

1 NANCY A. MITCHELL (*pro hac vice pending*)
 2 MARIA J. DICONZA (*pro hac vice pending*)
 3 GREENBERG TRAUERIG, LLP
 4 The MetLife Building
 5 200 Park Avenue
 6 New York, New York 10166
 Telephone: 212-801-9200
 Facsimile: 212-801-6400
 Email: mitchelln@gtlaw.com
 diconzam@gtlaw.com

GREGORY E. GARMAN, NV Bar # 6654
 THOMAS H. FELL, NV Bar # 3717
 TERESA M. PILATOWICZ, NV Bar #9605
 GORDON SILVER
 3960 Howard Hughes Parkway, 9th flr.
 Las Vegas, Nevada 89169
 Telephone: 702-796-5555
 Facsimile: 702-369-2666
 Email: ggarman@gordonsilver.com
 tfell@gordonsilver.com
 tpilatowicz@gordonsilver.com

7 *Proposed Counsel for the Debtors*
 8 *and Debtors in Possession*

9
 10 **UNITED STATES BANKRUPTCY COURT**
FOR THE DISTRICT OF NEVADA

11 In re:

Case No.: BK-S-14-12524-abl
 Chapter 11

12 TELEXFREE, LLC,

[PROPOSED]
Jointly Administered with:

13 Affects this Debtor

14-12525-abl TelexFree, Inc.
 14-12526-abl TelexFree Financial, Inc

14 Affects all Debtors

15 Affects TELEXFREE, INC.

16 Affects TELEXFREE FINANCIAL, INC

Date: OST REQUESTED
 Time: OST REQUESTED

17
 18 **EMERGENCY MOTION OF THE DEBTORS FOR ENTRY OF AN ORDER**
 19 **(I) AUTHORIZING THE DEBTORS TO PAY PREPETITION INCOME, FRANCHISE**
 20 **AND SIMILAR TAXES AND REGULATORY FEES IN THE ORDINARY COURSE OF**
 21 **HONOR AND PROCESS CHECKS AND TRANSFERS RELATED THERETO**

22 The above-captioned debtors and debtors-in-possession (collectively, the “Debtors”)¹
 23 hereby move the Court (the “Motion”) pursuant to sections 105(a), 363, and 507(a) of title 11 of
 24 the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), and Rules 6003 and
 25 6004(h) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), for entry of

26
 27 ¹ The Debtors in these Chapter 11 Cases, along with the last four (4) digits of each Debtor’s federal tax
 28 identification number, are: TelexFree, LLC (0853), TelexFree, Inc. (1309) and TelexFree Financial, Inc
 (7555). The Debtors’ business address is 225 Cedar Hill Street, Suite 200, Marlborough, Massachusetts
 01752.



1 an order: (i) authorizing the Debtors to pay certain prepetition income, franchise, and similar
2 taxes and regulatory fees in the ordinary course of business; and (ii) authorizing banks and
3 financial institutions to honor and process checks and transfers related to such payments. In
4 support of this Motion, the Debtors respectfully state as follows:

5 **Status of the Case and Jurisdiction**

6 1. On April 13, 2014 (the “**Petition Date**”), each of the Debtors filed a voluntary
7 petition for relief under chapter 11 of the Bankruptcy Code.

8 2. The Debtors have continued in possession of their properties and are operating
9 and managing their business as debtors-in-possession pursuant to sections 1107(a) and 1108 of
10 the Bankruptcy Code.

11 3. No request has been made for the appointment of a trustee or examiner and a
12 creditors’ committee has not yet been appointed in these chapter 11 cases (the “**Chapter 11**
13 **Cases**”).

14 4. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and
15 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is
16 core within the meaning of 28 U.S.C. § 157(b)(2).

17 5. The statutory predicates for the relief sought herein are sections 105(a), 363,
18 507(a), and 541(d) of the Bankruptcy Code. The requested relief is warranted pursuant to
19 Bankruptcy Rule 6003.

