

FILED FOR RECORDS
4:02 O'CLOCK P M
NOV 01 2023
SANDRA LIMAS
CLERK CO. COURT, SCHILTREG CO. TEXAS
BY *ITSU Zapata*



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed October 27, 2023

Robert L. Jones
United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
AMARILLO DIVISION**

IN RE:

iDOCKET.COM, LLC

Debtor.

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Case No. 23-20220-RLJ-11

**SECOND INTERIM ORDER GRANTING DEBTOR'S EMERGENCY MOTION
FOR AUTHORITY TO USE CASH COLLATERAL ON AN INTERIM
BASIS AND TO SET FINAL HEARING**

On October 26, 2023, the Court held a second interim hearing on the Debtor's Emergency Motion for Authority to Use Cash Collateral On An Interim Basis and To Set Final Hearing [Docket #6] (the "Motion"). On October 17, 2023, the Court authorized the Debtor's use of cash collateral on an interim basis and set a final hearing for continued use of cash collateral (the "First Interim Order") [Docket #19]. On October 17, 2023, counsel for the Debtor sent to all creditors and parties in interest a copy of the First Interim Order providing notice of the final hearing [Docket #22]. The Debtor, iDocket.com, LLC (the "Debtor"), requests authority to use cash collateral on a continued interim basis. Brad W. Odell, counsel for the Debtor, Asher Bublick, trial attorney for the Office of

the United States Trustee, Region 6, C. Jared Knight, counsel for Happy State Bank, a division of Centennial Bank, and Matthew T. Taplett, counsel for Newtek Small Business Finance, LLC appeared at the second interim hearing on the Motion. The Court considered the statements, agreements, and arguments of counsel, the evidence admitted at the hearing, and the proposed budget. Based on the statements, agreements, and arguments of counsel, the evidence admitted, and any announcements made on the record at the hearing, the Court determines that Happy State Bank, a division of Centennial Bank, Newtek Small Business Finance, LLC, the Office of the U.S. Trustee, and the creditors and parties in interest affected by the requested relief have received adequate notice under the circumstances of the hearing, and the continued interim use of cash collateral for a period of more than two months is proper and in the best interest of the bankruptcy estate. The Court enters the following interim findings and orders relating to the Motion:

1. The Debtor, iDocket.com, LLC, is a Texas limited liability company which owns and operates a cloud-based software company located at 447 Hickory Street, Hereford, Texas 79045.
2. The Debtor provides software, including a cloud-based software product, and support services to multiple local governments through the state of Texas. The Debtor's software product provides the local, county, and district courts throughout the state of Texas a platform to maintain judicial information for cases filed with the court.
3. The Debtor filed for relief under Chapter 11 of the United States Bankruptcy Code on October 9, 2023 (the "**Petition Date**"). The Debtor, therefore, has the rights, powers and duties of a Debtor in Possession and continues to hold possession of and desires to maintain and operate its business pursuant to the authority of the Bankruptcy Code set out in 11 U.S.C. §§ 1107 and 1108.
4. The Debtor has outstanding indebtedness to the Happy State Bank, a division of Centennial Bank ("**HSB**"). HSB asserts a lien against the Debtor's cash held in bank accounts at

HSB and accounts receivable to secure the repayment of the Debtor's indebtedness to HSB.

5. The Debtor likewise has outstanding indebtedness to Newtek Small Business Finance, LLC ("Newtek"). Newtek asserts liens against, among other things, the Debtor's accounts receivable, inventory, equipment, deposit accounts, and general intangibles.

6. The Debtor likewise has outstanding indebtedness to IncluIT, LLC ("IncluIT"). IncluIT asserts liens against the Debtor's accounts, chattel paper, commercial tort claims, deposit accounts, securities accounts, and commodity accounts, documents, general intangibles, goods, instruments, investment related property, letter of credit rights, fixtures, intellectual property, material agreements, and vehicles; save and except, IncluIT does not assert a lien against receivables under the Master Service Agreement with the Texas Office of Court Administration. The Debtor asserts IncluIT's lien may be subject to avoidance pursuant to § 547 of the Bankruptcy Code.

