia Holdings, LLC and Rovia Corporate Services, LLC (collectively, the "Grantors") executed a Joinder Agreement under which they joined and agreed to be bound by the terms and conditions of the Security Agreement, made the representations and warranties set forth in the Security Agreement, and granted and pledged to each Secured Party a continuing security interest in and to the collateral, as such collateral is defined in the Security Agreement (the "Joinder").

3. Between July 31, 2019 and November 14, 2019, Montgomery Capital Partners III, LP ("MCP III"), WorldVentures, and the Secured Parties entered into a Second, Third, and Fourth Amendment to the Original Agreement, under which the parties amended the Original Agreement to increase the principal amount by $2,211,000. On December 31, 2019, WorldVentures, MCA, and the Secured Parties entered into an Amended and Restated Note and Warrant Purchase Agreement (the "A&R Agreement," together with the Original Agreement, the "Credit Facility"), amending the Original Agreement to consolidate the outstanding loan amounts, repurchase the outstanding warrants under the Original Agreement by rolling them into the loan increase, roll in the loan modification fees and payoff of one of the Lender's loan and warrant repurchase value for

another Lender, and extend the maturity date to November 30, 2020. The A&R Agreement provided for an updated principal balance of $5,500,101.00. The interest rate, fees, and general structure remained similar to the Original Agreement. In connection with the A&R Agreement, WorldVentures executed an Amended and Restated Security Agreement (the "A&R Security Agreement," and together with the Credit Facility, Security Agreement, and Joinder, the "Loan Documents").

4. Under the Loan Documents, each of the Debtors granted senior liens on and security interests in substantially all of the Debtors' assets, including all right, title and interest in and to the assets, properties, privileges, claims, and rights of every kind and nature, tangible and intangible, absolute and contingent, then owned or thereafter acquired by Debtors, including without limitation all intellectual property, goods, inventory (including all goods held for sale or lease to be furnished under contract of service or so leased or furnished, and all parts, raw materials, work in process, and supplies relating thereto), chattel paper (including electronic chattel paper), accounts and other rights to the payment of money (whether due or to become due, and whether or not earned by performance), equipment, documents (including all negotiable and non-negotiable documents covering any inventory, equipment, or other collateral), investment property (including all certificated and uncertificated securities), deposit accounts, letter-of-credit rights, payment intangibles, supporting obligations, books records, and general intangibles (including all contracts, purchase orders, or other supplements thereto, rights to moneys, choses in action, goodwill, and tax refunds), and all accessions, additions, replacements, and substitutions relating to any of the foregoing, and all proceeds of any of the foregoing, in whatever form, whether derived from voluntary or involuntary disposition, including all rights under insurance contracts covering any inventory, equipment, documents, or other collateral (all as defined in Article 9 of the Texas

Uniform Commercial Code, the "Prepetition Collateral") to the MCA for the benefit of itself and the Lenders as security (the "Prepetition Liens") for the Prepetition Obligations (defined below).

5. Under the Loan Documents and Credit Facility, MCA and Lenders have a first priority security interest in substantially all of the Debtors' assets. On November 17, 2017, MCA filed a UCC-1 financing statement naming WorldVentures as debtor covering the collateral described in the Loan Documents. On March 5, 2018, MCA filed UCC-1 financing statements against each of the Grantors covering the same collateral described in the Loan Documents. MCA later filed a UCC-3 Amendment to its UCC-1 against WorldVentures reflecting the Debtor's name change to Spherature Investments, LLC.

6. The Credit Facility bears an annual interest of 16% payable quarterly with a default interest rate of 18% per annum. The Debtor was not obligated to make any principal payments until maturity, when the full principal balance plus all accrued interest is due. The Credit Facility was scheduled to mature on November 30, 2020. The Debtors and the Secured Lenders entered into certain amendments to the Credit Facility, extending the maturity date to December 21, 2020. The Debtors have not paid the full principal balance plus all accrued interest under the Credit Facility.

