

THEGLOBE COM INC  
Form 10-Q  
August 10, 2017

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
X ACT OF 1934**

For the quarterly period ended June 30, 2017

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
O ACT OF 1934**

**FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_**

*COMMISSION FILE NO. 0-25053*

**THEGLOBE.COM, INC.**

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

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STATE OF DELAWARE 14-1782422  
(STATE OR OTHER JURISDICTION OF (I.R.S. EMPLOYER  
INCORPORATION OR ORGANIZATION) IDENTIFICATION NO.)

1500 CORDOVA ROAD, SUITE 302

FORT LAUDERDALE, FL. 33316

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(954) 769 - 5900

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "small reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer o

Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company x

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of shares outstanding of the Registrant's Common Stock, \$.001 par value (the "Common Stock") as of August 1, 2017 was 441,484,838.

**THEGLOBE.COM, INC.**

**FORM 10-Q**

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SIGNATURES

**PART I - FINANCIAL INFORMATION****ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****THEGLOBE.COM, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

	JUNE 30, 2017 (UNAUDITED)	DECEMBER 31, 2016
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 28,933	\$ 31,285
Prepaid expenses	5,818	4,936
Total current assets	\$ 34,751	\$ 36,221
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current Liabilities:		
Accounts payable to related party	\$ 889,570	\$ 769,570
Accounts payable	—	101
Accrued compensation due to related parties	130,769	130,769
Accrued expenses and other current liabilities	20,550	30,500
Accrued interest due to related party	458,920	427,878
Notes payable due to related party	650,000	600,000
Total current liabilities	2,149,809	1,958,818
Stockholders' Deficit:		
Common stock, \$0.001 par value; 500,000,000 shares authorized; 441,484,838 issued and outstanding at June 30, 2017 and December 31, 2016	441,485	441,485
Additional paid-in capital	294,301,845	294,301,845
Accumulated deficit	(296,858,388 )	(296,665,927 )
Total stockholders' deficit	(2,115,058 )	(1,922,597 )
Total liabilities and stockholders' deficit	\$ 34,751	\$ 36,221

See notes to unaudited condensed consolidated financial statements.



**THEGLOBE.COM, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(UNAUDITED)		(UNAUDITED)	
Net Revenue	\$—	\$—	\$—	\$—
Operating Expenses:				
General and administrative	17,601	22,600	41,045	42,763
Related party transactions	60,000	60,000	120,000	120,000
	77,601	82,600	161,045	162,763
Operating Loss from Continuing Operations	(77,601 )	(82,600 )	(161,045 )	(162,763 )
Other Expense:				
Related party interest expense	(16,205 )	(13,712 )	(31,041 )	(26,164 )
Loss from Continuing Operations Before Income Tax	(93,806 )	(96,312 )	(192,086 )	(188,927 )
Income Tax Provision	—	—	—	—
Loss from Continuing Operations	(93,806 )	(96,312 )	(192,086 )	(188,927 )
Discontinued Operations, net of tax:	(150 )	(150 )	(375 )	(375 )
Net Loss	\$(93,956 )	\$(96,462 )	\$(192,461 )	\$(189,302 )
Loss Per Share:				
Basic and Diluted:				
Continuing Operations	\$—	\$—	\$—	\$—
Discontinued Operations	\$—	\$—	\$—	\$—
Weighted Average Common Shares Outstanding	441,484,838	441,484,838	441,484,838	441,484,838

See notes to unaudited condensed consolidated financial statements.



**THEGLOBE.COM, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended June 30,	
	2017	2016
	(UNAUDITED)	
Cash Flows from Operating Activities:		
Net loss	\$(192,461)	\$(189,302)
Add back: loss from discontinued operations	375	375
Net loss from continuing operations	(192,086)	(188,927)
Adjustments to reconcile net loss from continuing operations to net cash flows from operating activities		
Changes in operating assets and liabilities		
Prepaid and other current assets	(882 )	(889 )
Accounts payable	(100 )	(101 )
Accounts payable to related party	120,000	120,000
Accrued expenses and other current liabilities	(9,950 )	(6,950 )
Accrued interest due to related party	31,041	26,165
Net cash flows from operating activities of continuing operations	(51,977 )	(50,702 )
Net cash flows from operating activities of discontinued operations	(375 )	(375 )
Net cash flows from operating activities	(52,352 )	(51,077 )
Cash Flows from Financing Activities:		
Borrowings on Notes Payable	50,000	50,000
Net Cash flows from financing activities	50,000	50,000
Net Decrease in Cash	(2,352 )	(1,077 )
Cash, at beginning of period	31,285	20,585
Cash, at end of period	\$28,933	\$19,508

See notes to unaudited condensed consolidated financial statements.

**THEGLOBE.COM, INC. AND SUBSIDIARIES**

**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**DESCRIPTION OF THEGLOBE.COM**

theglobe.com, inc. (the “Company” or “theglobe”) was incorporated on May 1, 1995 (inception) and commenced operations on that date. Originally, theglobe.com was an online community with registered members and users in the United States and abroad. However, due to the deterioration of the online advertising market, the Company was forced to restructure and ceased the operations of its online community on August 15, 2001. The Company then sold most of its remaining online and offline properties. The Company continued to operate its Computer Games print magazine and the associated CGOnline website, as well as the e-commerce games distribution business of Chips & Bits, until their shutdown in March 2007. On June 1, 2002, Chairman Michael S. Egan and Director Edward A. Cespedes became Chief Executive Officer and President of the Company, respectively. On November 14, 2002, the Company entered into the Voice over Internet Protocol (“VoIP”) business by acquiring certain VoIP assets.

On May 9, 2005, the Company exercised an option to acquire all of the outstanding capital stock of Tralliance Corporation (“Tralliance”), an entity which had been designated as the registry for the “.travel” top-level domain through an agreement with the Internet Corporation for Assigned Names and Numbers (“ICANN”).

As more fully discussed in Note 3, “Discontinued Operations,” in March 2007, management and the Board of Directors of the Company made the decision to discontinue the operating, research and development activities of its VoIP telephony services business and terminate all of the remaining employees of that business.

On September 29, 2008, the Company sold its Tralliance business and issued 229,000,000 shares of its Common Stock to a company controlled by Michael S. Egan, the Company’s Chairman and Chief Executive Officer. As a result of the sale of its Tralliance business, the Company became a shell company (as defined in Rule 12b-2 of the Securities and Exchange Act of 1934) with no material operations or assets. However, certain matters, as more fully discussed in Note 2, “Liquidity and Going Concern Considerations,” raise substantial doubt about the Company’s ability to continue as a going concern.

## PRINCIPLES OF CONSOLIDATION

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries from their respective dates of acquisition. All significant intercompany balances and transactions have been eliminated in consolidation.

## UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial statements of the Company as of June 30, 2017 and for the three and six months ended June 30, 2017 and 2016 included herein have been prepared in accordance with the instructions for Form 10-Q under the Securities Exchange Act of 1934, as amended, and Article 10 of Regulation S-X under the Securities Act of 1933, as amended. Certain information and note disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations relating to interim condensed consolidated financial statements.