20 6. Pursuant to Local Rule 9014.2, the Debtors consent to entry of final order(s) or
21 judgment(s) by the bankruptcy judge if it is determined that the bankruptcy judge, absent consent
22 of the parties, cannot enter final orders or judgments consistent with Article III of the United
23 States Constitution.

24 **Background**

25 7. TelexFree, LLC, a Nevada limited liability company (“**TelexFree Nevada**”),
26 TelexFree, Inc., a Massachusetts corporation (“**TelexFree Massachusetts**”) and TelexFree
27 Financial, Inc, a Florida corporation (“**TelexFree Florida**” and together with TelexFree
28 Massachusetts and TelexFree Nevada, “**TelexFree**,” the “**Debtors**” or the “**Company**”) are a

1 telecommunications business that uses multi-level marketing to assist in the distribution of voice
2 over internet protocol (“VoIP”) telephone services. TelexFree’s retail VoIP product,
3 99TelexFree, allows for unlimited international calling to approximately seventy countries for a
4 flat monthly rate of \$49.90. Customers of the Debtors’ VoIP product (“Customers”) used
5 approximately 11 million minutes of the 99TelexFree VoIP service in February 2014. Since
6 99TelexFree was introduced in 2012, Customer usage increased on a monthly basis until March
7 2014.

8 8. TelexFree is operated as a multi-level marketing company, and currently has over
9 700,000 associates or promoters (the “Promoters”) worldwide. Prior to the filing of these
10 Chapter 11 Cases, TelexFree compensated Promoters for the sales of the VoIP product, the
11 placing of advertisements and the recruitment of other Promoters down line. Because questions
12 were raised about its compensation plan, the Company on March 9, 2014, discontinued its
13 original compensation plan (the “Original Comp Plan”) and replaced the Original Comp Plan
14 with a revised compensation plan (the “Revised Comp Plan” and together with the Original
15 Comp Plan, the “Pre-Petition Comp Plans”). At the time of the roll-out of the Revised Comp
16 Plan, the Company decided to honor certain discretionary payments to Promoters under the
17 Original Comp Plan. These discretionary payments quickly became a substantial drain on the
18 Company’s liquidity. The Company discontinued the Pre-Petition Comp Plans and ceased
19 making discretionary payments under the Original Comp Plan prior to the Petition Date.

20 9. The Company believes the sales of the 99TelexFree product, the TelexFree “app,”
21 and other new products will ultimately prove successful and profitable. The Company is
22 struggling, however, with several factors that required it to seek chapter 11 protection by filing
23 these Chapter 11 Cases. First, the Company experienced exponential growth in revenue between
24 2012 and 2013 (from de minimus amounts to over \$1 billion), which put tremendous pressure on
25 the Company’s financial, operational and management systems. Second, although the Company
26 revised its Original Comp Plan in order to address certain questions that were raised regarding
27 such plan, the Company believes that the Pre-Petition Comp Plans need to be further revised.
28 Finally, the trailing liabilities arising from the Original Comp Plan are difficult to quantify and

1 have resulted in substantial asserted liabilities against the Company, a number of which may not
2 be valid.

3 10. As a result, the Company filed these Chapter 11 Cases to obtain the breathing
4 room to address its operational and regulatory issues, revise the Pre-Petition Comp Plans, and
5 quantify and address the claims against it. The Debtors believe that a restructuring of its debt,
6 adoption of a post-petition revised compensation plan, unveiling of new products (including the
7 TelexFree app), and return to growing its Customer base will allow the Company to realize its
8 full potential and generate significant value for its constituents.

9 11. A detailed factual background of the Debtors' business and operations, as well as
10 the events precipitating the commencement of these Chapter 11 Cases, is more fully set forth in
11 the *Omnibus Declaration of William H. Runge III in Support of the Debtors' Chapter 11*
12 *Petitions and Requests for First Day Relief* (the "**First Day Declaration**") filed
13 contemporaneously herewith and incorporated herein by reference.

