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COUNSEL FOR THE LIQUIDATING TRUSTEE

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

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

LIQUIDATING TRUSTEE'S MOTION TO (A) ENFORCE THE CONFIRMATION ORDER; (B) COMPEL TURNOVER OF PROPERTY OF THE ESTATE FROM THE INTERNAL REVENUE SERVICES; (C) HOLD THE INTERNAL REVENUE SERVICES IN CONTEMPT; AND (D) FOR RELATED RELIEF

Your rights may be affected by the relief sought in this pleading. You should read this pleading carefully and discuss it with your attorney if you have one in this bankruptcy case. If you oppose the relief sought by this pleading, you must file a written objection, explaining the factual and/or legal basis for opposing the relief.

No hearing will be conducted on this Motion unless a written objection is filed with the Clerk of the United States Bankruptcy Court for the Eastern District of Texas and served upon the party filing this pleading WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE shown in the certificate of service unless the Court shortens or extends the time for filing such objection. If no objection is timely served and filed, this pleading shall be deemed to be unopposed, and the Court may enter an order granting the relief sought. If an

[1] The "Debtors" in the above-captioned cases are: Spherature Investments LLC d/b/a WorldVentures Holdings, LLC ("WorldVentures") 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; and WorldVentures Services, LLC ("WV Services") EIN#2220.

objection is filed and served in a timely manner, the Court will thereafter set a hearing with appropriate notice. If you fail to appear at the hearing, your objection may be stricken. The Court reserves the right to set a hearing on any matter.

Joseph M. Coleman, as Liquidating Trustee (the "Trustee") for the Spherature Liquidating Trust (the "Trust"), hereby files this motion (the "Motion"). In support of the Motion, the Trustee states as follows:

I. PRELIMINARY STATEMENT

1. The Internal Revenue Service (the "IRS") has wrongfully claimed a setoff of $333,703.09 against amounts due the Debtor under certain Covid-19 era legislation passed by Congress. According to the IRS, it setoff those funds against taxes the Debtors allegedly owed the IRS post-petition. The IRS's setoff in this case is, however, specifically foreclosed by the Debtors' confirmed chapter 11 plan, which specifically precludes the IRS from asserting any right of setoff. The IRS should thus be compelled to immediately reverse the improper setoffs and remit any funds withheld as a result of those improper setoffs to the Trustee and held in contempt of Court and appropriately sanctioned.

II. RELIEF REQUESTED

2. By this Motion, the Trustee requests an order, substantially in the form attached hereto as **Exhibit B**, (i) enforcing the *Order Approving Disclosure Statement and Confirming Final Amended Joint Plan for Spherature Investments, LLC and Its Debtor Affiliates* (the "Confirmation Order") [Docket No. 708]; (ii) compelling the IRS to turnover property of the Debtors' estates to the Trust; (iii) holding the IRS in contempt; and (iv) granting related relief.

III. JURISDICTION

3. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. The Motion involves a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A). Venue in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The statutory and other legal predicates for the relief requested in the Motion include sections 105(a), 524(a), and 1141(a) of 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), Rules 3020(d) and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Rule 9013-1 of the Local Rules of Bankruptcy Procedure of the United States Bankruptcy Court for the Eastern District of Texas (the "Local Rules").

IV. BACKGROUND

A. The Debtors' Bankruptcy

5. The Debtors maintained a business providing access to unique travel and lifestyle experiences through a membership based direct sales business. The Debtors employed 85 employees at the time these bankruptcy cases commenced.

6. On December 21, 2020, each of the Debtors filed a voluntary petition under Chapter 11 of the Bankruptcy Code initiating these bankruptcy cases (the "Bankruptcy Cases").

7. On November 12, 2021, the Court entered the Confirmation Order confirming the *Final Joint Chapter 11 Plan for Spherature Investments LLC and its Debtor Affiliates* [Docket No. 708-1] (the "Plan").

8. The Plan provided for the sale of substantially all the Debtors' assets to the "Purchaser" (as defined in the Plan) and for the remaining "Excluded Assets" (as defined in the Plan) to vest free and clear in the Trust.

9. As relevant to this Motion, the Confirmation Order and the Plan contain an injunction that enjoins any entity that held, holds, or may hold a claim from:

> asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such entities or against the property of such entities on account of or in connection with or with respect to any such claims or interests unless such entity has timely asserted such setoff right in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a claim or interest or otherwise that such entity asserts, has or intends to preserve any right of setoff pursuant to applicable law or otherwise.