7. As of the Petition Date, the Debtors were indebted and liable to MCA and Secured Lenders in an aggregate principal amount not less than $5,500,101.00 consisting of the Credit Facility, plus all interest accrued and accruing thereon, together with all costs, fees, expenses (including attorneys' fees and legal expense) and all other Liabilities (as defined in the Loan Documents) accrued, accruing or chargeable in respect thereof or in addition thereto whether arising prior to or after the Petition Date (collectively, the "Prepetition Obligations").

8. The parties previously agreed to the form of three Interim Orders Authorizing Debtors' Use of Cash Collateral and Granting Adequate Protection and Related Relief (the "Interim Cash Collateral Orders"). [Docket Nos. 55, 97, 136]. However, because the Interim Cash Collateral Orders have all expired, the Debtors have not proposed sufficient adequate protection, and MCA has not consented to the use of its cash collateral, MCA files this Objection, urging the Court to enforce MCA's rights under 11 U.S.C. §§ 361 and 363(e) and require the Debtors provide adequate protection to MCA in exchange for their use of MCA's cash collateral. MCA seeks for the Court to prohibit the Debtors' use of its cash collateral absent such additional adequate protection.

III. OBJECTIONS

9. Debtors holding cash collateral are required to segregate and account for any cash collateral in their possession. *In re Goode*, 235 B.R. 584, 589 (Bankr. E.D. Tex. 1999). Such debtors are "prohibited from using such cash collateral in any manner, unless all secured creditors have an interest in such cash consent to such use or the court authorizes such use." *Id.* When a debtor proposes to use cash collateral, a creditor with an interest in cash collateral can seek to prohibit or condition such use as is necessary to provide adequate protection of its interest. *Id.* The Debtor has the burden to prove by a preponderance of the evidence that MCA's interests are adequately protected. *Id.* The Debtors fail to provide sufficient adequate protection for MCA's interests. The Debtors' use of MCA's cash collateral should thus be either (a) prohibited or (b) conditioned on MCA's additional adequate protection measures requested below.

10. <u>The Cash Collateral Motion and Budget Fail to Provide MCA Adequate Protection.</u> The Bankruptcy Code conditions the use of cash collateral on providing adequate protection to the secured party. 11 U.S.C. §§ 361, 363(e). The focus of this requirement is to protect a secured

creditor from diminution in the value of its interest in collateral during the reorganization process. *In re Energy Partners, Ltd.*, 409 B.R. 211, 236 (Bankr. S.D. Tex. 2009). The Debtors have the burden to prove there is adequate protection for MCA. *Id.*; 11 U.S.C. § 363(p)(1). Here, the Debtors propose to provide the following forms of adequate protection: (i) nothing, on the assertion that MCA is over-secured; (ii) replacement liens in all collateral, including all post-petition cash proceeds; and (iii) a super-priority administrative expense claim to the extent the replacement liens are inadequate to cover any diminution in value beyond the alleged equity cushion.[3] However, this proposed adequate protection is inadequate because the value of MCA's collateral has will continue to significantly diminish throughout these Bankruptcy Cases.

11. Indeed, the Debtors' own budgets project the Debtors' cash position to continue to deteriorate over the coming weeks. In the budget (the "Third Budget") attached to the Third Interim Order Authorizing the Debtors' Use of Cash Collateral and Granting Adequate Protection and Related Relief (ECF No. 136, the "Third Interim Order"), the Debtors were already projecting their "Ending Cash Balance – Available for Operations" to be $1.69 million on April 18, 2021. The Debtors have since revised that figure upward to $2.24 million in a subsequent budget provided to MCA (the "Fourth Budget"),[4] but either amount is $3 million *less* than what the Debtors owe to MCA and far less than the amount required to pay the Debtors' accrued and unpaid administrative expenses.

12. Further, since the Fourth Budget is only a cash budget, it does not reflect the accrual of unpaid administrative expenses, including professional fees. The Debtors reported to MCA that as of February 28, 2021, they had the following accrued and unpaid post-petition professional fees:

[3] *See* Cash Collateral Motion, ¶ 19.

[4] The Debtors have provided MCA with a proposed Fourth Interim Cash Collateral Budget, *see* Exhibit A, but this budget raises its own troubling questions, examined in more detail, *infra*.