14 **The Debtors' Taxes**

15 9. In connection with the normal operation of their business, the Debtors pay certain
16 income, franchise, and similar taxes (collectively, the "**Taxes**") to federal and state taxing
17 authorities (collectively, the "**Taxing Authorities**") and pay various regulatory fees (the
18 "**Regulatory Fees**," and together with Taxes, the "**Taxes and Fees**") to certain governmental
19 agencies and authorities (together with the Taxing Authorities, the "**Taxing and Regulatory**
20 **Authorities**"), including but not limited to, the Taxes and Fees listed on **Exhibit 1** attached
21 hereto.² These Taxes and Fees include, without limitation, the following:

22 **A. Universal Service Administration Company Support Mechanism Charges**

23 10. The Debtors pay monthly contributions to the Universal Service Administration
24 Company (the "**USAC**"), which is a non-for-profit corporation designated by the Federal
25 Communications Commission (the "**FCC**") as the administrator of the "Universal Service Fund,"
26 created by the FCC to accomplish the goals mandated by the Telecommunications Act of 1996,

27 ² Inclusion of a Taxing or Regulatory Authority on **Exhibit 1** hereto does not constitute an
28 acknowledgement by the Debtors that the Debtors owe any obligation to such authority or that such
authority will be paid pursuant to any final order approving this Motion.

1 Pub. L. No. 104-104, 110 Stat. 56 (Feb. 8, 1996). The USAC receives contributions from all
2 companies providing Voice over Internet Protocol services. The monthly contributions are based
3 on projected quarterly earnings. The Debtors estimate that the contribution due for the period
4 ending on April 14, 2014 will be approximately \$23,404.

5 **B. Income/Franchise Taxes**

6 11. The Debtors pay income/franchise taxes (the “**Income/Franchise Taxes**”) to
7 applicable Taxing Authorities in many U.S. jurisdictions. The Income/Franchise Taxes are
8 established by the Debtors’ income tax base, the capital employed by the Debtors’ operations,
9 and/or a variety of other factors. Timely payment of the Income/Franchise Taxes allows the
10 Debtors to continue operating their business in such jurisdictions. The Debtors typically pay the
11 Income/Franchise Taxes on a quarterly or annual basis, and are currently obligated to pay certain
12 Income/Franchise Taxes post-petition based upon amounts that accrued prepetition. The Debtors
13 estimate that the aggregate approximate amount of \$97,306 was accrued in respect of
14 Income/Franchise Taxes as of the Petition Date.

15 **Relief Requested**

16 12. By this Motion, the Debtors seek authority, pursuant to sections 105(a), 363, and
17 507(a) of the Bankruptcy Code, to pay prepetition Taxes and Fees accrued for the benefit of the
18 Taxing and Regulatory Authorities in an aggregate amount not to exceed \$200,000.

19 13. To the extent any check issued or electronic transfer initiated prior to the Petition
20 Date to satisfy any prepetition obligation on account of Taxes or Fees has not cleared the banks
21 as of the Petition Date, the Debtors request the Court to authorize the Debtors to issue
22 replacement checks, or to permit the Debtors to use other means of payment to the Taxing and
23 Regulatory Authorities, to the extent necessary to pay such outstanding Taxes and Fees owing
24 for periods prior to the Petition Date.

25 14. For the reasons described below, the payment of the Taxes and Fees will help the
26 Debtors avoid serious disruption to their operations that would result from the failure to pay such
27 Taxes and Fees. Nonpayment of these obligations may cause Taxing and Regulatory Authorities
28 to take precipitous action, which could include filing liens, preventing the Debtors from

1 conducting business in applicable jurisdictions, and seeking to lift the automatic stay, all of
 2 which could disrupt the Debtors' day-to-day operations, impose significant costs on the Debtors'
 3 estates, and destroy the going-concern value of the Debtors' business.

4 Basis for Relief Requested

5 **A. Sections 105, 363, and 507 provide ample authority for the Court to authorize the** 6 **Debtors' payment of the Taxes and Fees.**

7 15. There are a number of bases for granting the relief requested in this Motion,
 8 including the following: (a) portions of the Taxes may be entitled to priority status pursuant to
 9 section 507(a)(8) of the Bankruptcy Code; (b) section 363 of the Bankruptcy Code gives the
 10 Debtors authority to remit payment on account of such Taxes and Fees; and (c) section 105 of
 11 the Bankruptcy Code and the Court's general equitable powers permit the Court to grant the
 12 relief sought.