Confirmation Order ¶ 9; Plan Art. VIII.G.

10. The Plan went effective on November 12, 2021. *See* Docket No. 725. The Plan established the Trust and appointed the Trustee.

B. Bar Dates and IRS Claims

11. On December 31, 2020, the Bankruptcy Court entered the *Notice of Chapter 11 Bankruptcy Case* [Docket No. 58] that was served by Stretto, the Debtors' claims' and noticing agent, pursuant to the *Notice of Appointment of Stretto as Claims, Noticing, and Balloting Agent* (the "Notice of Commencement") [Docket No. 151]. Pursuant to the Notice of Commencement, the last date for certain persons and entities to file Proofs of Claim in the Debtors' Chapter 11 Cases was April 20, 2021; and the last date for governmental units to file Proofs of Claim in the Debtors' Chapter 11 Cases was June 21, 2021 (collectively, the "Bar Date").

12. Additionally, the Plan requires a party seeking to assert an administrative claim that arises on or before September 1, 2021, to file such administrative claim on or prior to October 8, 2021 (the "Initial Administrative Claims Bar Date"). *See* Plan at Art. II.A. The Plan further provides that any party seeking to assert a claim that arises on or after September 1, 2021, was required to file a claim with the Court on or before December 13, 2021 (thirty days after the effective date of the Plan) (the "Supplemental Administrative Claims Bar Date" and together with the Initial Administrative Claims Bar Date, the "Administrative Claims Bar Dates"). *See id*.

13. The IRS has filed five claims in these cases—Claim Nos. 597, 607, 616, 637, and 1765. The Debtors objected to three claims—Claim Nos. 597, 607, and 637, which were expunged

by order of the Court. *See* Docket Nos. 522 & 802. Claim No. 616 is for $700, for estimated partnership taxes from 2014 to 2020, and Claim No. 1765 is a claim for $1,200 for estimated FUTA and FICA taxes from 2014 to 2016, which was filed on June 8, 2022, after the bar date to file claims.[2] The IRS did not file any claims for administrative claims, which were required by the Plan to be filed on or before the Administrative Claims Bar Dates.

C. The Trust's Entitlement To An ERTC Refund.

14. Pursuant to section 2301 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), eligible employers are entitled to claim certain refundable tax credits for qualified wages paid to employees from March 13, 2020, through December 31, 2021, which is referred to as the Employee Retention Credit or Employee Retention Tax Credit (the "ERTC").[3] Pub. L. No. 116-136, 134 Stat. 281 (March 27, 2020), as amended by section 206 of the Taxpayer Certainty and Disaster Tax Relief Act of 2020 (the "Relief Act"), which was enacted as Division EE of the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182 (December 27, 2020).[4]

15. In June 2021, the Debtors engaged Shields Legal Group ("Shields"), a vendor specializing in ERTC applications, to assist the Debtors in applying for the ERTC.

16. Shields assisted the Debtors with compiling the required information and sending that information to Automatic Data Processing, Inc. ("ADP"), the Debtors' payroll processor, to file with the IRS.

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2 The Trustee reserves the rights to object to the untimely filed claim at a later time.

3 https://home.treasury.gov/system/files/136/Employee-Retention-Tax-Credit.pdf.

4 Section 207 of the Relief Act amended section 2301 of the CARES Act to extend the application of the ERTC to qualified wages paid after December 31, 2020, and before July 1, 2021, and to modify the calculation of the ERTC amount for qualified wages paid during that time. *See* https://www.irs.gov/pub/irs-drop/n-21-20.pdf.

17. Shields determined that the Debtors were entitled to an ERTC refund in the approximate amount of $1,024,042.86 based on its calculations, as set forth below.

Client Legal Entity	Client Nickname	Credit Filing Type	Credit Date	Credit Value
Rovia LLC	1TF	941-X	Q1 2021	$245,919.28
Spherature Investments	2YJ	941-X	Q1 2021	$35,000.00
WV Marketing	33H	941-X	Q1 2021	$57,972.33
WV Services	33R	941-X	Q1 2021	$210,253.31
Rovia LLC	1TF	941-X	Q2 2021	$217,507.49
Spherature Investments	2YJ	941-X	Q2 2021	$28,000.00
WV Marketing	33H	941-X	Q2 2021	$62,011.57
WV Services	33R	941-X	Q2 2021	$167,378.88

18. On information and belief, the IRS received the Debtors' application and processed its ERTC claim in mid-2021.

19. The Plan provides that the Trustee is entitled to receive the ERTC refund. *See* Plan at Art. I.A.64, 67, and 96 (providing that the "Retained Employee Retention Tax Credit"[5] is an Excluded Asset that vested in the Trust).