Debtors Accrued Unpaid Professional Fees	
	Actual
Date from	12/21/2020
Date to	2/28/2021
Legal	$1,940,000
Accounting	$440,000
Tax	$700,000
Audit	$827,000
Total	**$3,907,000**
Days	69
Per Diem	$56,623

13. Thus, for the sixty-nine days from the Petition Date to February 21, 2021, the Debtors incurred over $56,000 per day in professional fees. It is safe to assume the Debtors, and now the Committee, are continuing to incur at least a comparable amount of professional fees and expenses – if not more given the recent litigation in this Court. Using the per diem rate of $56,000 per day through April 30, 2021, the accrued professional fees will exceed $7.3 million. The Fourth Budget proposes to pay only $3 million, leaving over $4.3 million in estimated accrued and unpaid professional fees as of April 30, 2021 as follows:

Debtors Accrued Unpaid Professional Fees			
	Actual	**Est.**	**Total w/Est.**
From	12/21/2020	3/1/2021	12/21/2020
To	2/28/2021	4/30/2021	4/30/2021
Incurred Fees	$3,907,000	$3,397,391	$7,304,391
Days	69	60	129
Per Diem	$56,623		
Accrued Total			**$7,304,391**
(Payments in 4th Budget)			($2,920,000)
Net Accrued/Unpaid Prof Fees 4/30/2020			**$4,384,391**
Projected Cash on Hand 4th Budget			$2,494,217
Shortfall			($1,890,174)

14. As noted in this chart, the Fourth Budget projects the Debtors will only have $2.5 million cash on hand at the end of April, leaving the Debtors' estates underfunded by more than $1.8 million to pay their accrued professional fees by the end of this month. Further, the Fourth Budget demonstrates that the Debtors' budgeted operating receipts and operating disbursements net out, meaning the Debtors are using all their ongoing collections to only pay ordinary course operating expenses on a break-even basis, without accounting for or paying *any* restructuring professional fees and expenses. Thus, the Debtors only means to pay these accruing professional fees is the cash they already have on hand, which is now depleted and insufficient to cover these administrative expenses, consuming the "equity cushion" the Debtors allege in the Cash Collateral Motion. This alone is sufficient to deny the Cash Collateral Motion.

15. In addition to the cash discussed above, the Debtors assert MCA is over-secured based on the following other categories of assets: (i) Accounts Receivable; (ii) Merchant Reserves; and (iii) Inventory.[5] However, all of these categories of assets continue to decrease in value throughout the bankruptcy case:

- ***Accounts Receivable***. The Debtors' purported dollar value for their Accounts Receivable does not take into account the collectability of such Accounts Receivable or provide any information or detail regarding the nature of these Accounts Receivable (whether they are membership revenues, travel revenues, or something else). In reality, the Debtors' business is admittedly struggling in what is one of the worst markets for travel business in history. Despite this, the Debtors provide no information regarding the replacement rate of the Accounts Receivable, how they were generated, how they are constituted, and, most

[5] *See* Toth Declaration, ¶ 49.

importantly, whether they are collectible. As such, MCA bears great risk of diminution of the value of its collateral and the Debtors have failed to establish that these Accounts Receivable constitute adequate protection for MCA.

- ***Merchant Reserves***. Because the Debtors lack control over the amounts in the Merchant Reserve accounts and cannot accurately forecast either the future chargeback rate or Merchant Reserve release rate, the value of the cash in these Merchant Reserves is illusory and at high risk of diminution or depletion. Specifically, the Merchant Reserves consist of funds credit card processers hold back to account for customer chargebacks. The Merchant Reserves processers debit or credit these reserves each month. The Debtors' dollar value for Merchant Reserves does not take these debits into account and MCA anticipates that (i) the card processors may withhold increasing percentages of the Debtors' revenue in the Merchant Reserves as the Debtors operations deteriorate and (ii) any liquidation or other disruption of the Debtors' business and its provision of services to customers will drive those customers to request more charge backs, significantly decreasing the Merchant Reserves. As a result, MCA's risk of diminution of the value of its collateral is high and the Debtors have failed to establish that the Merchant Reserves constitute adequate protection for MCA.
- ***Inventory*.** Upon information and belief, the Debtors' "inventory" includes only assets such as "promotional merchandise, training materials, apparel, and other merchandise offered to customers at convention events or through online purchasing."[6] However these assets are listed with the Debtors' book value as