13 16. It is likely that some, if not all, of the Taxes are entitled to priority payment status
 14 pursuant to section 507(a)(8) of the Bankruptcy Code. *See* 11 U.S.C. § 507(a)(8)(A) (taxes
 15 measured on gross income).³ Under any chapter 11 plan, these priority Taxes must be paid in
 16 full and in regular cash installments over a five-year period from the date of the order for relief.
 17 *See* 11 U.S.C. § 1129(a)(9)(C)(i)-(ii). Additionally, such Taxes must be paid in the order of
 18 priority no less favorable than the treatment given to the most favored general unsecured claims.
 19 *See* 11 U.S.C. § 1129(a)(9)(C)(iii). Finally, any chapter 11 plan must provide the same treatment
 20 for those Taxes that constitute secured claims that, were they unsecured, would have been
 21 priority tax claims under section 507(a)(8) of the Bankruptcy Code. *See* 11 U.S.C. §
 22 1129(a)(9)(D). Thus, in most cases, the payment of the Taxes that are entitled to such priority in
 23 the ordinary course of the Debtors' business only affects the timing of the payment and does not
 24 prejudice the rights of other creditors of the Debtors.

25 _____
 26 ³ For bankruptcy purposes, a tax is characterized as "(a) an involuntary pecuniary burden, regardless of
 27 name, laid upon the individual or property; (b) imposed by, or under authority of the legislature; (c) for
 28 the public purposes, including the purposes of defraying expenses of government or undertakings
 authorized by it; and (d) under the police or taxing power of the state." *In re Chateaugay Corp.*, 53 F.3d
 478, 498 (2d Cir. 1995) (citation omitted).

1 17. Moreover, the Debtors need not seek specific authorization to conduct activities
2 or use funds constituting property of their estates with respect to ordinary course transactions.
3 *See* 11 U.S.C. §363(c)(1). In the event the Court deems the relief requested to be outside the
4 ordinary course of the Debtors' business, however, courts have also authorized debtors to pay the
5 taxes and fees under section 363(b)(1) of the Bankruptcy Code, which provides that "the trustee,
6 after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business,
7 property of the estate." 11 U.S.C. § 363(b)(1). Under this section, a court may authorize a
8 debtor to pay certain prepetition claims. *See In re FV Steel & Wire Co.*, Case No. 04-22421
9 (Bankr. E.D. Wis. Feb. 26, 2004) (authorizing the continuation of customer programs and the
10 payment of prepetition claims under Section 363 of the Bankruptcy Code); *In re Ionosphere*
11 *Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) (affirming lower court order authorizing
12 payment of prepetition wages pursuant to Section 363(b) of the Bankruptcy Code); *In re UAL:*
13 *Corp.*, Case No. 02-48191 (Bankr. N.D. Ill. Dec. 9, 2002) (authorizing payment of prepetition
14 claims under Section 363 of the Bankruptcy Code as an out-of-the-ordinary-course transaction).
15 To use property other than in the ordinary course of business, "the debtor must articulate some
16 business justification, other than the mere appeasement of major creditors." *Ionosphere Clubs*,
17 98 B.R. at 175. As discussed herein, the Debtors' failure to pay the Taxes and Fees could have a
18 material adverse impact on their ability to operate in the ordinary course of business.

19 18. Finally, section 105(a) of the Bankruptcy Code provides that "(t)he court may
20 issue any order, process, or judgment that is necessary or appropriate to carry out the provisions
21 of this title." *See* 11 U.S.C. § 105(a). The purpose of section 105(a) is "to assure the bankruptcy
22 courts power to take whatever action is appropriate or necessary in aid of the exercise of their
23 jurisdiction." *See* 2 Collier on Bankruptcy, ¶105.01, at 105-5 to 105-6 (15th ed. rev. 2001).
24 Thus, section 105 essentially codifies the bankruptcy court's inherent equitable powers. *See In re*
25 *Rainbow Magazine, Inc.*, 77 F.3d 278, 284 (9th Cir. 1996) (*citing In re Courtesy Inns, Ltd.*
26 *(Jones v. Bank of Santa Fe)*, 40 F.3d 1084, 1089 (10th Cir. 1994) and *Chambers v. NASCO, Inc.*,
27 501 U.S. 32, 33 (1991)) (stating that section 105 is intended to give the bankruptcy court the
28 inherent power recognized by the Supreme Court in *Chambers*; *see also Management Tech.*