20. The Confirmation Order and Plan provide that the Excluded Assets vested in the Trust "free and clear of all Liens,[6] Claims,[7] charges, and other encumbrances or interests." *See* Confirmation Order at pg. 30; *see also* Plan at Art. IV.D.

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5 The Plan provides that the Trust is entitled to $900,000 of the ERTC with any amounts the Trust receives above that amount to be paid to the Purchaser.

6 The Plan defines "Liens" as having the meaning set forth in § 101(37) of the Bankruptcy Code. The Bankruptcy Code defines the term lien to mean charge against or interest in property to secure payment of a debt or performance of an obligation

7 The Plan defines "Claim" as having the meaning set forth in section 101(5) of the Bankruptcy Code.

D. The Trust Receives Only A Partial ERTC Refund.

21. Throughout 2022, the Trust's advisors attempted to contact various parties, including the IRS and other tax professionals, to gather information related to the payment timing of the ERTC refund.

22. In early 2023, the Trust received eight checks from the IRS totaling $374,370, as outlined below:

Date of Deposit	Entity on Check	Amount
1/24/2023	Spherature Investments	$ 36,512.75
1/24/2023	WorldVentures Services/WorldVentures Marketing	66,419.34
1/24/2023	Rovia	76,312.57
3/31/2023	WorldVentures Services/WorldVentures Marketing	66,569.08
3/31/2023	WorldVentures Marketing/WorldVentures Holdings	2,380.40
3/31/2023	WorldVentures Marketing/WorldVentures Holdings	39,054.71
3/31/2023	WorldVentures Marketing/WorldVentures Holdings	66,312.93
3/31/2023	WorldVentures Marketing/WorldVentures Holdings	20,808.65
		$ 374,370.43

23. The checks did not come with any supporting documentation or explanation, and each check only contained the relevant Debtor's name and "941" as the memo. The ERTC refund amounts were far less than what the Trustee anticipated, based on the Shields' calculations, with a total of approximately $650,000 remaining unpaid (the "Initially Unpaid ERTC").

24. The Trust's professionals worked tirelessly to engage with the IRS to reconcile the discrepancy. Only after the Trustee threatened to pursue its rights in Court in April 2024 did the IRS finally engage with the Trustee.

25. Through discussions with representatives of the IRS, the Trustee learned that the IRS alleged that the Debtors owed pre- and post-petition taxes and that the IRS had setoff the Initially Unpaid ERTC against the alleged unpaid taxes.

26. The Trustee demanded turnover of the Unpaid ERTC, but the IRS refused to return the Unpaid ERTC to the Trust.

27. After many months of discussions with the IRS, the IRS finally reversed certain of its improper setoffs in the amount of $252,988.60.[8] The IRS refused, however, to reverse setoffs totaling $333,703.09 on the purported basis that those offsets were proper (the "Remaining Improper Offsets"). *See* IRS ERTC Spreadsheet, a true and correct copy of which is attached hereto as **Exhibit A**. According to the IRS, it properly setoff the Debtors' alleged post-petition liabilities to the IRS against the IRS's post-petition liabilities to the Debtors.

V. ARGUMENT AND AUTHORITIES

A. The IRS's Purported Setoff Was Improper.

28. The IRS asserts that it had the right to set off the Debtors' ERTC refund against alleged tax liabilities owed by the Debtors. The IRS is wrong.

29. The IRS seems to concede—as it must—that, because the statute entitling the Debtors to an ERTC refund was not enacted until December 27, 2020—after the Petition Date—the Debtors' right to the ERTC constituted a post-petition right. *See In re Thomas*, 91 B.R. 731, 734 (N.D. Tex. 1988).

30. The IRS is, however, wrong, that it can set-off any post-petition liabilities of the Debtors against the Debtors' ERTC refunds. The Confirmation Order and confirmed Plan bar the IRS from exercising any such right.

