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 9 *Proposed Counsel for the Debtors*  
 10 *and Debtors in Possession*

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

13 In re:

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

14 TELEXFREE, LLC,

15 ☐ Affects this Debtor

**Jointly Administered with:**

16 ☒ Affects all Debtors

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

17 ☐ Affects TELEXFREE, INC.

Date: May 28, 2014

18 ☐ Affects TELEXFREE FINANCIAL, INC

Time: 11:00 a.m.

19  
 20 **STATEMENT UNDER FEDERAL RULE OF BANKRUPTCY PROCEDURE 2016 AND**  
 21 **SECTION 329 OF THE BANKRUPTCY CODE**

22 Joseph P. Davis III, a shareholder of Greenberg Traurig, LLP, hereby states:

23 1. Greenberg Traurig, LLP ("Greenberg Traurig"), pursuant to Rule 2016 of the  
 24 Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and section 329 of title 11 of the  
 25 United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), is proposed counsel for the  
 26 above-captioned debtors and debtors-in-possession (the "Debtors").  
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1           2.       The Debtors have agreed to pay Greenberg Traurig for the legal services rendered  
2 or to be rendered by its various attorneys and paralegals in connection with these Chapter 11  
3 Cases on the Debtors' behalf. The services to be rendered include all of those services set forth  
4 in the application filed by the Debtors contemporaneously herewith requesting the retention and  
5 employment of Greenberg Traurig as counsel for the Debtors in these Chapter 11 Cases (the  
6 "**Application**").<sup>1</sup>

7           3.       The Debtors have also agreed to reimburse Greenberg Traurig for its actual and  
8 necessary expenses incurred in connection with these Chapter 11 Cases.

9           4.       Greenberg Traurig was retained by the Debtors in February 2014, pursuant to an  
10 engagement letter dated February 13, 2014, a copy of which is attached to the Davis Declaration  
11 as **Attachment 1** (the "**Initial Engagement Letter**"), to advise the Debtors in connection with  
12 the investigation initiated by the Massachusetts Securities Division and in responding to  
13 information requests from the Massachusetts Securities Division (the "**Investigation**"). In  
14 connection with its representation of the Debtors in connection with the Investigation, Greenberg  
15 Traurig assisted the Debtors in responding to subpoenas and appeared on behalf of the Debtors at  
16 the on-the-record interviews of its then officers and directors, James Merrill and Carlos  
17 Wanzeler.

18           5.       On or about April 7, 2014, the Debtors sought advice from Greenberg Traurig in  
19 connection with a potential chapter 11 filing. As a result, the Debtors and Greenberg Traurig  
20 amended the Initial Engagement Letter and entered into the engagement letter attached to the  
21 Davis Declaration as **Attachment 2** (the "**Amended Engagement Letter**," and together with the  
22 Initial Engagement Letter, the "**Engagement Letters**").

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27 <sup>1</sup> Capitalized terms used herein but otherwise undefined shall have the meaning ascribed to such terms in the  
Application.

6. Prior to the Petition Date, Greenberg Traurig collected from the Debtors the following payments:

Payment Date	Amount
02/18/2014	\$50,000.00
03/24/2014	\$74,823.00
03/25/2014	\$500,000.00
04/2/2014	\$159,507.63
04/10/2014	\$3,500,000.00

7. Of the amount received prepetition, Greenberg Traurig applied \$557,725.00 to services rendered and expenses incurred prior to the Petition Date, leaving a balance of \$3,726,604.89<sup>2</sup> (the “**Advance Payment Balance**”) remaining as of the Petition Date. As of the filing of the Application, there may still be some prepetition fees and costs to be applied to this Advance Payment Balance.

8. Greenberg Traurig will seek approval of payment of compensation upon Greenberg Traurig’s filing of appropriate applications for allowance of interim or final compensation pursuant to sections 330 and 331 of the Bankruptcy Code.

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<sup>2</sup> This figure reflects the Advance Payment Balance after accounting for the amount charged in connection with the fees and expenses incurred by Greenberg Traurig through the Petition Date.

Dated: April 24, 2014

Joseph R. Davis III