[6] *See* Toth Declaration, ¶ 14.

opposed to actual or liquidation value – which is little to none as to MCA. These suspicions are confirmed by the Debtors' budgets, which once forecast $558,660 in revenue from sales of "Consumer Goods" from February 15 to March 21[7] but now project only $69,965 over the same period.[8] The Fourth Budget no longer forecasts any revenues from sales of Consumer Goods.[9] As a result, MCA believes the value of the Debtors' Inventory is inaccurate, overstated, and does not satisfy the adequate protection requirements under the Bankruptcy Code. Rather, it is indicative of the weakness of MCA's collateral base that the Debtors included this "Inventory" in the Toth Declaration at all.

16. For these reasons, although the Debtors propose that MCA is adequately protected based on an alleged equity cushion, the Debtors base such allegations on the shaky belief that their travel business will sustain their bankruptcy cases while a worldwide pandemic continues. Debtors' unsupported conclusions regarding this purported equity cushion do not satisfy their burden under 11 U.S.C. § 363(p)(1). *See, e.g., In re Goode*, 235 B.R. 584, 589 (Bankr. E.D. Tex. 1999) (denying use of cash collateral for lack of adequate protection where the only evidence of adequate protection was the debtor's stated belief that its business operations would improve); *compare*, *In re Pursuit Athletic Footwear Inc.*, 193 B.R. 713, 716 (Bankr. D. Del. 1996) (finding a secured creditor to be adequately protected where there was no diminution in the value of the collateral and the debtor operated at a profit post-petition).

[7] *See* Exhibit A to *First Interim Order Authorizing Debtors' Use of Cash Collateral and Granting Adequate Protection and Related Relief*, ECF No. 55 (the "First Budget") (also available at MCA Exhibit V), line item for "Consumer Goods" with calculated total of $558,660 for period from February 15 to March 21.

[8] *See* Third Budget, line item for "Consumer Goods" with calculated total of $69,965 for period from February 15 to March 21.

[9] *See* Fourth Budget, line item for "Consumer Goods."

17. Instead, in addition to the proposed replacement liens and super-priority administrative expense claim the Debtors propose, MCA requires, at a minimum, the following additional adequate protection: (i) a replacement adequate protection lien on all of the Debtors' assets, including any unencumbered assets, such as litigation claims and Chapter 5 cause of action; (ii) payment of MCA's fees and interest; (iii) a solid path to a sale or confirmable plan that provides for payment in full of the Prepetition Obligations; (iv) a proposed budget that conserves cash collateral and reduces restructuring fees and expenses; and (v) additional protections for MCA, such as the ability to enforce its rights when cash decreases below $2 million on hand or other milestones occur.

18. Based on the Debtors' representations in the Bidding Procedures Motion that the Debtors intended to proceed with a stalking horse bid "for an estimated price of $69,500,000.00, with $10,000,000.00 constituting cash", MCA consented to the entry of the three Interim Cash Collateral Orders to ensure funding of the sale process.[10] The Third Interim Order included a "Carve-Out" from the adequate protection liens and adequate protection superpriority claims provided in the Third Interim Order. *See* Third Interim Order at ¶ 5, p. 9. The Debtor's Motion does not request - and MCA has not consented to - any carve-out or subordination of any adequate protection liens and adequate protection superpriority following the expiration of the Third Interim Order. Thus, going forward and in any further orders entered pursuant to this Motion, MCA's adequate protection liens, adequate protection superpriority, and other adequate protection rights should not be subject to or subordinate to any carve-outs absent agreement from MCA.