In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company at June 30, 2017 and the results of its operations and its cash flow for the three and six months ended June 30, 2017 and 2016. The results of operations and cash flows for such periods are not necessarily indicative of results expected for the full year or for any future period.

## USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates and assumptions relate primarily to valuations of accounts payable and accrued expenses. Our estimates, judgments and assumptions are continually evaluated based upon available information and experience. Because of estimates inherent in the financial reporting process, actual results could differ from those estimates. See Note 2, "Liquidity and Going Concern Considerations" for a discussion of the Company's derecognition of certain accounts payable and accrued expenses.

## NET INCOME PER SHARE

The Company reports basic and diluted net income per common share in accordance with FASB ASC Topic 260, "Earnings Per Share." Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Common equivalent shares consist of the incremental common shares issuable upon the exercise of stock options and warrants (using the treasury stock method). Common equivalent shares are excluded from the calculation if their effect is anti-dilutive.

Due to the anti-dilutive effect of potentially dilutive securities or common stock equivalents that could be issued, such securities were excluded from the diluted net loss per common share calculation for all periods presented. Such potentially dilutive securities and common stock equivalents consisted of the following for the periods ended June 30:

	2017	2016
Options to purchase common stock	—	100,000

## RECENT ACCOUNTING PRONOUNCEMENTS

Management has determined that all recently issued accounting pronouncements will not have a material impact on the Company's financial statements or do not apply to the Company's operations.

## (2) LIQUIDITY AND GOING CONCERN CONSIDERATIONS

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. However, for the reasons described below, Company management does not believe that cash on hand and cash flow generated internally by the Company will be adequate to fund its limited overhead and other cash requirements beyond a short period of time. These reasons raise significant doubt about the Company's ability to continue as a going concern.

Since 2008, the Company was able to continue operating as a going concern due principally to funding of \$500,000 received during 2008 under a Revolving Loan Agreement with an entity controlled by Michael S. Egan, its Chairman and Chief Executive Officer and total proceeds of approximately \$2,437,000 received during 2009 through the second quarter of 2015 under an Earn-out Agreement with an entity also controlled by Mr. Egan, as well as the forbearance of its creditors. The Earn-out period expired on May 5, 2015, with the final pro-rated payment of \$37,000 received by the Company in May 2015. More recently, as more fully discussed in Note 4, "Debt," in March 2016, November 2016 and March 2017, the Company received fundings of \$50,000 each under three (3) promissory notes entered into with the same entity that provided funding under the Revolving Loan Agreement (the "Promissory Notes").

At June 30, 2017, the Company had a net working capital deficit of approximately \$2,115,000. Such working capital deficit included (i) a total of approximately \$1,109,000 in principal and accrued interest owed under the aforementioned Revolving Loan Agreement and 2016 Promissory Note; (ii) a total of approximately \$890,000 in management service fees owed under a Master Services Agreement to an entity controlled by Mr. Egan; (iii) a total of approximately \$131,000 of accrued officer compensation due primarily to Mr. Egan; and (iv) an aggregate of approximately \$21,000 in other unsecured accounts payable and accrued expenses owed to non-related parties.

During the fourth quarter of 2014, the Company derecognized approximately \$84,000 of old accrued expenses related to its former Tralliance business (including \$33,000 of disputed liabilities) based upon the belief that the statute of limitations applicable to enforcement of such liabilities had lapsed. During the fourth quarter of 2013, the Company derecognized approximately \$296,000 of old liabilities of its former Tralliance business, including approximately \$170,000 of disputed accounts payable owed to 2 former vendors and accrued expenses totaling approximately \$126,000, based upon the belief that the statute of limitations applicable to enforcement of such liabilities had lapsed. As more fully described in Note 3, "Discontinued Operations," the Company derecognized approximately \$1,354,000 of old liabilities of its former VoIP telephony service business, including approximately \$1,000,000 of disputed liabilities, during the fourth quarter of 2012 based upon our belief that the statute of limitations applicable to enforcement of such liabilities has lapsed. There can be no assurance that the holders of derecognized account payables will agree with our application of statutes of limitation to time bar claims related to such payables nor seek to assert a basis to toll or suspend the running of the otherwise applicable statutes of limitation.

As discussed previously, on September 29, 2008, the Company (i) sold the business and substantially all of the assets of its Tralliance Corporation subsidiary to Tralliance Registry Management, and (ii) issued 229,000,000 shares of its Common Stock (the "Shares") to Registry Management (the "Purchase Transaction"). Tralliance Registry Management and Registry Management are entities controlled by Michael S. Egan. The closing of the Purchase Transaction resulted in the cancellation of all of the Company's remaining Convertible Debt, related accrued interest and rent and accounts payable owed to entities controlled by Mr. Egan as of the date of closing (totaling approximately \$6,400,000). However, the Company continues to be obligated to repay its principal borrowings and accrued interest due to an entity controlled by Mr. Egan under the aforementioned Revolving Loan Agreement and Promissory Notes. The Company currently has no ability to repay these loans should a demand for payment be made by the noteholder. Immediately after giving effect to the closing of the Purchase Transaction and the issuance of the Shares thereunder, Mr. Egan beneficially owned approximately 76% of the Company's Common Stock and continues to beneficially own such amount at June 30, 2017.

As additional consideration under the Purchase Transaction, Tralliance Registry Management was obligated to pay an earn-out to theglobe equal to 10% (subject to certain minimums) of Tralliance Registry Management's net revenue (as defined) derived from ".travel" names registered by Tralliance Registry Management from September 29, 2008 through May 5, 2015 (the "Earn-out"). The minimum Earn-out payable by Tralliance Registry Management to theglobe was \$300,000 in the first year, increasing by \$25,000 in each subsequent year (pro-rated for the final year of the Earn-out). As discussed earlier, the final Earn-out payment of approximately \$37,000 was made in May 2015 and the Earn-out Agreement has now expired.

In connection with the closing of the Purchase Transaction, the Company also entered into a Master Services Agreement with an entity controlled by Mr. Egan whereby for a fee of \$20,000 per month (\$240,000 per annum) such entity will provide personnel and services to the Company so as to enable it to continue its existence as a public company without the necessity of any full-time employees of its own. Additionally, commensurate with the closing of the Purchase Transaction, Termination Agreements with each of its current executive officers, which terminated their previous and then existing employment agreements, were executed. Notwithstanding the termination of these employment agreements, each of our current executive officers and directors remain as executive officers and directors of the Company.

Immediately following the closing of the Purchase Transaction, theglobe became a shell company with no material operations or assets, and no source of revenue other than under the Earn-out. As a shell company, theglobe's operating expenses have consisted primarily of and are expected to continue to consist primarily of expenses incurred under the aforementioned Master Services Agreement and other customary public company expenses, including legal, audit and other miscellaneous public company costs.