31. Section 1141(a) of the Bankruptcy Code provides that "the provisions of a

[8] The IRS also explained that it had not processed a return for Rovia for the second quarter of 2021 because it was allegedly filed incorrectly and instructed the Trustee to file a motion with the Court to have that return adjudicated. Contemporaneously with this Motion the Trustee is filing a separate motion pursuant to Bankruptcy Code 505(a) to have the Court determine that Rovia is entitled to an ERTC refund in the amount of $217,507.49 for the second quarter of 2021.

confirmed plan bind the debtor . . . and any creditor . . . whether or not such creditor . . . has accepted the plan." 11 U.S.C. § 1141(a). As such, "[a] bankruptcy court's order of confirmation is treated as a final judgment with res judicata effect." *In re G-1 Holdings, Inc*., 514 B.R. 720, 747-48 (Bankr. D.N.J. 2014) aff'd, 654 F. App's 571 (3rd Cir. 2016) (citing *Stoll v. Gottlieb*, 305 U.S. 165, 170-71 (1938); *Travelers Indem. Co. v. Bailey*, 557 U.S. 137, 138-39 (2009) (holding that once an order becomes final, it is res judicata as to parties and those in privity with them)).

32. Here, the Confirmation Order confirming the Plan expressly barred the IRS from asserting a right of setoff or recoupment. Specifically, the Plan provides:

> Except as otherwise expressly provided in the Plan . . . all entities that have held, hold, or may hold claims or interests that have been released, settled or satisfied, pursuant to the Plan, or are subject to exculpation pursuant to the Plan, are **permanently enjoined, from and after the Effective Date**, from . . . (IV) **asserting any right of setoff, subrogation, or recoupment of any kind** against any obligation due from such entities or against the property of such entities on account of or in connection with or with respect to any such claims or interests unless such entity has timely asserted such setoff right in a document filed with the Bankruptcy Court explicitly preserving such setoff, and notwithstanding an indication of a claim or interest or otherwise that such entity asserts, has or intends to preserve any right of setoff pursuant to applicable law or otherwise.

Confirmation Order ¶ 9; Plan Art. VIII.G (emphasis added).

33. The IRS is bound by the terms of the Confirmation Order and is in violation of such terms by asserting an impermissible setoff. *See, e.g., In re German Pellets La., L.L.C.*, 91 4th 802, 810-11 (5th Cir. 2024) (holding that provision in confirmed chapter 11 plan barring "recoupment and setoff" was enforceable against creditor seeking to assert recoupment and setoff defenses); *I.R.S. v. Driggs*, 185 B.R. 214, 214-15 (D. Md. 1995) (holding that IRS was not entitled to set off refund due to chapter 11 debtor against debtor's tax liability when confirmed plan prohibited any creditor from asserting any setoff against any obligation due to a debtor, section 553 of the Bankruptcy Code notwithstanding); *In re PT-1 Commc'ns*, 403 B.R. 250, 272 (Bankr. E.D.N.Y. 2009) (reversed on other grounds) (holding that while section 553 of the Bankruptcy Code

preserves rights of setoff and recoupment existing under nonbankruptcy law, rights of setoff and recoupment may be extinguished, if confirmed plan specifically enjoins assertion of such rights); *In re Twins, Inc.*, 318 B.R. 90, 95-96 (Bankr. D. S.C. 2004) (holding that language in debtor's confirmed chapter 11 plan, which clearly provided for disallowance of any counterclaims or affirmative defenses, including alleged right of setoff possessed by creditor, upon entry of confirmation order, was res judicata on creditor's ability to pursue such setoff claims post-confirmation, where creditor had notice of plan sufficient to satisfy its due process rights and failed to object to plan or to appeal from plan confirmation order and explaining that while bankruptcy statute generally preserves whatever setoff rights creditors otherwise possess, creditor's asserted right to setoff did not survive the specific disallowance thereof in debtor's confirmed plan); *In re Lykes Bros. Steamship Co.*, 217 B.R. 304, 309-10 (Bankr. M.D. Fla. 1997) (holding that federal government, by failing to object to provision in debtor's proposed chapter 11 plan that generally prohibited creditors from exercising any right of setoff post-confirmation, and by not appealing from plan confirmation order, was bound by res judicata effect of debtor's confirmed plan and could not belatedly assert right to setoff).

34. The IRS has acknowledged that the language of the Confirmation Order and Plan bars many of its setoffs—and as a result, the IRS ultimately reversed a number of its setoffs. However, the IRS informed the Trustee that it still believes the Remaining Improper Setoffs are proper because the Debtors' alleged post-petition liabilities were the result of an amended return and thus not known to the IRS until after the Administrative Claims Bar Date had passed. The IRS's attempt to avoid the terms of the Plan and Confirmation Order is unavailing.