19. The Debtors' Sales Process Undermines Adequate Protection. As detailed above, the Debtors' operations fail to generate any profits to fund administrative expenses, much less

[10] Bidding Procedures Motion at ¶ 19.

provide a recovery to any creditors or fund a chapter 11 plan or reorganization. Accordingly, the Debtors admit "The Debtors filed these Cases to effectuate a sale of their assets and/or equity interests."[11] However, the Debtors filed their bid and sales procedures motion more than seventy (70) days ago, promising to file a stalking horse asset purchase agreement by February 9, 2021 – fifty-two (52) days ago. ECF No. 92 at ¶16(d)(1). To date, the Debtors have failed to file any asset purchase agreement or propose amended bid procedures. In fact, every date and deadline proposed in the Bidding Procedures Motion has passed, even before the Court has considered the motion. Even if the Court were to consider a revised sale and bid process, it would logically extend well past this month and into the Debtors' likely administrative insolvency. These facts prevent the Debtor from credibly asserting that any sale is imminent, and that any putative sales process meets the Debtors' burden to provide adequate protection to MCA in exchange for any further use of its cash collateral.

20. The Debtors' Budget Fails to Provide Required Treatment under § 506(b). The Debtors allege in both their Cash Collateral Motion and the Declaration of Erik Toth in Support of Voluntary Petitions and First Day Motions (the "Toth Declaration") that MCA is over-secured.[12] The Bankruptcy Code provides that, to the extent a secured creditor is over-secured, there shall be allowed interest on such claim plus any reasonable fees, costs, or charges provided for under the agreement. 11 U.S.C. § 506(b). Where the over-secured creditor's claim arises from a contract, the contract provides the interest rate. *In re Southland Corp.*, 160 F.3d 1054, 1059 (5th Cir. 1998). The default rate is generally allowed. *Id*. at 1060. To this point, the Debtors have only agreed to provide post-petition monthly payments to MCA of $75,000. These payments merely address the

[11] Declaration of Erik Toth in Support of Voluntary Petitions and First Day Motions, ECF No. 20, ¶ 32, p. 14.

[12] *See* Cash Collateral Motion, ¶ 19; Toth Declaration, ¶¶ 48-50.

continuing accrual of interest under the Credit Facility and do nothing to repay principal or remedy the diminution of value of MCA's collateral. As such, MCA objects to the Cash Collateral Motion as failing to satisfy the requirements under § 506(b).

21. Reservation of Rights. MCA reserves all of its rights to supplement or amend this Objection, including by raising additional objections and/or to join in objections filed by other parties prior to any continued or final hearing on the Cash Collateral Motion.

IV. CONCLUSION

For these reasons, MCA respectfully requests that the Court enter an order (i) denying the Cash Collateral Motion and Budget; (ii) alternatively, providing for the proper funding and protections detailed in this Objection; and (iii) granting MCA such other relief to which it may be entitled at law or in equity.

Respectfully submitted by:

/s/ Jason M. Rudd

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COUNSEL FOR MONTGOMERY CAPITAL ADVISERS, LLC, AS COLLATERAL AGENT

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was served on April 2, 2021 by the Court's ECF noticing system on all parties that consent to such service via electronic filing.

/s/ Lauren K. Drawhorn
Lauren K. Drawhorn

EXHIBIT A

Spherature Investments LLC f/k/a WorldVentures Holdings, LLC

Report B: Weekly Budget

	4th Interim Budget						
	3/15/2021	***3/22/2021***	***3/29/2021***	***4/5/2021***	***4/12/2021***	***4/19/2021***	***4/26/2021***
	3/21/2021	***3/28/2021***	***4/4/2021***	***4/11/2021***	***4/18/2021***	***4/25/2021***	***5/2/2021***
	5	**6**	**7**	**8**	**9**	**10**	**11**
	Projected	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***	***Projected***
Operating Cash Receipts							
Travel Revenue	$ 68,291	$ 68,291	$ 68,291	$ 68,291	$ 68,291	$ 68,291	$ 68,291
Membership Revenue	660,000	693,517	610,072	790,020	790,020	790,020	644,309
Training & Events Revenue	-	-	-	-	-	-	-
RBS Revenue	70,526	70,526	70,526	70,526	70,526	70,526	70,526
WholeSale Hotels	-	-	-	-	-	-	-
Consumer Goods	-	-	-	-	-	-	-
Other Revenue	1,129	1,129	1,089	1,167	1,167	1,167	1,151
Sales Tax, VAT & GST	17,940	18,610	16,940	20,542	20,542	20,542	17,627
Proceeds from the Sale of Debtor & Affiliates	-	-	-	-	-	-	-
Subtotal - Operating Cash Receipts	**$ 817,886**	**$ 852,073**	**$ 766,918**	**$ 950,545**	**$ 950,545**	**$ 950,545**	**$ 801,904**
Operating Cash Disbursements							
Payroll, Bonus, & Payroll Taxes	$ -	$ (496,714)	$ -	$ (396,714)	$ -	$ (496,714)	$ -
Benefits - Health Insurance	(15,000)	(15,000)	(15,000)	(110,000)	(15,000)	(15,000)	(15,000)
Potential Severance Payments	-	(118,000)	-	-	-	-	-
Weekly Commissions	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Monthly Commissions	(754,666)	-	-	-	(643,090)	-	-
Product Costs (i.e. COGS)	(173,253)	(173,253)	(168,550)	(167,235)	(167,235)	(167,235)	(167,587)
Insurance	(5,000)	-	(100,000)	-	(5,000)	-	(100,000)
Administrative Expenses	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Employee Travel Expenses	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)	(2,500)
Rent	-	-	-	(1,000)	-	-	-
Repairs & Maintenance	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)

