

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re:)	
)	Chapter 11
LINQTO TEXAS, LLC, <i>et al.</i> , ¹)	Case No. 25-90186
)	
Debtors.)	(Jointly Administered)

**SAPIEN ENTITIES' LIMITED OBJECTION
TO ENTRY OF FINAL ORDER (I) AUTHORIZING THE DEBTORS TO
(A) OBTAIN SENIOR SECURED SUPERPRIORITY POST-PETITION
FINANCING AND (B) USE CASH COLLATERAL, (II) GRANTING
LIENS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE CLAIMS,
(III) SCHEDULING A FINAL HEARING, AND (IV) GRANTING RELATED RELIEF**

Sapient Group USA LLC and its group affiliates (together “**Sapient**”²), an affiliated group of shareholders, customers³, and/or parties in interest in the jointly-administered Chapter 11 cases (“**Cases**”) of Debtors Linqto, Inc., Linqto Liquidshares, LLC (“Liquidshares”), Linqto Liquidshares Manager, LLC, and Linqto Texas, LLC (collectively, “**Debtors**”), respectfully

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Linqto, Inc. [0332]; Linqto Liquidshares, LLC [8976]; Linqto Liquidshares Manager, LLC [8214]; and Linqto Texas, LLC [5745]. The location of the Debtors’ service address is: 101 Metro Drive, Suite 335, San Jose, CA 95110.

² Specifically, the term “Sapient” includes the following entities: (i) Sapient Group USA LLC, acting both for itself and as the manager of Sapient Linqto SPV Fund Series III; (ii) Sapient Linqto SPV Fund Series III; (iii) Sapient Ventures Investment Management Pty Ltd., acting both for itself and the general partner for Sapient Ventures LP Fund No 1 and Sapient Ventures LP Fund No 2; (iv) Sapient Ventures LP Fund No 1; and (i) Sapient Ventures LP Fund No 2.

³ Sapient interposes this Objection in its capacity as both a shareholder and a Customer (as hereafter defined). In the recently filed Liquidshares schedules [Dkt. 224], Sapient Ventures Investment Management Pty Ltd. is listed as the holder of an undisputed “CUSTOMER CLAIM” in the amount of \$1,274,172. The Global Notes, Methodology, and Specific Disclosures Regarding the Debtors’ Schedules of Assets and Liabilities and Statements of Financial Affairs (“Global Notes”) provide that “...the claims for customers on Schedule F reflect only amounts which the customers intended to invest in equities, meaning customer cash balances are not included on Schedule F balances” and also that the “[V]alue of shares of non-publicly traded companies are listed using a “fair market value” method, which was calculated using an internal methodology.” Neither the Notes nor the Schedules make any reference to, account for, or attribute the “fair market value” or any “upside” value to the scheduled customer claims. See, Global Notes, pages 5-6.

submits the following limited objection (the “**Objection**”) to entry of the proposed Final Order (I) Authorizing the Debtors to (A) Obtain Senior Secured Superpriority Post-Petition Financing and (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief (the “**Final Order**”).

1. Sapien submits that entry of the Final DIP Order is premature for a number of reasons. First, these cases have only been pending before the Court for a little over one month. The Creditors’ Committee was appointed on July 18, 2025 and thereafter retained counsel on or about July 23, 2025, almost two (2) weeks after the emergency DIP financing motion (“**Financing Motion**”) [Dkt. 16] was initially filed. At the August 5, 2025 hearing to consider Sapien’s *Emergency Motion of Sapien Group USA LLC and its Group Affiliates to Transfer Venue of the Debtors’ Cases to the District of Delaware Pursuant to 28 U.S.C. § 1412* [Dkt. No. 88] (“**Venue Motion**”), counsel to the Creditors Committee noted that the Financing Motion and the Debtors’ *Motion for Entry of an Order (I) Authorizing Use of Estate Proceeds Free and Clear of all Liens, Claims, Interests and Encumbrances, (II) Determining that the Ripple Sale Proceeds are Assets of the Bankruptcy Estate, and (III) Granting Related Relief* [Dkt. No. 79] (“**Ripple Proceeds Motion**”),⁴ may require litigation. At the hearing to consider the Venue Motion, Debtors’ counsel also represented to the Court and interested parties that the Debtors are in the process of producing voluminous documents to the Creditors Committee and other interested parties. Furthermore, the Debtors only filed their schedules of assets and liabilities on August 11, 2025, less than one day before the filing of this Objection, and the 341(a) meeting of creditors has not yet been held. Finally, approval of a \$60,000,000 DIP facility at this juncture on a final basis will bind the Debtor to a significant secured obligation, potentially to the detriment of the estate, creditors, customers, and equity holders, all before parties in interest have an

⁴ The Ripple Proceeds Motion was also filed prior to the formation of the Creditors Committee.

opportunity to fully understand the Debtors' operations, assets and liabilities, operating status, exit strategy, and ability to emerge successfully from Chapter 11.

