

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION**

**In re:**

**TELEXFREE, LLC, TELEXFREE, INC.  
AND TELEXFREE FINANCIAL, INC.**

**Debtors**

)  
)  
) **Chapter 11**  
) **Case No. 14-40987-MSH**  
) **14-40988-MSH**  
) **14-40989-MSH**  
) **(Jointly Administered)**  
)

**CERTIFICATE OF APPOINTMENT OF CHAPTER 11 TRUSTEE**

Pursuant to this Court's Order requiring the appointment of a Chapter 11 trustee, Stephen B. Darr, is hereby appointed as the Chapter 11 trustee in the above-captioned case with the duties, powers and authority specified under 11 U.S.C. § 1106. The amount of the trustee's bond is set at \$1,000,000.00.

**WILLIAM K. HARRINGTON**  
**United States Trustee, Region 1**

**Dated: June 5, 2014**

**By: /s/ Richard T. King**  
**Richard T. King (BBO #549382)**  
**Assistant United States Trustee**  
**United States Department of Justice**  
**Office of the United States Trustee**  
**446 Main Street, 14<sup>th</sup> floor**  
**Worcester, MA 01608**  
**Tel: (508) 793-0555**  
**Fax: (508) 793-0558**  
**Email: [richard.t.king@usdoj.gov](mailto:richard.t.king@usdoj.gov)**

**TRUSTEE'S ACCEPTANCE**

The undersigned accepts the foregoing appointment, the duties and responsibilities of the trustee, and obligates himself and his sureties under the terms of the bond to be filed with the United States Bankruptcy Court.

**Dated: June 5, 2014**

**By: /s/ Stephen B. Darr**  
**Stephen B. Darr**

**Approved under Section 1104(d):**

**Honorable Melvin S. Hoffman**  
**United States Bankruptcy Judge**  
**Dated: \_\_\_\_\_**



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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION**

In re:	)	
	)	
	)	<b>Chapter 11</b>
<b>TELEXFREE, LLC, TELEXFREE, INC.</b>	)	<b>Case No. 14-40987-MSH</b>
<b>AND TELEXFREE FINANCIAL, INC.</b>	)	<b>14-40988-MSH</b>
	)	<b>14-40989-MSH</b>
<b>Debtors</b>	)	<b>(Jointly Administered)</b>
	)	

**UNITED STATES TRUSTEE'S APPLICATION FOR ORDER  
APPROVING APPOINTMENT OF CHAPTER 11 TRUSTEE**

Pursuant to 11 U.S.C. § 1104(d) and Bankruptcy Rule 2007.1(c), and this Court's Order of May 30, 2014, the United States Trustee has appointed Stephen B. Darr of Mesirow Financial Consulting, LLC, 265 Franklin Street, Boston, Massachusetts, 02110, to serve as chapter 11 trustee in the above-captioned case. By this application, the United States Trustee seeks the approval of this Court for his appointment.

The following parties in interest were consulted prior to the appointment of Stephen B.

Darr:

Debtors

United States Attorney's Office

United States Securities and Exchange Commission

To the best of Applicant's knowledge, Stephen B. Darr, has no connection with the Debtors, creditors, any other parties of interest, its respective attorneys and accountants, the United States Trustee, and persons employed in the Office of the United States Trustee, except as may be set forth in the verified statement. The verified statement of Stephen B. Darr is attached. The United States Trustee has set the bond requirement at \$1,000,000.00.

WHEREFORE, the United States Trustee requests that the Court enter an Order Approving the United States Trustee's Appointment of Stephen B. Darr as Chapter 11 trustee in the above-captioned case.

**Respectfully submitted,**

**WILLIAM K. HARRINGTON**  
**United States Trustee, Region 1**

**By: /s/ Richard T. King**  
**Richard T. King (BBO # 549382)**  
**Assistant United States Trustee**  
**Office of the United States Trustee**  
**United States Department of Justice**  
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**(508) 793-0555 (telephone)**  
**(508) 793-0558 (facsimile transmission)**  
**[richard.t.king@USDOJ.gov](mailto:richard.t.king@USDOJ.gov)**

**Date: June 5, 2014**

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 5<sup>th</sup> day of June, 2014, a copy of the foregoing document was served via first class mail, postage pre-paid and/or via ECF upon the following:

Joseph P. Davis, III, Esq.  
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Dated: June 5, 2014

/s/ Richard T. King  
Richard T. King

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION**

In re:	)	
	)	Chapter 11 Cases
TELEXFREE, LLC,	)	14-40987-MSH
TELEXFREE, INC.	)	14-40988-MSH
TELEXFREE FINANCIAL, INC.	)	14-40989-MSH
Debtors.	)	

**AFFIDAVIT OF STEPHEN B. DARR IN SUPPORT OF HIS APPOINTMENT AS  
TRUSTEE FOR THE DEBTORS**

Commonwealth of Massachusetts

County of Suffolk

I, Stephen B. Darr, being duly sworn, depose and say in support of my appointment as Trustee in these Chapter 11 cases:

1. The statements made in this affidavit are made on behalf of my employer, Mesirow Financial Consulting, LLC (“MFC”) and me.