Marketing Services	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Utilities / Computers	(2,500)	(52,500)	(17,500)	(92,500)	(2,500)	(52,500)	(17,500)
Account Analysis / Banking Fees	(20,000)	-	-	-	(20,000)	-	-
Other Operating Expenses	(7,250)	(6,250)	(6,250)	(6,250)	(26,250)	(6,250)	(6,250)
International Market Rent Payments	-	-	(60,000)	-	-	-	(60,000)
International Tax Obligations	-	-	-	-	-	-	-
Taxes (sales & use, VAT, Income, property, etc.)	(100,000)	(100,000)	(211,745)	(100,000)	(100,000)	(100,000)	(209,072)
Ordinary Course Professionals	(10,000)	(10,000)	(10,000)	(50,000)	(10,000)	(10,000)	(10,000)
Subtotal - Operating Cash Disbursements	**(1,111,669)**	**(995,717)**	**(613,045)**	**(947,699)**	**(1,013,075)**	**(871,699)**	**(609,410)**
Net Cash from Operations Before Cap Ex / Debt Serv	**$ (293,784)**	**$ (143,644)**	**$ 153,873**	**$ 2,846**	**$ (62,530)**	**$ 78,846**	**$ 192,494**
Routine Capital Expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net Cash from Operations After Cap Ex	**$ (293,784)**	**$ (143,644)**	**$ 153,873**	**$ 2,846**	**$ (62,530)**	**$ 78,846**	**$ 192,494**
Debt Service Payments							
DIP Financing Draw/(Repayments)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest Payments	-	-	-	-	-	-	-
Subtotal - Debt Service	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Cash from Operations After Cap Ex / Debt Service	**$ (293,784)**	**$ (143,644)**	**$ 153,873**	**$ 2,846**	**$ (62,530)**	**$ 78,846**	**$ 192,494**
Outstanding Principal Balance of DIP Loan	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*	*$ -*
Restructuring / Financial Reporting Disbursements							
Estate Professionals	-	-	-	-	(2,870,000)	-	-
International Professional Fees	*(50,000)*	-	-	-	*(50,000)*	-	-
Independent Board Advisor	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)	(7,500)
Adequate Protection - Secured Lender	-	-	(75,000)	-	-	-	-
Adequate Assurance - Utility Deposit	-	-	-	-	-	-	-
U.S. Trustee Fee	-	-	-	-	(144,384)	-	-
Ch. 11 Filing Fee	-	-	-	-	-	-	-
Post-Petition Rent - 503(b)1 Admin Claim	-	-	-	-	-	-	-
DIP Loan Origination Fees	-	-	-	-	-	-	-
Subtotal - Restructuring / Financial Reporting	**(7,500)**	**(7,500)**	**(82,500)**	**(7,500)**	**(3,021,884)**	**(7,500)**	**(7,500)**
Net Cash from Operations After Cap Ex / Debt Service	**$ (301,284)**	**$ (151,144)**	**$ 71,373**	**$ (4,654)**	**$ (3,084,414)**	**$ 71,346**	**$ 184,994**