2. The Financing Motion and the underlying loan documents seek approval of up to \$60 million in DIP financing from Sandton Capital Solutions Masterfund VI, LP ("**Lender**"), secured by a lien encumbering the Debtors' collateral. Specifically, the governing Debtor-In-Possession Loan Agreement ("**DIP Agreement**") subjects the Debtors' "Collateral"⁵ to a fully perfected first priority security interest in favor of the Lender.

3. What constitutes the Debtors' "Collateral" has not yet been fully determined and is subject to substantial dispute. The Debtors contend that "[A]s of the Petition Date, Liquidshares holds Securities in 111 Issuing Companies with an estimated fair market value of in excess of \$500 million." *See* Ripple Proceeds Motion, ¶10. The Debtors further assert that prior to the Petition Date, "the Debtors' former management participated in the December Ripple Tender...for proceeds of approximately \$18.8 million" and "submit that the December Ripple Tender Proceeds are property of the Debtors' estates..." *Id.*, ¶16 and 18. No documentation is provided to support these conclusory assertions.

4. The Ripple Proceeds Motion acknowledges that "more than 13,000 customers invested through the Linqto Platform" but claims that "[C]ustomers do not hold title to or direct beneficial interests in the Securities." *Id.*, ¶8 and 9. However, a review of the objections filed by various of the Debtors' customers, a number of which attach Liquidshares stock certificates, Schedule K-1 forms evidencing an interest in a Debtor-created special purpose vehicle, and account statements identifying the customer account, including shareholdings and activity detail, contradict the Debtors' statements. These objections contend, amongst other arguments, that the

⁵ Sapient reserves any and all rights with respect to any determination of the ownership of Liquidshares securities in privately held companies, which the Debtors claim have a fair market value of \$500 million.

customers hold property ownership rights, that the subject assets are not property of the Debtors' estates under Section 541 of the Bankruptcy Code, that any such assets are held in trust or that a constructive or resulting trust must be imposed to protect customers' interests, and that the Debtors should not be permitted to offer these assets as collateral for the DIP Financing.

5. By the Ripple Proceeds Motion, the Debtors seek a determination by this Court that Cash Assets aggregating approximately \$19,441,000 are assets of the Debtors' bankruptcy estate and may be used by Debtors in the administration of the Cases. The sheer number of customer objections and the substance of those objections (including an objection by Sapien) raise a critical issue for the Court to determine: who owns the Cash Assets and Securities purchased by Liquidshares? As it relates specifically to the Financing Motion and entry of the Final Order, this determination is necessary in order to understand if those assets are "Collateral" that would be subject to the Lender's lien.

6. Authorizing the Debtors to enter into the DIP Agreement and granting the Financing Motion on a final basis by entry of the Final Order prior to the Court ruling on the Ripple Proceeds Motion has the potential to either eliminate customers' equitable rights to the Cash Assets and Securities or otherwise subordinate their position to a lender who holds a right to credit bid for the Collateral in any sale, leaving the customers' claims and Sapien's claims and interests entirely unprotected.

7. Sapien joins with the various customers opposing the Ripple Proceeds Motion and Financing Motion and submits that the Court must first make a determination with respect to the ownership of the Cash Assets and Securities before the Court can consider entering the Final Order.