1 *Corp. v. Pardo*, 56 B.R. 337, 339 (Bankr. D. N.J. 1985) (noting that the court’s equitable power
2 is derived from section 105 of the Bankruptcy Code).

3 19. Numerous courts have used section 105’s equitable powers under the “necessity
4 of payment doctrine” to authorize payment of a debtor’s prepetition obligations in order to
5 preserve and maximize the value of the debtor’s estates. *See Burchinal v. Cent. Wash. Bank (In*
6 *re Adams Apple, Inc.)*, 829 F.2d 1484, 1490 (9th Cir. 1987); *see also Miltenberger v.*
7 *Logansport, C.& S.W.R. Co.*, 106 U.S. 286, 311-312 (1882) (recognizing the existence of
8 judicial power to authorize a debtor in a reorganization case to pay prepetition claims where such
9 payment is essential to the continued operation of the debtor); *see also In re Lehigh & New*
10 *England Rv. Co.*, 657 F.2d 570, 581 (3d Cir. 1981) (courts may authorize payment of prepetition
11 claims when there “is the possibility that the creditor will employ an immediate economic
12 sanction, failing such payment”); *Ionosphere Clubs*, 98 B.R. at 176-77 (citing *NLRB v. Bildisco*
13 *& Bildisco*, 465 U.S. 513, 528 (1984)); *In re Penn Central Transp. Co.*, 467 F.2d 100, 102 n.1
14 (3d Cir. 1972) (holding necessity of payment doctrine permits “immediate payment of claims of
15 creditors where those creditors will not supply services or material essential to the conduct of the
16 business until their pre-reorganization claims have been paid”); *In re Just for Feet, Inc.*, 242 B.R.
17 821, 824-845 (D. Del. 1999) (noting that in the Third Circuit, debtors may pay prepetition claims
18 that are essential to the continued operation of business); *In re Columbia Gas Sys., Inc.*, 171 B.R.
19 189, 191-92 (Bankr. D. Del. 1994) (same).

20 20. For these reasons, authorizing the Debtors to pay the prepetition Taxes and Fees
21 will help the Debtors avoid serious disruption to their operations that would result from the
22 nonpayment of such Taxes or Fees. Furthermore, nonpayment of these obligations may cause
23 the Taxing and Regulatory Authorities to take precipitous action, which could include filing
24 liens, preventing the Debtors from conducting business in applicable jurisdictions, and seeking to
25 lift the automatic stay, all of which could disrupt the Debtors’ day-to-day operations, impose
26 significant costs on the Debtors’ estates, and destroy the going-concern value of the Debtors’
27 business.

28 . . .

1 **B. Authority to issue replacement checks or permit the Debtors to use other means of**
2 **payment to the extent necessary to pay outstanding Taxes and Fees**

3 21. The Debtors further request that to the extent any check issued or electronic
4 transfer initiated prior to the Petition Date to satisfy any prepetition obligation on account of
5 Taxes or Fees that has not cleared the Debtors' bank accounts as of the Petition Date, the Court
6 authorize the Debtors to issue replacement checks, or other means of payment, to the Taxing and
7 Regulatory Authorities, to the extent necessary to pay such outstanding Taxes and Fees owing
8 for periods prior to the Petition Date.

9 22. Nothing in this Motion should be construed as impairing the Debtors' right to
10 contest the amount of any Taxes and Fees that may be accrued or deemed owing to any Taxing
11 and Regulatory Authority, and the Debtors expressly reserve all of their rights with respect
12 thereto.