35. The IRS could have (and should have) filed a contingent claim, or it could have sought an extension of the Administrative Claims Bar Date. *See In re Dixon*, 210 B.R. 610, 615-

16 (Bankr. W.D. Okla. 1997); *Internal Revenue Service v. Lee*, 184 B.R. 257, 261 (W.D. Va. 1995); *In re Jones*, 164 B.R. 543, 546-47 (Bankr. N.D. Tex. 1994). But it chose not to. Barring the IRS from now asserting a setoff is not unfair. As one court explained, "contrary to the IRS['s] assertions of considerable hardship, it is common practice for [the] IRS to file estimated proofs of claim . . . in order to protect [the] IRS from the confirmation of a plan not providing for the tax claims or from the subsequent discharge of the tax obligations . . . ." *In re Dixon*, 210 B.R. 610, 616 (Bankr. W.D. Okla. 1997).

B. The Court Should Hold The IRS In Contempt.

36. It is well established that bankruptcy courts possess civil contempt power. *See, e.g., Taggart v. Lorenzen*, 587 U.S. 554, 560–65 (2019) (explaining the history of civil contempt power and that bankruptcy courts possess such power). Section 105(a) of the Bankruptcy Code provides that bankruptcy courts broad authority to "take any action that is necessary or appropriate to prevent an abuse of process." 11 U.S.C. § 105; *Marrama v. Citizens Bank of Massachusetts*, 549 U.S. 365, 375 (2007) (internal quotations omitted). This authority includes contempt powers to award monetary damages as well as other relief to prevent such abuse. *In re SkyPort Glob. Commc'ns, Inc.*, 528 B.R. 297, 322 (S.D. Tex. 2015), *aff'd in part*, 642 F. App'x 301 (5th Cir. 2016), and *aff'd*, 661 F. App'x 835 (5th Cir. 2016) (noting that § 105 is broad enough to empower bankruptcy courts to sanction attorneys in conjunction with their inherent power to implement the Bankruptcy Code and prevent abuses of bankruptcy process, powers inherent to district courts); *see also Chambers v. NASCO, Inc.*, 501 U.S. 32, 50 (1991) (a federal court may use its "inherent power to impose attorney's fees as a sanction for bad-faith conduct").

37. Civil contempt is appropriate to "compensate another party for the contemnor's violation" of court orders. *In re Reath*, No. 04-49188, 2006 WL 3524458, at *6 (Bankr. D. N.J. Dec. 6, 2006). A contempt order may include compensating "the debtor for damages suffered as

a result of a creditor's violation of a post-confirmation injunction under 11 U.S.C. § 1141, [as] both necessary and appropriate to carry out the provisions of the bankruptcy code." *Placid Refin. Co. v. Terrebonne Fuel & Lube, Inc*. (*In re Terrebonne Fuel & Lube, Inc*.), 108 F.3d 609, 613 (5th Cir. 1997). Although parties generally bear their own litigation costs, "one exception to this rule is for willful disobedience of a court order." *Grossman v. Belridge Grp*. (*In re Lothian Oil, Inc*.), 531 F. App'x 428, 446 (5th Cir. 2013) ("Given Anti-Lothian and its attorneys' decision to ignore the injunction order, we have little difficulty in concluding that this exception applies here.").

38. While a showing of bad faith is not required to impose sanctions pursuant to Section 105, the Supreme Court has also held that a court's inherent power permits it to assess attorneys' fees against a party who has "acted in bad faith, vexatiously, wantonly, or for oppressive reasons." *Chambers v. NASCO, Inc*., 501 U.S. 32, 46 (1991). The Supreme Court's holding in *Chambers* "allows for sanctions when a party's 'bad-faith conduct,' beyond that occurring in trial, is 'in direct defiance of the sanctioning court.'" *In re Skyport Glob. Commun., Inc*., 642 F. App'x at 303.

39. Civil contempt can serve two purposes, either coercing compliance with an order, or compensating a party who has suffered unnecessary injuries or costs because of contemptuous conduct. *In re Terrebonne Fuel & Lube, Inc*., 108 F.3d at 612. The elements to establish civil contempt are (1) a valid court order existed; (2) the party had knowledge of the order; and (3) the party disobeyed the order. The elements to establish civil contempt are: "(1) that a court order was *in effect*, and (2) that the order required certain conduct by the respondent, and (3) that the respondent failed to comply with the court's order." *In re Bradley*, 588 F.3d 254, 264 (5th Cir. 2009) (citations omitted). An alleged contemnor's behavior "need not be willful in order to contravene the applicable decree" and "good faith is not a defense to civil contempt." *John T. ex*

rel. Paul T. v. Del. Cty. Intermediate Unit, 318 F.3d 545, 552 (3d Cir. 2003); *Robin Woods, Inc. v. Woods*, 28 F.3d 396, 399 (3d Cir. 1994).