8. The Ripple Proceeds Motion and other filings by the Debtors reveal that the

Debtors have clearly contemplated this threshold ownership issue as well as what constitutes “Collateral” under the DIP Agreement and the type of claims and rights held by customers. In fact, the *Second Interim Order Authorizing the Debtors to: (i) Continue to Operate their Cash Management System and Maintain Existing Bank Accounts, (II) Continue to Perform Intercompany Transactions, and (III) Maintain Existing Business Forms* [Dkt. 190] contains the following limiting provision:

3. **Restricted Accounts.** Notwithstanding any other provision of this Second Interim Order, the Debtors shall not transfer, recharacterize, encumber, or otherwise use or access funds in the following Bank Accounts absent further order of the Court:

(i) Silicon Valley Bank Account ending in x5490 (the “Ripple Proceeds Account”) which holds proceeds from the Ripple Labs, Inc. tender offer and is not authorized for general estate use;

(ii) JPMorgan Chase Bank Account ending in x3737 (the “Customer Funds Account”), which holds funds traceable to customers and is segregated from Debtor operating funds;

(iii) Any other Bank Account to the extent such account holds assets held directly or indirectly for the benefit of Investor customers, or any proceeds thereof.

See Second Interim Cash Management Order [Dkt. 190].

9. Other than an unproven, conclusory assertion by the Debtors that the Ripple Sale Proceeds are property of the Debtors’ estates, this issue has not been adjudicated in any forum. It is incongruous that the Debtors would specifically restrict the Ripple Proceeds Account in its cash management order and file the Ripple Proceeds Motion seeking authority to use the Cash Assets if they are so certain that the \$19,441,000 Cash Assets and Securities that are the subject of the Ripple Proceeds Motion belong to the Debtors’ estates, may be used by the Debtors, and are not subject to any claim, lien, or constructive trust in favor of thousands of customers.

10. The Court granted interim approval of the DIP financing by order entered on July

8, 2025 [Dkt. No. 40]. As it stands, the overwhelming bulk of expenses to be paid by the DIP financing are expenses to be paid to restructuring professionals, which are covered under the 13-week budget through October 5, 2025. Delaying entry of the Final Order will not prejudice the Debtors or the Lender, who is seeking to impose an August 22, 2025 deadline for entry of the Final Order. Continued interim approval to permit the Debtors to operate within the budget and only for necessary expenses on an interim basis is appropriate at this time and will also allow the Creditors' Committee and other parties in interest, including Sapien, sufficient time to review the terms of the proposed \$60 million DIP facility, analyze the Debtors' schedules and other financial reporting, proceed to an adjudication of the Ripple Proceeds Motion, and then be in a position to make an appropriate determination with respect to the DIP financing before it is approved on a final basis by entry of the Final Order. While Sapien does not contend that the professionals employed by the estate should not be paid, such professionals are protected assuming the Debtors' representation that "Liquidshares holds Securities in 111 Issuing Companies with an estimated fair market value of in excess of \$500 million" is accurate. The same holds true for the Lender, whose liens remain protected on an interim basis. Clearly, the Financing Motion and the Ripple Proceeds Motion are inextricably intertwined. Taken together, the Financing Motion and the Ripple Proceeds Motion work effectively as a declaratory relief action materially affecting the rights of customers, creditors, and equity holders without the necessary protections of an adversary proceeding. Interim approval is appropriate at this juncture in order for the Debtors to continue to operate within the budget while the parties proceed to a full and final adjudication of the Ripple Proceeds Motion.

11. In the alternative, Sapien requests that the Final Order include a paragraph which provides that, notwithstanding anything in the Interim Orders, the Final Order, the Amended DIP

Term Sheet, the DIP Agreement, or any other applicable loan document, the DIP Liens, the Adequate Protection Liens, the Superpriority Liens (including any adequate protection claims), and the liens on Prepetition Collateral extend only to property of the Debtors' estates and nothing in the Interim Orders or this Final Order constitutes a determination of ownership or prejudices the right of any party to seek determination of ownership of any property interest in a manner consistent with the Bankruptcy Code and the applicable Rules of Bankruptcy Procedure.

WHEREFORE, Sapien respectfully requests that the Court (a) authorize the Debtors to continue operating under the *Interim Order (I) Authorizing the Debtors to (A) Obtain Senior Secured Superpriority Post-Petition Financing and (B) Use Cash Collateral, (II) Granting Liens and Superpriority Administrative Expense Claims, (III) Scheduling a Final Hearing, and (IV) Granting Related Relief* [Dkt. No. 40] and (b) take such other action as the Court deems reasonable.

Dated: August 12, 2025

**BONDS ELLIS EPPICH SCHAFER
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*Counsel for the Sapien Group USA LLC and its
Group Affiliates*

CERTIFICATE OF SERVICE

I certify that on August 12, 2025, I caused a copy of the foregoing document to be served on all parties receiving notice via the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Aaron M. Guerrero

Aaron M. Guerrero