7. Debtor reflects on its books and records as of the Petition Date cash in the amount of \$51,562.82 and accounts receivable in the amount of \$566,997.79. The value of the Debtor's remaining assets as of the Petition Date is uncertain on account of the fact the Debtor's intellectual property is difficult to value.¹

8. The Debtor had in its possession as of the Petition Date \$51,562.82 of cash in deposits in its depository accounts from the sale of its goods and services to its customers. The Debtor likewise had as of the Petition Date outstanding accounts receivable in the amount of \$566,997.79. Debtor has a need to use the cash and receipts from its accounts receivable to pay payroll, pay utilities, post-petition technology services, taxes, supplies, and other expenses vital to its operations.

¹ The findings set forth herein are interim findings related to the use of cash collateral by the Debtor on an interim basis.

9. The Debtor has prepared a budget relating to its proposed expenditures through the end of December which reflects the expenditures the Debtor will have and need to pay as part of its continued operations. The budget is attached hereto as Exhibit "A;" and is hereinafter referred to herein as the "Budget."

10. The Debtor needs the use of cash collateral to operate the Debtor's business in the normal course and to pay payroll, pay utilities, post-petition technology services, taxes, supplies, and other expenses vital to its continued operations.

11. The failure to have use of the cash collateral for the purposes set forth above will cause the Debtor to cease operations and will result in severe damage and diminution to the value of its assets and bankruptcy estate.

12. Pursuant to the protections provided in this Order, HSB and Newtek consent to the continued use of cash collateral on a continued interim basis for the period of time covered by the Budget.

IT IS THEREFORE, ORDERED, ADJUGED AND DECREED that the Court grants continued interim use of cash collateral through the end of December as set forth in the Budget and as set forth in this Order.

IT IS FURTHER ORDERED that the Debtor is authorized to use cash collateral on a continued interim basis in accordance with the attached Budget through the end of December.

IT IS FURTHER ORDERED that as adequate protection of HSB's, Newtek's, and IncludIT's interests, if any, in the cash collateral being used, HSB, Newtek, and IncludIT are hereby granted continuing, post-petition, replacement liens in, to and over all of the Debtor's property and assets in the same nature, extent, validity, and priority of HSB's, Newtek's, and IncludIT's pre-petition liens as of the Petition Date, including accounts receivable asserted to presently secure the indebtedness

owing to HSB, Newtek, and IncludIT, in accordance with 11 U.S.C. § 361(2), in the same priority and in the same nature, extent, and validity as such liens existed pre-petition. Notwithstanding the foregoing, all parties reserve their rights as to the nature, extent, validity, and priority of the HSB's, Newtek's, and IncludIT's pre-petition liens, the secured nature of same, and any claims for which they may be subject to avoidance.

IT IS FURTHER ORDERED that as adequate protection of HSB's and Newtek's interests in the cash collateral being used, HSB and Newtek are hereby granted an administrative expense claim ("**Super Priority Administrative Expense Claim**") to the extent of any diminution in the value of their collateral on account of the use by the Debtor of the cash collateral, which shall have priority in this Chapter 11 case or related bankruptcy case if this case is converted to Chapter 7 in accordance with the provisions of § 507(b) of the Bankruptcy Code over all administrative expenses of the kind specified in § 507(a) of the Bankruptcy Code. No costs or administrative expenses which have been or may be incurred in this bankruptcy case, in any conversion of this bankruptcy case, or in any proceeding related thereto, and no priority claims, including, without limitations, any super priority claims, are or will be prior to or on parity with HSB's and Newtek's Super Priority Administrative Expense Claim.

IT IS FURTHER ORDERED that as adequate protection of Newtek's interests in the cash collateral being used, the Debtor shall make a monthly adequate protection payment in the amount of accrued, unpaid interest due under that certain U.S. Small Business Administration Note dated October 25, 2022, executed by Debtor, as borrower, in favor of Newtek, as lender, in the original principal amount of \$2,500,000.00 (the "**Newtek Loan**") with the first payment due on October 30, 2023, and each subsequent payment due on the 20th day of each following month during this second interim period (each a "**Newtek Adequate Protection Payment**"). On account of the floating

interest rate associated with the Newtek Loan, Debtor shall request from Newtek within 5 days from the payment date required herein the payment amount due for the Newtek Adequate Protection Payment. Newtek shall apply the Newtek Adequate Protection Payments called for under this Second Interim Order against accrued interest owing on the Newtek Loan.