40. All requirements are satisfied here.

41. First, this Court entered the Confirmation Order on November 12, 2021. The IRS did not seek any relief from the Confirmation Order. Thus, any attempts by the IRS to collaterally attack the Confirmation Order must fail. *See, e.g., In re Notre Dame Invs., Inc*., 306 F. App'x 62, 64 (5th Cir. 2009) ("A bankruptcy court's confirmation order is a final judgment for purposes of res judicata.")

42. Second, the Confirmation Order permanently enjoined the IRS from asserting any claims against the Debtors or their estates. Confirmation Order ¶ 9; Plan Art. VIII.G. The IRS received notice of the Bankruptcy Cases, the Bar Dates, the Plan, and the Administrative Expense Bar Dates. Indeed, the IRS submitted to the jurisdiction of this court in filing claims in these Bankruptcy Cases, three of which were expunged.

43. Third, the IRS has failed to comply with this Court's orders by asserting an impermissible setoff, initially refusing to return the Unpaid ERTC to the Trustee, and still refusing to reverse the Remaining Improper Setoffs. The IRS's continued disregard for this Court's authority delays and hinders the Trustee's post-confirmation efforts, which is exactly what the Plan injunction was intended to prevent. The IRS's initial failure to communicate with the Trustee and then to turnover the Unpaid ERTC has also caused the Trustee to incur additional, unnecessary fees and expenses. The Trustee has attempted in good faith to convince the IRS to comply with the Plan and Confirmation Order without this Court's involvement, but the IRS has refused the Trustee's requests, thereby necessitating the filing of this Motion.

44. Under these facts, clear and convincing evidence supports issuance of an order requiring the IRS to immediately reverse the Remaining Improper Offset and turnover the owed ERTC to the Trustee, and for civil contempt and imposition of sanctions in the form of the Trustee's reasonable and necessary attorneys' fees in bringing and prosecuting this Motion for the IRS's willful failure to comply with the Confirmation Order. *See, e.g., In re Lowthrop*, 332 B.R. 656, 660-61 (Bankr. M.D. Fla. 2005) (holding that IRS's violation of discharge injunction was sufficient to award of damages against it); *In re Thibodaux*, 201 B.R. 827, 832-33 (Bankr. N.D. Ala. 1996) (holding that IRS's violation of discharge injunction constituted civil contempt and awarding attorneys' fees and costs against IRS as a result); *Taborsky v. I.R.S.*, 141 B.R. 959, 967-68 (N.D. Ill. 1992) (holding that IRS willfully violated the automatic stay by wrongfully withholding tax refund and awarding attorneys' fees and costs against IRS as a result).

VI. CONCLUSION

WHEREFORE, the Trustee respectfully requests that the Court enter an order (i) enforcing the Confirmation Order; (ii) compelling the IRS to reverse the Remaining Improper Offsets and turnover the owed ERTC to the Trustee; (iii) holding the IRS in contempt and awarding the Trustee his reasonable and necessary attorneys' fees in bringing and prosecuting this Motion; and (iv) granting related relief.

DATED: September 12, 2025

Respectfully submitted,

/s/ Debbie E. Green

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COUNSEL FOR THE LIQUIDATING TRUSTEE

CERTIFICATE OF SERVICE

I hereby certify that, on September 12, 2025, a true and correct copy of the foregoing document was served electronically by the Court's PACER system.

/s/ Debbie E. Green
Debbie E. Green

EXHIBIT A

Offset Spreadsheet

WorldVentures Services LLC ***2220**

Q1 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	12/19/2022	Q1 - 2021	(169037.4 ERC + 41,215.91 Tax Redux)	210253.310	*	
Payment	Taxpayer				0.000	*	
Refund Issued	IRS	12/19/2022	Q1 - 2021		(66419.340)	*	
Setoff	IRS	4/30/2021	Q2 - 2020		(18515.600)	*	Reversed - 4/30/2021
Setoff	IRS	4/30/2021	Q2 - 2020		(1851.560)	*	Reversed - 9/19/2022
Setoff	IRS	4/30/2021	Q3 - 2020		(71694.040)	*	Reversed - 4/30/2021
Setoff	IRS	4/30/2021	Q3 - 2020		(7178.630)	*	Reversed - 7/25/2022
Setoff	IRS	4/30/2021	Q4 - 2020		(44027.770)	*	Reversed - 4/30/2021
Setoff	IRS	4/30/2021	Q4 - 2020		(4681.510)	*	Reversed - 4/18/2021
				Net Due	(4115.140)	*	Current Account Balance = refund due of $147,949.13