13 23. Based on the foregoing, the Debtors submit that the relief requested is necessary
14 and appropriate, is in the best interests of their estates and creditors, and should be granted in all
15 respects.

16 **Bankruptcy Rule 6003 Satisfied and Request for Waiver of Stay**

17 24. The Debtors further submit that because the relief requested in this Motion is
18 necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein
19 and in the First Day Declaration, Bankruptcy Rule 6003 has been satisfied and the relief
20 requested herein should be granted.

21 25. Specifically, Bankruptcy Rule 6003 provides:

22 Except to the extent that relief is necessary to avoid immediate and
23 irreparable harm, the court shall not, within 21 days after the filing
24 of the petition, grant relief regarding the following: . . . (b) a
25 motion to use, sell, lease, or otherwise incur an obligation
26 regarding property of the estate, including a motion to pay all or
27 part of a claim that arose before the filing of the petition, but not a
28 motion under Rule 4001.

26 Fed. R. Bankr. P. 6003.

27 26. One court in the Ninth Circuit has, in an unpublished opinion, addressed the
28 "immediate and irreparable harm" language in the context of Bankruptcy Rule 6003. That

1 courted noted “that Rule 6003 allows the court to authorize payments on prepetition debt if
2 necessary to avoid immediate and irreparable harm, but does not require that such harm be to the
3 bankruptcy estate. The court finds that a delay in payment would result in immediate and
4 irreparable harm to both the dairy farmers and the debtor, and for this reason authorizes payment
5 now.” *In re Humboldt Creamery, LLC*, 2009 Bankr. LEXIS 2477, 3 n. 3 (Bankr. N.D. Cal. Apr.
6 23, 2009). The harm must be shown to be actual and imminent, not speculative or
7 unsubstantiated. *See, e.g., Acierno v. New Castle County*, 40 F.2d 645, 653-55 (3d Cir. 1994).

8 27. The Debtors further seek a waiver of any stay of the effectiveness of the order
9 approving this Motion. Pursuant to Bankruptcy Rule 6004(h) “[an] order authorizing the use,
10 sale, or lease of property other than cash collateral is stayed until the expiration of ten (10)
11 days after entry of the order, unless the court orders otherwise.” As set forth above, the
12 payments proposed herein are essential to prevent irreparable damage to the Debtors’ operations
13 and the value of their estates. Accordingly, the Debtors submit that ample cause exists to
14 justify a waiver of the ten (10) day stay imposed by Bankruptcy Rule 6004(h), to the
15 extent it applies.

16 Notice

17 28. Notice of this Motion has been given to the following parties or, in lieu thereof, to
18 their counsel, if known: (a) the Office of the United States Trustee; (b) creditors holding the
19 thirty (30) largest unsecured claims as set forth in the consolidated list filed with the Debtors’
20 petitions;(c) those parties requesting notice pursuant to Rule 2002; (d) the Office of the United
21 States Attorney General for the District of Nevada; (e) the Massachusetts Securities Division; (f)
22 the Internal Revenue Service; (g) the Securities and Exchange Commission; (h) the Nevada
23 Department of Employment, Training & Rehab, Employment Security Division; (i) the Nevada
24 Department of Taxation, Bankruptcy Section; and (j) the Taxing and Regulatory Authorities
25 listed on Exhibit 1 hereto. The Debtors submit that, in light of the nature of the relief requested,
26 no other or further notice need be given.

27

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

No Prior Request

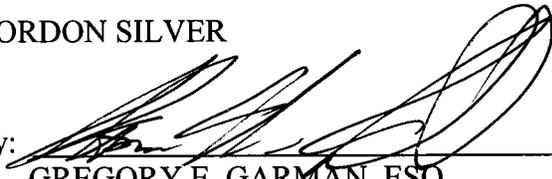
29. No previous application for the relief sought herein has been made to this or any other court.

Conclusion

WHEREFORE, the Debtors respectfully request that this Court enter an order enter an order substantially in the form of the proposed order attached hereto as **Exhibit 2**, granting the relief requested herein and such other and further relief as is just and proper.

DATED this 13 day of April, 2014.