## **MANAGEMENT'S PLANS**

On a short term liquidity basis, the Company must receive the continued indulgence of its primary creditor, Mr. Egan, including the continued forbearance of Mr. Egan and related entities in making demand for payment for amounts outstanding under the Revolving Loan Agreement, the Promissory Notes and the Master Services Agreement, in order to continue as a going concern.

It is the Company's preference to avoid filing for protection under the U.S. Bankruptcy Code. However, based upon the Company's current financial condition as discussed above, management believes that additional debt or equity capital will need to be raised in order for theglobe to continue to operate as a going concern on a long-term basis. The Company currently has no access to credit facilities and has traditionally relied on borrowings from related parties to meet short-term liquidity needs, including to fund its public company operating costs while it explores its options related to the future of theglobe. Any such equity capital raised would likely result in very substantial dilution in the number of outstanding shares of the Company's Common Stock, and, if raised from anyone other than Mr. Egan or his related entities, would likely result in a change in control of the globe. Given theglobe's current financial condition, it has no intent to seek to acquire or start any new businesses. It is possible, however, that the Company could become a party to a "reverse merger" or similar transaction whereby a privately owned operating company would be merged into, or otherwise acquired by, the Company or a subsidiary thereof, in exchange for the issuance of shares of capital stock to the owners of the private company that would then represent substantially all of the then outstanding capital stock of the Company. There can be no assurance that any such reverse merger or similar transaction will be pursued or consummated, or that the Company will continue as a going concern.

### **(3) DISCONTINUED OPERATIONS**

In March 2007, management and the Board of Directors of the Company decided to discontinue the operating, research and development activities of its VoIP telephony services business and terminate all of the remaining employees of the business. The Company's decision to discontinue the operations of its VoIP telephony services business was based primarily on the historical losses sustained by this business, management's expectations of continued losses for the foreseeable future and estimates of the amount of capital required to successfully monetize this business. All elements of its VoIP telephony services business shutdown plan were completed by the Company in 2007 except for the resolution of certain disputed vendor accounts payables, totaling approximately \$1,000,000, and the payment of remaining non-disputed accounts payable. The disputed accounts payables related primarily to telecommunications network service fees charged by various former telecommunication vendors during the period from 2004 to 2007. These charges were disputed by the Company primarily due to such items as incorrect quantities, rates, in-service dates, regulatory fees/charges, late fees and contract termination charges.

During the fourth quarter of 2012, the Company re-evaluated all remaining liabilities of its VoIP telephony services business in light of the passage of time and applicable state statute of limitation laws. Based upon this re-evaluation, the Company derecognized accounts payable liabilities related to six (6) former telecommunication vendors totaling approximately \$1,354,000, including the disputed liabilities of approximately \$1,000,000 discussed earlier, from its balance sheet at December 31, 2012. There are no Discontinued Operations assets or liabilities at June 30, 2017.

**(4) DEBT**

Debt consists of notes payables due to a related party, as summarized below:

	June 30, 2017	December 31, 2016
2008 Revolving Loan Notes due to a related party; due on demand	\$ 500,000	\$ 500,000
March 2016 Promissory Note due to a related party; due on demand	50,000	50,000
November 2016 Promissory Note due to a related party; due on demand	50,000	50,000
March 2017 Promissory Note due to a related party; due on demand	50,000	—
	\$ 650,000	\$ 600,000

On June 6, 2008, the Company and its subsidiaries, as guarantors, entered into a Revolving Loan Agreement with Dancing Bear Investments, Inc. (“Dancing Bear”), pursuant to which Dancing Bear may loan up to \$500,000 to the Company on a revolving basis (the “Credit Line”). Dancing Bear is controlled by Michael S. Egan, our Chairman and Chief Executive Officer. In connection with its entry into the Credit Line, the Company borrowed \$100,000 under the Credit Line. Subsequently, during the remainder of 2008, the Company made additional borrowings totaling the final \$400,000 available under the Credit Line. As of June 30, 2017 and December 31, 2016, outstanding principal of \$500,000 and accrued interest of \$448,028 and \$423,233 respectively, related to this Line of Credit have been reflected as current liabilities in our Consolidated Balance Sheet. Related Party Interest Expense related to the Credit Line of \$24,795 was recognized in our Consolidated Statement of Operations during both the six months ended June 30, 2017 and 2016, respectively.

On May 7, 2009, the Company entered into a Note and Modification Agreement with Dancing Bear Investments, Inc., which amended the repayment terms of the Revolving Loan Agreement. Under the terms of the Note Modification Agreement, from and after June 6, 2009 (the original maturity date of the Credit Line), all amounts due under the Revolving Loan Agreement, including principal and accrued interest, will be due and payable on the earlier of (i) five (5) business days following any demand for payment, which demand can be made by Dancing Bear at any time; or (ii) upon the occurrence of an event of default, as defined in the Revolving Loan Agreement. All funds borrowed under the Credit Line may be prepaid in whole or in part, without penalty, at any time during the term of the Credit Line. The Company currently has no ability to repay this loan should Dancing Bear demand payment.

In connection with the Credit Line, the Company executed and delivered a promissory note to Dancing Bear in the amount of \$500,000 bearing interest at ten percent (10%) per annum on the principal amount then outstanding. The Company’s subsidiaries unconditionally guaranteed the Credit Line by entering into an Unconditional Guaranty Agreement. All amounts outstanding from time to time under the Credit Line are secured by a lien on all assets of the Company and its subsidiaries pursuant to a Security Agreement with Dancing Bear.



On March 23, 2016, the Company entered into a \$50,000 promissory note (the “March 2016 Promissory Note”) with, and borrowed the full amount of such promissory note from, Dancing Bear. The promissory note is unsecured and initially matured and was due on the first to occur of (i) September 22, 2016, or (ii) an event of default as defined under the promissory note. On September 20, 2016, the Company entered into a Note and Modification Agreement with Dancing Bear. Under the terms of the Note Modification Agreement, from and after September 22, 2016 (the original maturity date of promissory note) all amount due under the promissory note, including principal and accrued interest, will be due and payable on the earlier of (i) five (5) business days following any demand for payment, which demand can be made by Dancing Bear at any time; or (ii) an event of default as defined under the promissory note. Interest at a rate of 10% per annum is payable by the Company on all unpaid borrowings under the promissory note. The Company used the proceeds from the promissory note to pay its public company operating costs from March 2016 to October 2016. Related Party Interest Expense of \$2,480 and \$1,370 were recognized in our Condensed Consolidated Statement of Operations during the six months ended June 30, 2017 and 2016, respectively.

On November 7, 2016, the Company entered into a second \$50,000 promissory note (the “November 2016 Promissory Note”) with, and borrowed the full amount of such promissory note from, Dancing Bear. The promissory note is unsecured and matures with all amounts due, including principal and accrued interest, on the earlier of (i) five (5) business days following any demand for payment, which demand can be made by Dancing Bear at any time; or (ii) an event of default as defined under the promissory note. The Company used the proceeds from the promissory note to pay its public company operating costs from November 2016 to March 2017. Related Party Interest Expense of \$2,479 was recognized in our Consolidated Statement of Income during the six months ended June 30, 2017.