Q2 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	2/6/2023	Q2 - 2021	(129853.43 ERC + 37525.45 Tax Redux)	167378.880	*	
Payment	Taxpayer				0.000	*	
Refund Issued	IRS	2/6/2023	Q1 - 2021		(66569.080)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	7/31/2021	Q3 - 2020		(5.950)	*	Needs to be Reversed
Setoff	IRS	7/31/2021	Q4 - 2021		(105194.250)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	7/25/2022	Q4 - 2021		(0.190)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	1/31/2022	Q4 - 2021		(1274.380)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
				Net Due	(5664.970)	*	Current Account Balance = 0

WorldVentures Marketing LLC ***3255**

Q1 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	3/28/2022	Q1 - 2021	(53669.08 ERC + 4303.24 Tax Redux)	57972.320	*	
Payment	Taxpayer				0.000	*	
Refund Issued	IRS	2/27/2023	Q1 - 2021		(20808.650)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	4/30/2021	Q4 - 2020		(9399.000)	*	Needs to be Reversed
Setoff	IRS	4/30/2021	Q2 - 2020		(7673.000)	*	Needs to be Reversed
Setoff	IRS	4/30/2021	Q3 - 2020		(9033.000)	*	Needs to be Reversed
Setoff	IRS	4/30/2021	Q4 - 2021		(12555.000)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
				Net Due	(1496.330)	*	Current Account Balance = 0

Q2 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	4/11/2022	Q2 - 2021	(56793.14 ERC + 5218.42 Tax Redux)	62011.560	*	
Payment	Taxpayer				0.000	*	
Refund Issued	IRS				(66312.930)	*	
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
				Net Due	(4301.370)	*	Current Account Balance = 0

Spherature LLC ***5471**

Q1 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	3/28/2022	Q1 - 2021	(6693.1 ERC + 28306.9 Tax Redux)	35000.000	*	
Payment	Taxpayer				0.000	*	
Refund Issued	IRS	1/9/2023	Q1 - 2021		(36512.750)	*	
Setoff	IRS	4/30/2021	Q3 - 2021		(700.000)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	4/30/2021	Q4 - 2021		(96.550)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	4/30/2021	Q4 - 2021		(0.630)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
Setoff	IRS				0.000	*	
				Net Due	(2309.930)	*	Current Account Balance = $0

Q2 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	4/11/2022	Q2 - 2021	(15633.54 ERC + 12366.46 Tax Redux)	28000.000	*	
Payment	Taxpayer				0.000	*	
Refund Issued	IRS	4/11/2022	Q1 - 2021		0.000	*	
Setoff	IRS	7/31/2021	Q2 - 2020		(2760.520)	*	Needs to be Reversed
Setoff	IRS	7/31/2021	Q2 - 2020		(276.050)	*	Needs to be Reversed
Setoff	IRS	7/31/2021	Q3 - 2020		(2877.620)	*	Needs to be Reversed
Setoff	IRS	7/31/2021	Q3 - 2020		(287.760)	*	Needs to be Reversed
Setoff	IRS	7/31/2021	Q4 - 2021		(20769.140)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	4/18/2022	Q4 - 2021		(12.510)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	7/31/2021	Q4 - 2021		(316.480)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	7/31/2021	Q4 - 2021		(869.770)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	7/31/2021	Q4 - 2021		(159.140)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	8/22/2022	Q4 - 2021		(32.970)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	7/18/2022	Q4 - 2021		(5.240)	*	Post Petition Credit applied against Post Petition Liability
				Net Due	(367.200)	*	Current Account Balance = 0