GORDON SILVER

By: 

GREGORY E. GARMAN, ESQ.
THOMAS H. FELL, ESQ.
TERESA M. PILATOWICZ, ESQ.
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89169

AND

NANCY A. MITCHELL (*pro hac vice pending*)
MARIA J. DICONZA (*pro hac vice pending*)
GREENBERG TRAUERIG, LLP
The MetLife Building
200 Park Avenue
New York, New York 10166

*Proposed Counsel for the Debtors
and Debtors in Possession*

Exhibit 1

Schedule of the Prepetition Taxes and Fees Due (Estimate)

Type of Tax or Fee	Jurisdiction/Payee	Estimated Amount
Support Mechanism Charges	Universal Service Administrative Company	\$23,403.93
Income/Franchise Tax	Kentucky	\$175.00
Income/Franchise Tax	New Jersey	\$1,500.00
Income/Franchise Tax	Texas	\$16,122.00
Income/Franchise Tax	Michigan	\$45,678.00
Income/Franchise Tax	Texas	\$33,831.00

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Exhibit 2

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

NANCY A. MITCHELL (*pro hac vice pending*)
MARIA J. DICONZA (*pro hac vice pending*)
GREENBERG TRAUERIG, LLP
The MetLife Building
200 Park Avenue
New York, New York 10166
Telephone: 212-801-9200
Facsimile: 212-801-6400
Email: mitchelln@gtlaw.com
diconzam@gtlaw.com

GREGORY E. GARMAN, NV Bar # 6654
THOMAS H. FELL, NV Bar # 3717
TERESA M. PILATOWICZ, NV Bar #9605
GORDON SILVER
3960 Howard Hughes Parkway, 9th flr.
Las Vegas, Nevada 89169
Telephone: 702-796-5555
Facsimile: 702-369-2666
Email: ggarman@gordonsilver.com
tfell@gordonsilver.com
tpilatowicz@gordonsilver.com

*Proposed Counsel for the Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

In re:	Case No.: BK-S-14-12524-abl Chapter 11
TELEXFREE, LLC,	
<input type="checkbox"/> Affects this Debtor	[PROPOSED] Jointly Administered with:
<input checked="" type="checkbox"/> Affects all Debtors	14-12525-abl TelexFree, Inc. 14-12526-abl TelexFree Financial, Inc
<input type="checkbox"/> Affects TELEXFREE, INC.	Date:
<input type="checkbox"/> Affects TELEXFREE FINANCIAL, INC	Time:

**ORDER (I) AUTHORIZING THE DEBTORS TO PAY PREPETITION INCOME,
FRANCHISE AND SIMILAR TAXES AND REGULATORY FEES IN THE ORDINARY
COURSE OF BUSINESS, AND (II) AUTHORIZING BANKS AND FINANCIAL
INSTITUTIONS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED
THERETO**

1 authorized by this Order, whether those checks were presented prior to or after the Petition Date,
2 provided that sufficient funds are available in the applicable accounts to make the payments.

3 5. Nothing in the Motion or this Order shall be construed as impairing the Debtors'
4 right to contest the validity, priority, or amount of any Taxes or Fees that may be due to any of
5 the Taxing and Regulatory Authorities.

6 6. Rule 6003(b) of the Bankruptcy Rules has been satisfied because the relief
7 requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors.

8 7. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Order
9 shall be immediately effective upon its entry.

10 8. This Court shall retain jurisdiction to hear and determine all matters arising from
11 or relating to the interpretation or implementation of this Order.

12

13 Submitted by:

14

15 GORDON SILVER

16

17 By: _____
18 GREGORY E. GARMAN, ESQ.
19 THOMAS H. FELL, ESQ.
20 TERESA M. PILATOWICZ, ESQ.
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89169

21

AND

22 NANCY A. MITCHELL (*pro hac vice pending*)
23 MARIA J. DICONZA (*pro hac vice pending*)
GREENBERG TRAUERIG, LLP
24 The MetLife Building
200 Park Avenue
25 New York, New York 10166

26 *Proposed Counsel for the Debtors*
27 *and Debtors in Possession*

28