On March 29, 2017, the Company entered into a third \$50,000 promissory note (the “March 2017 Promissory Note”) with, and borrowed the full amount of such promissory note from, Dancing Bear. The promissory note is unsecured and matures with all amounts due, including principal and accrued interest, on the earlier of (i) five (5) business days following any demand for payment, which demand can be made by Dancing Bear at any time; or (ii) an event of default as defined under the promissory note. The Company intends to use the proceeds from the promissory note to pay its public company operating costs over a short period of time. Related Party Interest Expense of \$1,288 was recognized in our Consolidated Statement of Income during the six months ended June 30, 2017.

As of June 30, 2017 and December 31, 2016, accrued interest totaling \$10,892 and \$4,645, respectively, related to the March 2016, November 2016 and March 2017 Promissory Notes has been reflected as current liabilities on our Condensed Consolidated Balance Sheet.

The Company has no ability to repay any of the loans discussed above should Dancing Bear demand payment.

#### **(5) STOCK OPTION PLANS**

As of June 30, 2017, all of the Company’s stock option plans have been terminated and there are no shares available for grant under these plans. Remaining stock options outstanding and exercisable expired in August 2016.

There were no stock option grants or exercises during each of the six months ended June 30, 2017 and 2016.

#### **(6) RELATED PARTY TRANSACTIONS**

The Company’s Condensed Consolidated Balance Sheets at June 30, 2017 and December 31, 2016 includes certain related party debt liabilities owed to Dancing Bear, an entity controlled by Michael S. Egan, our Chairman and Chief Executive Officer, as summarized below:

	June 30, 2017	December 31, 2016
Notes payable due to related parties	\$ 650,000	\$ 600,000
Accrued interest due to related parties	458,920	427,878
Total principal and accrued interest	\$ 1,108,920	\$ 1,027,878

Related party interest expense associated with such debt totaling \$31,041 and \$26,164 has been recognized in our Condensed Consolidated Statement of Operations for the six months ended June 30, 2017 and 2016, respectively. See Note 4, "Debt," for a more complete discussion of related party debt.

During both the three months ended June 30, 2017 and 2016, the Company accrued management services fee expenses totaling \$60,000 payable to Dancing Bear under a Master Services Agreement entered into on September 29, 2008 by and between Dancing Bear and the Company. No management service fees were paid during either the six months ended June 30, 2017 or the six months ended June 30, 2016. At June 30, 2017 and December 31, 2016, a total of approximately \$889,570 and \$769,570, respectively, in management service fees remained unpaid and are accrued on the Company's condensed consolidated balance sheet.

In order to help the Company make it through a liquidity crisis in 2008, Michael S. Egan, our Chairman and Chief Executive Officer, agreed to defer receiving a portion of his 2008 salary, totaling \$105,769, until a future undetermined point in time. Additionally, Robin S. Lebowitz, our Vice President of Finance, agreed to defer receiving an aggregate of \$25,000 in car allowance payable during 2006, 2007 and 2008 to a future undetermined point in time. The aforementioned deferred payments were accrued by the Company during the years that such compensation was earned, with the total amount of \$130,769 classified as Accrued Compensation Due to Related Parties in our Consolidated Balance Sheets at June 30, 2017 and December 31, 2016.

## **(7) SUBSEQUENT EVENTS**

The Company's management evaluated subsequent events through the time of the filing of this report on Form 10-Q. The Company's management is not aware of any significant events that occurred subsequent to the balance sheet date but prior to the filing of this report that would have a material impact on its consolidated financial statements.

**ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS  
2. OF OPERATIONS**

**FORWARD LOOKING STATEMENTS**

This Form 10-Q contains forward-looking statements within the meaning of the federal securities laws that relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology, such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "intend," "potential" or "continue" or the negative of such terms or other comparable terminology, although not all forward-looking statements contain such terms. In addition, these forward-looking statements include, but are not limited to, statements regarding:

- our ability to successfully resolve disputed liabilities;
- our ability to raise additional and sufficient capital;
- our ability to continue to operate as a going concern; and

the continued forbearance of certain related parties from making demand for payment under certain contractual obligations of, and loans, to the Company.

These statements are only predictions. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are not required to and do not intend to update any of the forward-looking statements after the date of this Form 10-Q or to conform these statements to actual results. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Form 10-Q might not occur. Actual results, levels of activity, performance, achievements and events may vary significantly from those implied by the forward-looking statements. A description of risks that could cause our results to vary appears under "Risk Factors" and elsewhere in this Form 10-Q. The following discussion should be read together in conjunction with the accompanying unaudited condensed consolidated financial statements and related notes thereto and the audited consolidated financial statements and notes to those statements contained in the Annual Report on Form 10-K for the year ended December 31, 2016.

**OVERVIEW**

On September 29, 2008, theglobe.com, inc. consummated the sale of the business and substantially all of the assets of its Tralliance Corporation subsidiary to Tralliance Registry Management Company, LLC, an entity controlled by Michael S. Egan, the Company's Chairman and Chief Executive Officer. As a result of and on the effective date of the sale of its Tralliance business, which was theglobe's remaining operating business, theglobe became a "shell company," as that term is defined in Rule 12b-2 of the Exchange Act, with no material operations or assets.

As part of the consideration for the sale of its Tralliance business, theglobe received earn-out rights from Tralliance Registry Management ("Earn-out"), which constitutes the only source of revenue for theglobe as a shell company. theglobe's operating expenses as a shell company consist of customary public company expenses, including accounting, financial reporting, legal, audit and other related public company costs.

In March 2007, management and the Board of Directors of the Company made the decision to cease all activities related to its VoIP telephony services business. Results of operations for the VoIP telephony services businesses have been reported separately as "Discontinued Operations" in the accompanying condensed consolidated statements of operations for all periods presented. There are no discontinued operations assets or liabilities included in the accompanying condensed consolidated balance sheets.

#### **BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS; GOING CONCERN**

We received a report from our independent registered public accountants, relating to our December 31, 2016 audited financial statements, containing an explanatory paragraph regarding our ability to continue as a going concern. As a shell company, management believes that theglobe will not be able to generate operating cash flows sufficient to fund its operations and pay its existing current liabilities in the foreseeable future. Based upon our current cash resources and without the infusion of additional capital and/or the continued indulgence of its creditors, management does not believe the Company can operate as a going concern beyond a short period of time. See "Future and Critical Need for Capital" section of this Management's Discussion and Analysis of Financial Condition and Results of Operations for further details.

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, our condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should we be unable to continue as a going concern.

## **RESULTS OF OPERATIONS**

### **THREE MONTHS ENDED JUNE 30, 2017 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2016**

#### **CONTINUING OPERATIONS**

**NET REVENUE.** Commensurate with the sale of our Tralliance business on September 29, 2008, we became a shell company. As a result, net revenue for both the three months ended June 30, 2017 and 2016 was \$0.