Cash Flow Reconciliation

Beginning Cash Balance - Operating	**$5,707,999**	**$5,406,715**	**$5,255,571**	**$5,326,944**	**$5,322,290**	**$2,237,877**	**$2,309,223**
Net Cash from Operations Before Cap Ex / Debt Ser	(293,784)	(143,644)	153,873	2,846	(62,530)	78,846	192,494
Subtotal - Capital Expenditures	-	-	-	-	-	-	-
Subtotal - Debt Service	-	-	-	-	-	-	-
Subtotal - Restructuring / Financial Reporting	(7,500)	(7,500)	(82,500)	(7,500)	(3,021,884)	(7,500)	(7,500)
Net Cash from DIP Loan	-	-	-	-	-	-	-
Reclassify Cash to Restricted Cash	-	-	-	-	-	-	-
Ending Cash Balance - Available for Operations	**$5,406,715**	**$5,255,571**	**$5,326,944**	**$5,322,290**	**$2,237,877**	**$2,309,223**	**$2,494,217**
Restricted Cash Held on Account - Utility Deposit	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000	$300,000
Restricted Cash Held on Account - Adequate Protect	-	-	-	-	-	-	-
Ending Cash Balance - Total Cash	**$5,706,715**	**$5,555,571**	**$5,626,944**	**$5,622,290**	**$2,537,877**	**$2,609,223**	**$2,794,217**
Total Disbursements	*(1,119,169)*	*(1,003,217)*	*(695,545)*	*(955,199)*	*(4,034,959)*	*(879,199)*	*(616,910)*

EXHIBIT B

[redacted]

From: Simon Davies <sdavies@worldventures.com>
Sent: Thursday, April 01, 2021 5:50 PM
To: jeffcrawfordco@gmail.com
Cc: Erik Toth <erik@larxadvisors.com>
Subject: RE: Accrued Professional Restructuring Fees

Jeff

At the end of Feb we have $1.94M accrual for legal fees, $440k accounting fees, $700k tax services and $827k for audit fees

Regards

Simon Davies
Senior Vice President, Finance

FINANCE

phone 972.805.5141

email sdavies@worldventures.com

address 8105 Rasor Blvd, Ste. 109
Plano, TX 75024

WorldVentures Holdings
worldventures.com

From: jeffcrawfordco@gmail.com <jeffcrawfordco@gmail.com>
Sent: Thursday, April 1, 2021 2:54 PM
To: Simon Davies <sdavies@worldventures.com>
Cc: Erik Toth <erik@larxadvisors.com>
Subject: Accrued Professional Restructuring Fees

Message originated from outside of the organization. More info

Simon,

Tom is asking what you have accrued(actual to date) professional fees? I think he is trying to assess some alternatives that the debtor legal has presented to him.

I know that we have discussed before and you said everything that is in the budget to date would be the accrual. See what you can come up with, thanks
Jeff

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Sent by WorldVentures Marketing Holdings, LLC on behalf of its affiliates, branches, representative offices, and/or subsidiaries, including:

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WorldVentures Marketing Poland Sp.z.o.o., ul. Plac Marsz. Jozefa Pilsudskiego, No.2, 00-073 Warsaw, Poland, KRS number: 0000619035; WorldVentures Marketing S.R.L., Bucharest, 5th District, 22 Tudor Vladimirescu Boulevard, Green Gate Office Building, 5th floor, Office 513, Romania, Trade Registry No. J40/8885/28.06.2016; WorldVentures Marketing B.V., (A representative Office in Serbia), GTC 19 Avenue, 38-40 Vladimira Popovica Street, Belgrade 11070, Serbia, Registration No. 29017425; WorldVentures Marketing SL, d.o.o., Trg Republike 3, 1000 Ljubljana, Slovenia, Registration No. 7195915000; WorldVentures Marketing s r.o , Revolucni 764/17, Post Code 110 00, Prague, Czech Republic, Registration No. 06539378; WorldVentures Marketing Greece Limited Liability Company, Athens Towers 21st Floor, Room 2118 2-4 Messogion Avenue Athens, 11527 Greece, Registration No. 143113201000; WorldVentures Marketing France SAS, 18 Rue Pasquier, 75008 Paris, France, R.C.S. 850 443 052; WorldVentures Marketing Latvia Filiale (A branch of WorldVentures Marketing B.V.), 14-2 Terbatas Street Riga, LV-1011 Latvia, Registration No. 40103815177. Asia Pacific: WorldVentures Marketing (Hong Kong) Limited, 31/F., Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, Registration No. 1598607; WV Services Malaysia Sdn. Bhd., Suite 17.02 & 17.03, Level 17, Centrepoint North, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia, Company No. 201501034065 (1159385-H) (License No. AJL 932108); WorldVentures Marketing Pte. Ltd., 38 Beach Road, #29-11 South Beach Tower, Singapore 189767, Registration No. 201208619Z; WorldVentures Marketing Pty. Ltd., Suite 2/04, Level 2, Quad 3, 102 Bennelong Parkway, Sydney Olympic Park, NSW 2127, Australia, ABN 30167886651; WorldVentures Marketing Limited, 6 Clayton Street, Newmarket, Auckland 1023, New Zealand, Company No. 6124807; WorldVentures Taiwan Ltd., 16F-1, No.456, Sec. 4, Xinyi Rd , Xinyi Dist , Taipei City, Taiwan, Company No.54657572; WorldVentures (Thailand) Limited, 17th Floor, Unit S-05, Silom Complex, 191 Silom Road, Kwaeng Silom, Khet Bangrak Bangkok,10500 Thailand, Registration No. 0105558012314; WorldVentures Marketing (Cayman) LLC (a branch in Philippine), North Unit, 22nd Floor, Marajo Tower, 312 26th Street Corner 4th Avenue, Bonifacio Global City, Brgy. Fort Bonifacio, Taguig 1634, Metro Manila, Philippines, FS 201825995. Africa: WorldVentures Marketing South Africa (Pty) Ltd., 3rd Floor, 54 Melrose Boulevard, Melrose, Arch, 2196, Johannesburg, South Africa, Company Number: 2016/060068/07;
WorldVentures Marketing (Zambia) Limited, Building 3, Acacia Park, Stand No. 22768, Thabo Mbeki Road, P.O. Box 39371, Lusaka, Zambia, Registration No. 120180008523; WorldVentures Marketing (Namibia) Proprietary Limited, 1 Charles Cathral Street, Olympia, Windhoek, Namibia, Registration No. 2018/0508

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

In re:	§	**Chapter 11**
	§	
SPHERATURE INVESTMENTS LLC, *et al.*	§	**Case No.: 20-42492**
	§	
	§	
Debtors.[1]	§	**Jointly Administered**

FINAL ORDER DENYING DEBTORS' USE OF CASH COLLATERAL

THIS MATTER came to be heard on the *Emergency Motion for Interim and Final Orders Granting Use of Cash Collateral and Scheduling Final Hearing* (the "Motion") filed by Spherature Investments LLC ("Spherature"), together with its affiliates identified herein, as debtors and debtors-in-possession (collectively, the "Debtors"); and the Court having reviewed the Motion and the evidence submitted or adduced and the arguments of counsel made at the hearing held on April 6, 2021 at 2:30 p.m. (the "Final Hearing), the Court finds that the Motion should be **DENIED**. Accordingly, it is hereby

ORDERED that the Debtors cease use of all cash collateral, in any form; and it is further

ORDERED that the Debtors segregate and account for all collateral in their possession and are prohibited from using such collateral in any manner without further order of this Court.

_____
HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

[1] The "**Debtors**" in the above-captioned jointly administered chapter 11 bankruptcy cases ("**Cases**") are: Spherature Investments LLC ("**Spherature**") EIN# 5471; Rovia, LLC ("**Rovia**") EIN# 7705; WorldVentures Marketing Holdings, LLC ("**WV Marketing Holdings**") EIN# 3846; WorldVentures Marketplace, LLC ("**WV Marketplace**") EIN# 6264; WorldVentures Marketing, LLC ("**WV Marketing**") EIN# 3255; WorldVentures Services, LLC ("**WV Services**") EIN# 2220. The Debtors' corporate headquarters and service address in this district is 5100 Tennyson Parkway, Plano, TX 75024.