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Proposed Counsel for the Official Committee of Unsecured Creditors

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

PARETEUM CORPORATION, *et al.*,

Debtors.¹

Chapter 11

Case No. 22-10615 (LGB)

(Jointly Administered)

**LIMITED OBJECTION AND RESERVATION OF RIGHTS OF THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS TO THE DEBTORS' DIP MOTION**

The Official Committee of Unsecured Creditors (the “Committee”) appointed in the above-captioned chapter 11 cases (the “Chapter 11 Cases”) of Pareteum Corporation and its affiliated debtors and debtors-in-possession (collectively, the “Debtors”) submits this limited objection and Reservation of Rights (this “Limited Objection”) to the *Debtors’ Motion for Entry of Interim and Final Orders, Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, 503, 506, 507, and 552, (I) Authorizing the Debtors to (A) Obtain Postpetition Financing and (B) Use Cash Collateral, (II) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (III) Granting Adequate Protection to the Prepetition Secured Parties; (IV) Modifying the*

¹ The Debtors in the Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, if applicable, are: Pareteum Corporation (7538); Pareteum North America Corp. (f/k/a Elephant Talk North America Corp.) (9623); Devicescape Holdings, Inc. (2909); iPass, Inc. (4598); iPass IP LLC (2550); Pareteum Europe B.V.; Artidium Group Ltd. (f/k/a Artidium PLC); Pareteum Asia Pte. Ltd.; and Pareteum N.V. (f/k/a Artidium N.V.). The Debtors’ corporate headquarters is located at 1185 Avenue of the Americas, 2nd Floor, New York, NY 10036.



Automatic Stay, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief [Docket No. 14] (the “DIP Motion”).²

BASES FOR LIMITED OBJECTION

1. The Committee appreciates that a Final DIP Order must be entered in this case because the Debtors need the funding next week to operate their business and continue the sales and marketing process approved in the Bidding Procedures Order. Moreover, the Committee has been working along-side the Debtors on the Sale process in an attempt to attract bidders while simultaneously working with the Stalking Horse Bidders on the terms of the Stalking Horse Agreement in the event that there is not a higher and better bid than the Stalking Horse Bid.

2. In order to ensure that no option is foreclosed, the Committee, the Debtors, and the Stalking Horse Bidders (including the DIP Lender) have been working on both a consensual form of Final DIP Order that would allow for continued funding for the Debtors and also a potential global settlement to these cases – should the Stalking Horse Bidders be determined to be the winning bidder. To that end, the Committee wants to ensure that any resolution with the Debtors and the Stalking Horse Bidders ensures that there are sufficient funds for the Debtors to fund the remainder of the Chapter 11 Cases, including prosecuting and confirming a plan, so that the estates’ valuable litigation claims and assets can be transferred to a litigation trust in order to eventually monetize the foregoing assets for the benefit of the general unsecured creditors. Indeed, as the Committee has repeatedly stated, the Sale is not the end of these cases and there is a “part two” that requires the confirmation of liquidating plan and establishment of a litigation trust.

3. However, despite the parties making significant progress over the last ten days on a number of issues including, among other things, the significant scaling back of the DIP Roll-Up

² Capitalized terms used but not defined herein shall have the respective meanings given to them in the DIP Motion.

and adequate protection payments, formulating a more precise (but not final) DIP Budget, and limiting the scope of the DIP Collateral, hurdles remain. Certain of these hurdles pertain to the releases and good faith findings the Prepetition Secured Parties are receiving in a contemplated Final DIP Order. As previously previewed for this Court, the Committee believes there may be significant infirmities with the liens of the Prepetition Secured Parties and other bases for Challenge Proceedings that may exist with respect to the Prepetition Secured Parties' alleged secured claims. Indeed, should the Stalking Horse Bidders submit the highest and best bid and are determined to be the successful purchasers, absent some sort of acceptable global resolution, the Committee, if appropriate, may initiate Challenge Proceedings. As a result, the Committee does not believe there should be any releases granted to the Prepetition Secured Parties nor should there be any good faith findings in the Final DIP Order. Moreover, the proposed Final DIP Order also contemplates that the DIP Lender retains liens on proceeds of Avoidance Actions, even if the Committee successfully challenges the liens of the Prepetition Secured Parties. This must be explicitly carved out and the Committee and the DIP Lender are in discussions on acceptable language.

4. The Committee will continue to pursue the dual track approach related to a potential sale and will continue to steadfastly work to resolve its issues with any proposed Final DIP Order prior to the June 15th Final DIP Hearing.

RESERVATION OF RIGHTS

5. The Committee hereby reserves any and all rights with respect to the DIP Motion and all bases of objection thereto that it may raise at or before the hearing on the DIP Motion. The Committee also reserves all rights to object on any and all grounds to any form of proposed DIP Order presented to this Court.

New York, New York
Dated: June 11, 2022

Respectfully submitted,

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