**GENERAL AND ADMINISTRATIVE.** General and administrative expenses include only customary public company expenses, including accounting, legal, audit, insurance and other related public company costs. General and administrative expenses totaled approximately \$18 thousand in the second quarter of 2017 as compared to approximately \$23 thousand for the same quarter of the prior year.

**RELATED PARTY TRANSACTIONS.** Related party transaction expense totaled \$60 thousand for both the three months ended June 30, 2017, and 2016 and consisted of management services fees payable to Dancing Bear for accounting, finance, administrative and managerial support.

**RELATED PARTY INTEREST EXPENSE.** Related party interest expense for the three months ended June 30, 2017 and 2016 was approximately \$16 thousand and \$14 thousand, respectively, and consisted primarily of interest due and payable to Dancing Bear under the Revolving Loan Agreement and Promissory Notes.

**INCOME TAXES.** No tax benefit was recorded for the losses incurred during the second quarter of 2016 or the second quarter of 2015 as we recorded a 100% valuation allowance against our otherwise recognizable deferred tax assets due to the uncertainty surrounding the timing or ultimate realization of the benefits of our net operating loss carryforwards in future periods.

### **SIX MONTHS ENDED JUNE 30, 2017 COMPARED TO**

**THE SIX MONTHS ENDED JUNE 30, 2016**

**CONTINUING OPERATIONS**

NET REVENUE. Net revenue totaled \$0 for both the six months ended June 30, 2017 and 2016.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses include only customary public company expenses, including accounting, legal, audit, insurance and other related public company costs.

General and administrative expenses totaled approximately \$41 thousand for the first six months of 2017 as compared to approximately \$43 thousand for the same period of 2016.

**RELATED PARTY TRANSACTIONS.** Related party transaction expense totaled \$120 thousand for both the six months ended June 30, 2017, and 2016 and consisted of management services fees payable to Dancing Bear for accounting, finance, administrative and managerial support.

**RELATED PARTY INTEREST EXPENSE.** Related party interest expense for the six months ended June 30, 2017 and 2016 was approximately \$31 thousand and \$26 thousand, respectively, and consisted primarily of interest due and payable to Dancing Bear under the Revolving Loan Agreement.

**INCOME TAXES.** No tax benefit was recorded for the losses incurred during the first half of 2017 or the first half of 2016 as we recorded a 100% valuation allowance against our otherwise recognizable deferred tax assets due to the uncertainty surrounding the timing or ultimate realization of the benefits of our net operating loss carryforwards in future periods.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **CASH FLOW ITEMS**

As of June 30, 2017, we had \$28,933 in cash as compared to \$31,285 as of December 31, 2016. Net cash flows used in operating activities of continuing operations totaled approximately \$52 thousand for the six months ended June 30, 2017 compared to approximately \$51 thousand for the six months ended June 30, 2016.

As discussed earlier, on March 29, 2017 and on March 23, 2016, the Company borrowed \$50 thousand each under the Promissory Notes from Dancing Bear with such borrowing reflected within Cash Flows from Financing Activities for the six months ended June 30, 2017 and 2016, respectively.

### **FUTURE AND CRITICAL NEED FOR CAPITAL**

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. However, for the reasons described below, Company management does not believe that cash on hand and cash flow



generated internally by the Company will be adequate to fund its limited overhead and other cash requirements beyond a short period of time. These reasons raise significant doubt about the Company's ability to continue as a going concern.

Since 2008, the Company was able to continue operating as a going concern due principally to funding of \$500 thousand received during 2008 under a Revolving Loan Agreement with an entity controlled by Michael S. Egan, its Chairman and Chief Executive Officer and total proceeds of approximately \$2.437 million received during 2009 through the second quarter of 2015 under an Earn-out Agreement with an entity also controlled by Mr. Egan, as well as the forbearance of its creditors. The Earn-out period expired on May 5, 2015, with the final pro-rated payment of \$37 thousand received by the Company in May 2015. More recently, as more fully discussed in Note 4, "Debt," in March 2016, November 2016 and March 2017, the Company received fundings of \$50 thousand each under three (3) promissory notes entered into with the same entity that provided funding under the Revolving Loan Agreement (the "Promissory Notes").

At June 30, 2017, the Company had a net working capital deficit of approximately \$2.115 million. Such working capital deficit included (i) a total of approximately \$1.109 million in principal and accrued interest owed under the aforementioned Revolving Loan Agreement and 2016 Promissory Note; (ii) a total of approximately \$890 thousand in management service fees owed under a Master Services Agreement to an entity controlled by Mr. Egan; (iii) a total of approximately \$131 thousand of accrued officer compensation due primarily to Mr. Egan; and (iv) an aggregate of approximately \$21 thousand in other unsecured accounts payable and accrued expenses owed to non-related parties.

During the fourth quarter of 2014, the Company derecognized approximately \$84 thousand of old accrued expenses related to its former Tralliance business (including \$33 thousand of disputed liabilities) based upon the belief that the statute of limitations applicable to enforcement of such liabilities had lapsed. During the fourth quarter of 2013, the Company derecognized approximately \$296 thousand of old liabilities of its former Tralliance business, including approximately \$170 thousand of disputed accounts payable owed to 2 former vendors and accrued expenses totaling approximately \$126 thousand, based upon the belief that the statute of limitations applicable to enforcement of such liabilities had lapsed. As more fully described in Note 3, "Discontinued Operations," the Company derecognized approximately \$1.354 million of old liabilities of its former VoIP telephony service business, including approximately \$1million of disputed liabilities, during the fourth quarter of 2012 based upon our belief that the statute of limitations applicable to enforcement of such liabilities has lapsed. There can be no assurance that the holders of derecognized account payables will agree with our application of statutes of limitation to time bar claims related to such payables nor seek to assert a basis to toll or suspend the running of the otherwise applicable statutes of limitation.

As discussed previously, on September 29, 2008, the Company (i) sold the business and substantially all of the assets of its Tralliance Corporation subsidiary to Tralliance Registry Management, and (ii) issued 229 million shares of its Common Stock (the "Shares") to Registry Management (the "Purchase Transaction"). Tralliance Registry Management and Registry Management are entities controlled by Michael S. Egan. The closing of the Purchase Transaction resulted in the cancellation of all of the Company's remaining Convertible Debt, related accrued interest and rent and accounts payable owed to entities controlled by Mr. Egan as of the date of closing (totaling approximately \$6.4 million). However, the Company continues to be obligated to repay its principal borrowings and accrued interest due to an entity controlled by Mr. Egan under the aforementioned Revolving Loan Agreement and Promissory Notes. The Company currently has no ability to repay these loans should a demand for payment be made by the noteholder. Immediately after giving effect to the closing of the Purchase Transaction and the issuance of the Shares thereunder, Mr. Egan beneficially owned approximately 76% of the Company's Common Stock and continues to beneficially own such amount at June 30, 2017.