Rovia LLC ***7705**

Q1 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	12/19/2022	Q1 - 2021	(203113.69 ERC + 42805.58 Tax Redux)	245919.270	*	
Payment	Taxpayer				0.000	*	
Refund Issued	IRS	12/19/2022	Q1 - 2021		(76312.570)	*	
Setoff	IRS	4/30/2021	Q3 - 2020		(36964.210)	*	Needs to be Reversed
Setoff	IRS	4/30/2021	Q3 - 2020		(3696.420)	*	Needs to be Reversed
Setoff	IRS	4/30/2021	Q4 - 2020		(28981.640)	*	Needs to be Reversed
Setoff	IRS	8/22/2022	Q4 - 2020		(169.230)	*	Needs to be Reversed
Setoff	IRS	4/30/2021	Q4 - 2020		(2915.090)	*	Needs to be Reversed
Setoff	IRS	4/30/2021	Q4 - 2021		(86190.390)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	4/16/2022	Q4 - 2021		(87.290)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	1/31/2022	Q4 - 2021		(1745.470)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	4/30/2021	Q4 - 2021		(4166.400)	*	Post Petition Credit applied against Post Petition Liability
Setoff	IRS	4/30/2021	Q4 - 2021		(12149.560)	*	Post Petition Credit applied against Post Petition Liability
				Net Due	(7459.000)	*	Current Account Balance = refund due of $0

Q2 - 2021

Item	Recipient Party	Date	Period		Amount		
Refund Request	Taxpayer	N/A	Q2 - 2021	TP alleged refund claim of 217507.49	0.000	*	IRS records do not reflect that any amended return/refund claim was ever received/processed for this period Appears Amended Return for Q2 was bounced because mistakenly filed for the Q4 2021 tax period
Payment	Taxpayer				0.000	*	
Refund Issued	IRS	4/11/2022	Q1 - 2021		0.000	*	

All 4 Entities for all Periods (Cummulative)
Total Post Petition Credits applied against Pre Petition Liabilities (still need to be reversed): $105,039.49

				Net Due	0.000	*	Current Account Balance = 0

TOTALS

Total Refunds Referenced in TP Letter For Q1 & Q2 of 2021 (all entities):	$1,024,042.86
Total refunds issued to TP for Q1 & Q2 (all entities):	$332,935.32
Bounced Amended Return (Rovia - Q2 2021):	$217,507.49
Total Improper Offsets already reversed (all entities):	$147,949.11
Total Improper Offsets still to be reversed (all entities):	$105,039.49
Total Proper Offsets that will not be reversed (Post Pet. Liabilities):	$333,703.09

EXHIBIT B

Proposed Order

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

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

ORDER GRANTING LIQUIDATING TRUSTEE'S MOTION TO (A) ENFORCE THE CONFIRMATION ORDER; (B) COMPEL TURNOVER OF PROPERTY OF THE ESTATE FROM THE INTERNAL REVENUE SERVICES; (C) HOLD THE INTERNAL REVENUE SERVICES IN CONTEMPT; AND (D) GRANT RELATED RELIEF

Upon the motion (the "Motion")[2] of Joseph Coleman, as Liquidating Trustee (the "Trustee") for the Spherature Liquidating Trust (the "Trust"), which was established upon confirmation of the Plan of the above-captioned debtors and debtors in possession (collectively, the "Debtors") seeking entry of an order (this "Order"): (i) enforcing the *Order Approving Disclosure Statement and Confirming Final Amended Joint Plan for Spherature Investments, LLC and Its Debtor Affiliates* (the "Confirmation Order") [Docket No. 708]; (ii) compelling the Internal Revenue Service (the "IRS") to turnover property of the Debtors' estates to the Trust; (iii) holding the IRS in contempt if it fails to turnover property of the Debtors' estates to the Trust; and (iv) granting related relief, all as more fully set forth in the Motion; and the Court having jurisdiction over this matter pursuant to 28 U.S.C. § 1334; and the Court having found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and that the Court may enter a final order consistent

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[1] The "Debtors" in the above-captioned cases are: Spherature Investments LLC d/b/a WorldVentures Holdings, LLC ("WorldVentures") 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; and WorldVentures Services, LLC ("WV Services") EIN#2220.

[2] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

with Article III of the United States Constitution; and the Court having found that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other or further notice need be provided; and the Court having reviewed the Motion; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and it appearing that the relief requested in the Motion is in the best interests of the Liquidating Trust and all other parties in interest; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is **HEREBY ORDERED THAT**:

1. The Motion is hereby GRANTED as set forth herein.

2. The IRS is in contempt for wrongfully withholding ERTC refunds owed to the Debtors and shall be liable to the Trustee for his reasonable attorneys' fees and costs in bringing and prosecuting the Motion in an amount to be determined by the Court after notice and hearing at a later date.

3. The IRS shall reverse the Remaining Improper Offsets and turnover any ERTC refunds due and owing to the Debtors after that reversal to the Trustee on or before fourteen (14) days from the date of entry of this Order.

4. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order

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HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

Prepared and submitted by:

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