IT IS FURTHER ORDERED that the findings of fact and conclusions of law of this Court pursuant to this Order shall be deemed effective upon the entry of this Order. To the extent that such findings may constitute conclusions, and vice versa, they hereby are deemed as such. Such findings are solely for the purpose of this Order and solely to allow the interim use of cash collateral as is necessary to maintain the Debtor's operations until the hearing date set for final use of cash collateral in December 2023.

IT IS FURTHER ORDERED that the Debtor will notice this Order and the Final Hearing set forth herein to the Office of the United States Trustee, HSB, Newtek, IncludIT, and all creditors and parties in interest in the case within two (2) business days of the entry of this Order.

IT IS FURTHER ORDERED that the terms of this Order are effective upon entry of the Order and are not stayed.

IT IS FURTHER ORDERED that a final hearing on the Debtor's request for the continued use of cash collateral is set for **Thursday, December 7, 2023, at 1:30 p.m.** ("Final Hearing"). **This hearing will be held via Webex. The meeting/dial-in-information for this docket can be found on the Court's website(www.txnb.uscourts.gov) under Judge Jones' "Hearing Dates and Calendar" tab prior to the hearing.**

###End of Order ###

**APPROVED AS TO FORM AND CONTENT
AND ENTRY REQUESTED:**

By: /s/ Brad W. Odell
Brad W. Odell: SBN 24065839

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iDocket.com Cash Flow

	Week	Week	Week	Week	Week	Week	Week	Week	Week
WEEKLY BUDGET	10/30/2023	11/6/2023	11/13/2023	11/20/2023	11/27/2023	12/4/2023	12/11/2023	12/18/2023	12/25/2023
BEGINNING CASH BALANCE	298,035	153,304	162,889	143,155	187,395	111,180	137,120	48,854	112,788
One-Time Software Service		29,000	73,733		53,310			21,895	
Recurring Revenue	58,250	58,250	58,250	58,250	58,250	58,250	58,250	58,250	58,250
TOTAL OPERATING CASH	58,250	85,250	129,683	58,250	109,560	58,250	58,250	77,945	58,250
Sale of Assets									
TOTAL CASH	355,285	238,554	292,672	198,405	296,955	167,430	193,370	124,799	169,038
EXPENDITURES:									
Internal Software	28,010	3,808	1,756		19,330	3,608	1,758		19,330
Bamboo Payroll and Taxes	131,570		131,570		131,570		131,570		
Life Insurance			1,461				1,461		
Employee Benefits - Gym			54				54		
Health Insurance	21,323				21,323				21,323
American United Insurance		70				70			
Ameriflex		53				53			
Ameritas Life Insurance					1,389				1,389
IRA	5,000		5,000		5,000		5,000		
Telephone Expenses		1,818				800			
Repairs & Maintenance		415				415			
Office Supplies		889				889			
Level 3 Communication	2,178				2,178				2,178
Travel (Transportation, Airfare, Meals, Lodging, Etc.)	975	475	5,175	475	475	2,175	2,175	475	475
Clerk Revenue Sharing		18,000				18,000			
Contract Reimbursement	7,425								
Outside IT Service Providers	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Attorney Fees		2,000							
Accountant Fees		10,000							
Vehicle Insurance		34,240							
Webfile Taxes (Sales Taxes)				7,036				7,038	
Quarterly Chapter 11 Fees									
TOTAL OPERATING EXP.	201,981	75,885	149,516	12,011	185,775	30,310	146,516	12,011	49,205
TOTAL EXPENSE	201,981	75,885	149,516	12,011	185,775	30,310	146,516	12,011	49,205
ENDING CASH BALANCE	153,304	162,889	143,155	187,395	111,180	137,120	48,854	112,788	119,833

EXHIBIT "A"