As additional consideration under the Purchase Transaction, Tralliance Registry Management was obligated to pay an earn-out to theglobe equal to 10% (subject to certain minimums) of Tralliance Registry Management's net revenue (as defined) derived from ".travel" names registered by Tralliance Registry Management from September 29, 2008 through May 5, 2015 (the "Earn-out"). The minimum Earn-out payable by Tralliance Registry Management to theglobe was \$300 thousand in the first year, increasing by \$25 thousand in each subsequent year (pro-rated for the final year of the Earn-out). As discussed earlier, the final Earn-out payment of approximately \$37 thousand was made in May 2015 and the Earn-out Agreement has now expired.

In connection with the closing of the Purchase Transaction, the Company also entered into a Master Services Agreement with an entity controlled by Mr. Egan whereby for a fee of \$20 thousand per month (\$240 thousand per annum) such entity will provide personnel and services to the Company so as to enable it to continue its existence as a public company without the necessity of any full-time employees of its own. Additionally, commensurate with the closing of the Purchase Transaction, Termination Agreements with each of its current executive officers, which terminated their previous and then existing employment agreements, were executed. Notwithstanding the termination of these employment agreements, each of our current executive officers and directors remain as executive officers and directors of the Company.

Immediately following the closing of the Purchase Transaction, theglobe became a shell company with no material operations or assets, and no source of revenue other than under the Earn-out. As a shell company, theglobe's operating expenses have consisted primarily of and are expected to continue to consist primarily of expenses incurred under the aforementioned Master Services Agreement and other customary public company expenses, including legal, audit and other miscellaneous public company costs.

On a short term liquidity basis, the Company must receive the continued indulgence of its primary creditor, Mr. Egan, including the continued forbearance of Mr. Egan and related entities in making demand for payment for amounts outstanding under the Revolving Loan Agreement, the Promissory Notes and the Master Services Agreement, in order

to continue as a going concern.

It is the Company's preference to avoid filing for protection under the U.S. Bankruptcy Code. However, based upon the Company's current financial condition as discussed above, management believes that additional debt or equity capital will need to be raised in order for theglobe to continue to operate as a going concern on a long-term basis. The Company currently has no access to credit facilities and has traditionally relied on borrowings from related parties to meet short-term liquidity needs, including to fund its public company operating costs while it explores its options related to the future of theglobe. Any such equity capital raised would likely result in very substantial dilution in the number of outstanding shares of the Company's Common Stock, and, if raised from anyone other than Mr. Egan or his related entities, would likely result in a change in control of theglobe. Given theglobe's current financial condition, it has no intent to seek to acquire or start any new businesses. It is possible, however, that the Company could become a party to a "reverse merger" or similar transaction whereby a privately owned operating company would be merged into, or otherwise acquired by, the Company or a subsidiary thereof, in exchange for the issuance of shares of capital stock to the owners of the private company that would then represent substantially all of the then outstanding capital stock of the Company. There can be no assurance that any such reverse merger or similar transaction will be pursued or consummated, or that the Company will continue as a going concern.

#### **EFFECTS OF INFLATION**

Management believes that inflation has not had a significant effect on our results of operations during 2017 and 2016.

## **MANAGEMENT'S DISCUSSION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Our estimates, judgments and assumptions are continually evaluated based on available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

Certain of our accounting policies require higher degrees of judgment than others in their application. Primarily, these include valuations of accounts payable and accrued expenses.

## **IMPACT OF RECENTLY ISSUED ACCOUNTING STANDARDS**

Management has determined that all recently issued accounting pronouncements will not have a material impact on the Company's financial statements or do not apply to the Company's operations.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

Not applicable to smaller reporting companies such as this Company.

## **ITEM 4. CONTROLS AND PROCEDURES**

We maintain disclosure controls and procedures that are designed to ensure (1) that information required to be disclosed by us in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms, and (2) that this information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2017. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective in alerting them in a timely manner to material information regarding us (including our consolidated subsidiaries) that is required to be included in our periodic reports to the SEC.

Our management, with the participation of our Chief Executive Officer and our Chief Financial Officer, have evaluated any change in our internal control over financial reporting that occurred during the quarter ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, and have determined there to be no reportable changes.

## **PART II - OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

NONE.

### **ITEM 1A. RISK FACTORS**

In addition to the other information in this report, the following factors should be carefully considered in evaluating our business and prospects.

#### **RISKS RELATING TO OUR BUSINESS GENERALLY**

##### **WE MAY NOT BE ABLE TO CONTINUE AS A GOING CONCERN.**

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the condensed consolidated financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. However, for the reasons described below, Company management does not believe that cash on hand and cash flow generated internally by the Company will be adequate to fund its limited overhead and other cash requirements beyond a short period of time. These reasons raise significant doubt about the Company's ability to continue as a going concern.

Since 2008, the Company was able to continue operating as a going concern due principally to funding of \$500 thousand received during 2008 under a Revolving Loan Agreement with an entity controlled by Michael S. Egan, its Chairman and Chief Executive Officer and total proceeds of approximately \$2.437 million received during 2009 through the second quarter of 2015 under an Earn-out Agreement with an entity also controlled by Mr. Egan, as well as the forbearance of its creditors. The Earn-out period expired on May 5, 2015, with the final pro-rated payment of \$37 thousand received by the Company in May 2015. More recently, as more fully discussed in Note 4, "Debt," in March 2016, November 2016 and March 2017, the Company received fundings of \$50 thousand each under three (3) promissory notes entered into with the same entity that provided funding under the Revolving Loan Agreement (the

“Promissory Notes”).

At June 30, 2017, the Company had a net working capital deficit of approximately \$2.115 million. Such working capital deficit included (i) a total of approximately \$1.109 million in principal and accrued interest owed under the aforementioned Revolving Loan Agreement and 2016 Promissory Note; (ii) a total of approximately \$890 thousand in management service fees owed under a Master Services Agreement to an entity controlled by Mr. Egan; (iii) a total of approximately \$131 thousand of accrued officer compensation due primarily to Mr. Egan; and (iv) an aggregate of approximately \$21 thousand in other unsecured accounts payable and accrued expenses owed to non-related parties.

During the fourth quarter of 2014, the Company derecognized approximately \$84 thousand of old accrued expenses related to its former Tralliance business (including \$33 thousand of disputed liabilities) based upon the belief that the statute of limitations applicable to enforcement of such liabilities had lapsed. During the fourth quarter of 2013, the Company derecognized approximately \$296 thousand of old liabilities of its former Tralliance business, including approximately \$170 thousand of disputed accounts payable owed to 2 former vendors and accrued expenses totaling approximately \$126 thousand, based upon the belief that the statute of limitations applicable to enforcement of such liabilities had lapsed. As more fully described in Note 3, “Discontinued Operations,” the Company derecognized approximately \$1.354 million of old liabilities of its former VoIP telephony service business, including approximately \$1million of disputed liabilities, during the fourth quarter of 2012 based upon our belief that the statute of limitations applicable to enforcement of such liabilities has lapsed. There can be no assurance that the holders of derecognized account payables will agree with our application of statutes of limitation to time bar claims related to such payables nor seek to assert a basis to toll or suspend the running of the otherwise applicable statutes of limitation.