2. I am authorized to sign this affidavit on behalf of MFC.

3. I am a Senior Managing Director of Mesirow Financial Consulting, LLC (“MFC”), a professional services firm engaged in the business of providing financial advisory and related professional consulting services. MFC is a wholly-owned subsidiary of Mesirow Financial Holdings, Inc., a diversified financial services firm which also offers investment management services, insurance services, investment services, investment banking and similar

financial services (collectively “Mesirow Financial”). I have personal knowledge of the matters set forth herein, and if called as a witness, would testify competently thereto.<sup>1</sup>

### **QUALIFICATIONS OF PROFESSIONALS**

4. MFC offers financial advisory services to financially distressed and troubled companies.

5. Subject to this Court’s approval of my appointment, I am willing to serve as Chapter 11 trustee in these cases.

### **DISINTERESTEDNESS**

6. Based upon information available to me from documents filed to date in these cases, I and MFC searched our records and certain records of Mesirow Financial<sup>2</sup> to identify any connection or relationship with the following entities:

- a. The Debtors;
- b. The Debtors’ principals;
- c. The Debtors’ banks and lenders
- d. The Debtors’ thirty (30) largest unsecured creditors; and
- e. Financial advisors and counsel to the Debtors and certain other parties-in-interest.
- f. Named defendants in litigation

The names included in the search for connections and relationships are set forth in Exhibit A attached hereto.

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<sup>1</sup>Certain of the disclosures herein relate to matters within the knowledge of other professionals at MFC.

<sup>2</sup>MFC does not intend to suggest that Bankruptcy Rule 2014 requires that a professional seeking retention under the Bankruptcy Code must disclose any connections that an *affiliate* of the professional may have to the creditors or other parties-in-interest in the bankruptcy case. Rather, out of an abundance of caution, MFC has searched certain portions of Mesirow Financial’s database and made appropriate disclosures of relationships, with the exception of those relationships described in the section titled “Ethical Wall and Trading Wall Procedures.”

7. Based upon the database search described above, neither I nor MFC represent any entity having an adverse interest in connection with these cases, and do not hold or represent an interest adverse to the interests of the estates with respect to the matter on which MFC will be employed, in accordance with section 327 of the Bankruptcy Code.

8. Both I and MFC are “disinterested persons” as that term is defined in section 101(14), as modified by section 1107(b), of the Bankruptcy Code, given that, to the best of my information and belief, neither I nor MFC:

- a. is a creditor, an equity security holder, or an insider of the Debtors;
- b. is or has been, within two years before the commencement of these Chapter 11 cases, a director, officer or employee of the Debtors; and
- c. have an interest materially adverse to the interests of the estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or for any other reason.

9. To the best of my knowledge, except as set forth herein and in Exhibit B attached hereto and incorporated herein by reference and subject to the limitations discussed herein, (a) neither I nor MFC has any connections with the Debtors, creditors, and any other party-in-interest, or their respective attorneys and accountants; and (b) Neither I nor any MFC professional are relatives of the United States Trustee of the District of Massachusetts or of any known employee in the office thereof, or any United States Bankruptcy Judge of the District of Massachusetts.

10. MFC, and in some cases Mesirow Financial, has in the past been retained by, and presently and likely in the future will provide services for, certain creditors of the Debtors, other parties-in-interest, and their respective attorneys and accountants in matters unrelated to such parties’ claims against the Debtors or interests in these Chapter 11 cases. MFC currently performs or has previously performed such services for the entities listed in Exhibit B.

11. I and MFC appear in many cases, proceedings, and transactions involving many different law firms, financial consultants, and investment bankers in matters unrelated to this bankruptcy. Neither I nor MFC has identified any material relationships or connections with any law firm, financial consultant or investment banker involved in these Chapter 11 cases that would cause it to be adverse to the Debtors, the Debtors' estates, any creditor or any other party-in-interest, or that would otherwise affect MFC's judgment or ability to serve as Trustee for the Debtors.<sup>3</sup>

12. Neither I nor MFC has provided or provide, any professional services to any of the creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to these Chapter 11 cases.

#### **ETHICAL WALL AND TRADING WALL PROCEDURES**

13. Mesirow Financial has established an "Ethical Wall" between MFC and the other subsidiaries, divisions and units of Mesirow Financial. The Ethical Wall prohibits MFC from sharing confidential or non-public information concerning the Debtors and these cases with any other employees of Mesirow Financial. Likewise, the Ethical Wall prohibits any employees of Mesirow Financial from sharing confidential or non-public information concerning the Debtors and these cases with any employee of MFC. Mesirow Financial and MFC have informed all employees of the Ethical Wall procedures.

14. In addition to the Ethical Wall, Mesirow Financial has also established a "Trading Wall". In the ordinary course of business, Mesirow Financial, Inc. ("MFI"), Mesirow Financial's affiliated broker-dealer, may purchase or sell securities on a principal or agency basis. MFI also executes securities transactions on behalf of clients of introducing broker-

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<sup>3</sup> From time to time, MFC and Mesirow Financial hire attorneys in the ordinary course of their business. No firm has been retained regarding any issues in this matter.

dealers or unaffiliated investment advisors.<sup>4</sup> In the ordinary course of business, Mesirow Financial's affiliated investment advisor subsidiaries, together with MFI (collectively, the "Mesirow BD/IA Subsidiaries"), may purchase securities, sell securities and/or provide investment advice to retail or institutional clients on a non-discretionary or discretionary basis. The securities transacted by the Mesirow BD/IA Subsidiaries may include securities issued by the Debtors, creditors, stakeholders or other parties-in-interest in these cases ("Related Securities").

15. Mesirow Financial has implemented certain "Trading Wall" procedures to ensure that information concerning transactions by the Mesirow BD/IA Subsidiaries in Related Securities, as well as other securities transactions by the Mesirow BD/IA Subsidiaries, will not be available to the employees of MFC. These Trading Wall procedures also permit the Mesirow BD/IA Subsidiaries to act in the best interest of their clients and in accordance with securities laws. The Mesirow BD/IA Subsidiaries are operated as separate and distinct subsidiaries from MFC. Mesirow Financial has informed the employees of the Mesirow BD/IA Subsidiaries and MFC of the Trading Wall procedures.

16. In accordance with section 504 of the Bankruptcy Code, I hereby state that all compensation allowed to me will be paid to MFC and that there is no agreement or understanding between MFC and any other entity for the sharing of compensation received or to be received for services rendered in connection with these cases.

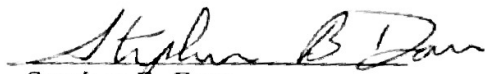
17. This affidavit is provided in accordance with section 327(a), 328 and 1103(b) of the Bankruptcy Code and Bankruptcy Rule 2014.

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<sup>4</sup> MFI provides clearing services for introducing broker-dealers as well as custodial and execution services for unaffiliated investment advisors. In connection with these services, all investment decisions occur between the introducing broker-dealer and unaffiliated investment advisor and their respective clients.

18. I have read the Application, and, to the best of my knowledge, information and belief, the contents of said Application are true and correct.

6/5/14

  
Stephen B. Darr  
Senior Managing Director  
Mesirow financial Consulting, LLC  
265 Franklin Street  
Boston, MA 02110  
(617)-235-1415

## **EXHIBIT A**

This information is being provided in connection with the Affidavit of Stephen B. Darr in his appointment as Chapter 11 trustee for the Debtors. The following names were compared to MFC's client database and certain records in Mesiroow Financial's client database to identify any connection or relationship:

### **Debtors**

Telexfree, LLC,  
Telexfree, Inc  
Telexfree Financial, Inc.

### **Debtors' Principals**

James M. Merrill  
Carlos N. Wanzeler,  
Steven M. Labriola  
Joseph H. Craft  
Sanderley Rodrigues de Vasconcelos  
Santiago De La Rosa  
Randy N. Crosby  
Faith R. Sloan

### **Debtors' Professionals**

Impact This Day, Inc  
Stuart A. MacMillan  
Greenberg Traurig LLP  
Alvarez & Marsal North America LLC

### **Debtors' Banks and Lenders**

Bank of America, N.A.  
Citizens Financial Group  
Citizens Bank of Massachusetts  
Fidelity Co-Operative Bank  
Middlesex Savings Bank  
TD Bank, N.A.  
Wells Fargo & Company  
Wells Fargo Bank, N.A.

### **Debtors' Thirty (30) Largest Unsecured Creditors**

Jozelia Sangali  
Leonardo Francisco  
DL1, Inc.  
Renato Alves  
Benjamin Argueta  
Marco Almeida



JMC, Inc.  
Edwin Herman Maina Limi  
David Martinez  
Paola Zollo Alecci  
Robert Bourguignon  
Carla Peres  
Pedro Taveras  
Nathana Santos Reis  
Jose Anominondas Jr.  
Vagner Roza  
Noberto Rey  
Jacqueline Zieff  
Jose Carlos Maciel  
Michael Calazans  
Bruno Graziani  
Renato Ribeiro  
Marcelino Salazar Bacilio  
Edison Oswaldo Jurado Aleman  
Roman Mishuk  
Rosa Marina Cabral Souto  
Du painting DbA  
Graca Luisa Andrade  
Paulo Francisco da Silva  
Leone de Silva santos

**Named Defendants in Adversaries**

Craft Financial Solutions, LLC  
Carlos Costa  
Telex Mobile Holdings, Inc.

## **EXHIBIT B**

This information is being provided in connection with the Affidavit of Stephen B. Darr in support of his appointment as Chapter 11 Trustee for the Debtors. MFC or Mesirow Financial have or had business relationships with, currently render or have previously rendered services in matters unrelated to these Chapter 11 cases for the following entity:

- Greenberg Traurig, LLP was retained in prior years to assist MFC in various bankruptcy retention matters, but has not served in such a capacity since 2011.