As discussed previously, on September 29, 2008, the Company (i) sold the business and substantially all of the assets of its Tralliance Corporation subsidiary to Tralliance Registry Management, and (ii) issued 229 million shares of its Common Stock (the "Shares") to Registry Management (the "Purchase Transaction"). Tralliance Registry Management and Registry Management are entities controlled by Michael S. Egan. The closing of the Purchase Transaction resulted in the cancellation of all of the Company's remaining Convertible Debt, related accrued interest and rent and accounts payable owed to entities controlled by Mr. Egan as of the date of closing (totaling approximately \$6.4 million). However, the Company continues to be obligated to repay its principal borrowings and accrued interest due to an entity controlled by Mr. Egan under the aforementioned Revolving Loan Agreement and Promissory Notes. The Company currently has no ability to repay these loans should a demand for payment be made by the noteholder. Immediately after giving effect to the closing of the Purchase Transaction and the issuance of the Shares thereunder, Mr. Egan beneficially owned approximately 76% of the Company's Common Stock and continues to beneficially own such amount at June 30, 2017.

As additional consideration under the Purchase Transaction, Tralliance Registry Management was obligated to pay an earn-out to theglobe equal to 10% (subject to certain minimums) of Tralliance Registry Management's net revenue (as defined) derived from ".travel" names registered by Tralliance Registry Management from September 29, 2008 through May 5, 2015 (the "Earn-out"). The minimum Earn-out payable by Tralliance Registry Management to theglobe was \$300 thousand in the first year, increasing by \$25 thousand in each subsequent year (pro-rated for the final year of the Earn-out). As discussed earlier, the final Earn-out payment of approximately \$37 thousand was made in May 2015 and the Earn-out Agreement has now expired.

In connection with the closing of the Purchase Transaction, the Company also entered into a Master Services Agreement with an entity controlled by Mr. Egan whereby for a fee of \$20 thousand per month (\$240 thousand per annum) such entity will provide personnel and services to the Company so as to enable it to continue its existence as a public company without the necessity of any full-time employees of its own. Additionally, commensurate with the closing of the Purchase Transaction, Termination Agreements with each of its current executive officers, which terminated their previous and then existing employment agreements, were executed. Notwithstanding the termination of these employment agreements, each of our current executive officers and directors remain as executive officers and directors of the Company.

Immediately following the closing of the Purchase Transaction, theglobe became a shell company with no material operations or assets, and no source of revenue other than under the Earn-out. As a shell company, theglobe's operating expenses have consisted primarily of and are expected to continue to consist primarily of expenses incurred under the aforementioned Master Services Agreement and other customary public company expenses, including legal, audit and other miscellaneous public company costs.

On a short term liquidity basis, the Company must receive the continued indulgence of its primary creditor, Mr. Egan, including the continued forbearance of Mr. Egan and related entities in making demand for payment for amounts outstanding under the Revolving Loan Agreement, the Promissory Notes and the Master Services Agreement, in order



to continue as a going concern.

It is the Company's preference to avoid filing for protection under the U.S. Bankruptcy Code. However, based upon the Company's current financial condition as discussed above, management believes that additional debt or equity capital will need to be raised in order for theglobe to continue to operate as a going concern on a long-term basis. The Company currently has no access to credit facilities and has traditionally relied on borrowings from related parties to meet short-term liquidity needs, including to fund its public company operating costs while it explores its options related to the future of theglobe. Any such equity capital raised would likely result in very substantial dilution in the number of outstanding shares of the Company's Common Stock, and, if raised from anyone other than Mr. Egan or his related entities, would likely result in a change in control of theglobe. Given theglobe's current financial condition, it has no intent to seek to acquire or start any new businesses. It is possible, however, that the Company could become a party to a "reverse merger" or similar transaction whereby a privately owned operating company would be merged into, or otherwise acquired by, the Company or a subsidiary thereof, in exchange for the issuance of shares of capital stock to the owners of the private company that would then represent substantially all of the then outstanding capital stock of the Company. There can be no assurance that any such reverse merger or similar transaction will be pursued or consummated, or that the Company will continue as a going concern.

#### **WE MAY NOT BE SUCCESSFUL IN SETTling DISPUTED VENDOR CHARGES.**

During 2014, we derecognized approximately \$84 thousand of liabilities (including \$33 thousand of disputed liabilities) related to our former Tralliance business. Additionally, during 2012, we derecognized approximately \$1.354 million of old liabilities related to our former VoIP telephony services business ( including approximately \$1.0 million of disputed liabilities) and in 2013 we derecognized approximately \$296 thousand of old liabilities related to our former Tralliance business (including \$170 thousand of disputed liabilities). These liabilities were derecognized based on our belief that the applicable statute of limitations periods to bring claims to collect such liabilities have expired. There can no assurance that vendors will not file claims and attempt to collect certain of these derecognized liabilities for which we believe the statute of limitations has lapsed. Should vendors file claims, there can be no assurance that the Company will be successful in settling the claims without significant costs, including attorney's fees. Any adverse outcome in any of these matters could materially and adversely affect our financial position, utilize a significant portion of our cash resources and/or require additional capital to be infused into the Company, and adversely affect our ability to continue as a going concern.

**OUR NET OPERATING LOSS CARRYFORWARDS MAY BE SUBSTANTIALLY LIMITED.**

As of December 31, 2016, we had net operating loss carryforwards which may be potentially available for U.S. tax purposes of approximately \$166 million. These carryforwards expire through 2036. The Tax Reform Act of 1986 imposes substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change" of a corporation. Due to various significant changes in our ownership interests, as defined in the Internal Revenue Code of 1986, as amended, that occurred prior to December 31, 2008, we have substantially limited the availability of our net operating loss carryforwards.

**OUR OFFICERS, INCLUDING OUR CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND PRESIDENT HAVE OTHER INTERESTS; WE HAVE CONFLICTS OF INTEREST WITH OUR DIRECTORS; ALL OF OUR DIRECTORS ARE EMPLOYEES OR STOCKHOLDERS OF THE COMPANY OR AFFILIATES OF OUR LARGEST STOCKHOLDER.**

Our Chairman and Chief Executive Officer, Mr. Michael Egan, is an officer or director of other companies. Mr. Egan became our Chief Executive Officer effective June 1, 2002. Mr. Egan is also the controlling investor of The Registry Management Company, LLC, Dancing Bear Investments, Inc., E&C Capital Partners LLLP, and E&C Capital Partners II, LLC, which are our largest stockholders. Mr. Egan is also the controlling investor of License Holdings, LLC and Labigroup Holdings, LLC, entities which have had various ongoing business relationships with the Company. Additionally, Mr. Egan is the controlling investor of Tralliance Registry Management Company, LLC, an entity which acquired our Tralliance business.

Our President, Treasurer and Chief Financial Officer and Director, Mr. Edward A. Cespedes, is also an officer, director or shareholder of other companies, including E&C Capital Partners LLLP, E&C Capital Partners II, LLC, and The Registry Management Company, LLC. Additionally, Mr. Cespedes currently serves as the President and a director of Paymeon, Inc., a location-based marketing company.

Our Vice President of Finance and Director, Ms. Robin Lebowitz is also an officer of Dancing Bear Investments, Inc. She is also an officer, director or shareholder of other companies or entities controlled by Mr. Egan and Mr. Cespedes, including The Registry Management Company, LLC.

Due to the relationships with his related entities, Mr. Egan will have an inherent conflict of interest in making any decision related to transactions between the related entities and us. Furthermore, the Company's Board of Directors presently is comprised entirely of individuals who are executive officers of theglobe, and therefore are not "independent." We intend to review related party transactions in the future on a case-by-case basis.

**WE CURRENTLY HAVE NO BUSINESS OPERATIONS AND ARE A SHELL COMPANY.**

Immediately following the closing of the Purchase Transaction, theglobe became a shell company with no material operations or assets, and no source of revenue other than under the “net revenue” earn-out arrangement with Tralliance Registry Management. It is expected that theglobe’s future operating expenses as a public shell company will consist primarily of expenses incurred under the aforementioned Master Services Agreement and other customary public company expenses, including legal, audit and other miscellaneous public company costs. Given theglobe’s current financial condition and the state of the current United States capital markets and economy, the Company has no current intent to seek to acquire, or start, any other business.

**WE MAY SUFFER ADVERSE CONSEQUENCES IF WE ARE DEEMED AN INVESTMENT COMPANY (DEFINED BELOW) AND WE MAY INCUR SIGNIFICANT COSTS TO AVOID INVESTMENT COMPANY STATUS.**

We believe that we are not an investment company as defined by the Investment Company Act of 1940. If the Commission or a court were to disagree with us, we could be required to register as an investment company. This would negatively affect our ability to consummate a potential acquisition of an operating company, subjecting us to disclosure and accounting guidance geared toward investment, rather than operating companies; limiting our liability to borrow money, issue options, issue multiple classes of stock and debt, and engage in transactions with affiliates; and requiring us to undertake significant costs and expenses to meet disclosure and regulatory requirements to which we would be subject as a registered investment company.

**RISKS RELATING TO OUR COMMON STOCK**

**WE ARE CONTROLLED BY OUR CHAIRMAN.**

On September 29, 2008, in connection with the sale of Tralliance, the Company issued 229 million shares of its Common Stock to Registry Management, an entity controlled by Michael S. Egan, its Chairman and Chief Executive Officer. Previously on June 10, 2008, Dancing Bear Investments, Inc., also an entity controlled by Mr. Egan, converted an aggregate of \$400 thousand of outstanding convertible secured promissory notes due to them by the Company into 40 million shares of our Common Stock. As a result of the issuance of the 269 million shares under the transactions described above, Mr. Egan’s beneficial ownership has been increased to approximately 76% of the Company’s Common Stock and he continues to own such amount at June 30, 2017. Accordingly, Mr. Egan is in a position to control the vote on all corporate actions in the future.



**DELISTING OF OUR COMMON STOCK MAKES IT MORE DIFFICULT FOR INVESTORS TO SELL SHARES.**

The shares of our Common Stock were delisted from the NASDAQ national market in April 2001 and are now traded in the over-the-counter market on what is commonly referred to as the electronic bulletin board or "OTCBB." As a result, an investor may find it more difficult to dispose of or obtain accurate quotations as to the market value of the securities. The delisting has made trading our shares more difficult for investors. It has also made it more difficult for us to raise additional capital. We may also incur additional costs under state blue-sky laws if we sell equity due to our delisting.

**OUR COMMON STOCK IS SUBJECT TO CERTAIN "PENNY STOCK" RULES WHICH MAY MAKE IT A LESS ATTRACTIVE INVESTMENT.**

Since the trading price of our Common Stock is less than \$5.00 per share and our net tangible assets are less than \$2.0 million, trading in our Common Stock is subject to the requirements of Rule 15c-9 of the Exchange Act. Under Rule 15c-9, brokers who recommend penny stocks to persons who are not established customers and accredited investors, as defined in the Exchange Act, must satisfy special sales practice requirements, including requirements that they make an individualized written suitability determination for the purchaser; and receive the purchaser's written consent prior to the transaction. The Securities Enforcement Remedies and Penny Stock Reform Act of 1990 also requires additional disclosures in connection with any trades involving a penny stock, including the delivery, prior to any penny stock transaction, of a disclosure schedule explaining the penny stock market and the risks associated with that market. Such requirements may severely limit the market liquidity of our Common Stock and the ability of purchasers of our equity securities to sell their securities in the secondary market. For all of these reasons, an investment in our equity securities may not be attractive to our potential investors.

**AS A RESULT OF THE CLOSING OF THE PURCHASE AGREEMENT, WE ARE A SHELL COMPANY AND ARE SUBJECT TO MORE STRINGENT REPORTING REQUIREMENTS AND RULE 144 IS NOT GENERALLY AVAILABLE AS A BASIS OF RESALE.**

As a result of the consummation of the Purchase Transaction, we have no or nominal operations and assets, and pursuant to Rule 405 and Exchange Act Rule 12b-2, we are a shell company. Applicable securities rules prohibit shell companies from using a Form S-8 to register securities pursuant to employee compensation plans. However, the rules do not prevent us from registering securities pursuant to certain other registration statements. Additionally, Form 8-K requires shell companies to provide more detailed disclosure upon completion of a transaction that causes it to cease being a shell company. To the extent we acquire a business in the future, we must file a current report on Form 8-K containing the information required in a registration statement on Form 10, within four business days following completion of the transaction together with financial information of the private operating company. In order to assist

the SEC in the identification of shell companies, we are also required to check a box on Form 10-Q and Form 10-K indicating that we are a shell company. To the extent that we are required to comply with additional disclosure because we are a shell company, we may be delayed in executing any mergers or acquiring other assets that would cause us to cease being a shell company. In addition, the SEC adopted amendments to Rule 144 effective February 15, 2008, which (with limited exceptions related to restrictive securities acquired before we became a “shell company”) do not allow a holder of restricted securities of a “shell company” to resell their securities pursuant to Rule 144. Preclusion from the use of the exemption from registration afforded by Rule 144 may make it more difficult for us to sell equity securities in the future.

## **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

(a) Unregistered Sales of Equity Securities.

None.

(b) Use of Proceeds From Sales of Registered Securities.

Not applicable.

(c) Repurchases.

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

31.1 Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).

31.2 Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a).

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.

101.1INSXBRL Instance Document

101.SCHXBRL Taxonomy Extension Schema Document

101.CALXBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definitions Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

*theglobe.com, inc.*

*Dated : August 10, 2017 By: /s/ Michael S. Egan  
Michael S. Egan  
Chief Executive Officer  
(Principal Executive Officer)*

*By: /s/ Edward A. Cespedes  
Edward A. Cespedes  
President and Chief Financial Officer  
(Principal Financial Officer)*

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