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Mahrin & Hoffman

UNITED STATES BANKRUPTCY COURT DISTRICT OF MASSACHUSETTS CENTRAL DIVISION

)	
In Re:)	
)	Chapter 11
)	
TELEXFREE, LLC,)	Case No. 14-40987-MSH
TELEXFREE, INC.,)	Case No. 14-40988-MSH
TELEXFREE FINANCIAL, INC.,)	Case No. 14-40989-MSH
)	
Debtors.)	Jointly Administered
)	

STATUS REPORT BY STEPHEN B. DARR, CHAPTER 11 TRUSTEE

To the Honorable Melvin S. Hoffman, United States Bankruptcy Judge:

Stephen B. Darr, the duly appointed Chapter 11 trustee (the "Trustee") of the bankruptcy estates of TelexFree, LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, the "Debtors"), respectfully submits this Status Report in conjunction with the Status Hearing scheduled to be held on February 5, 2015.

I. INTRODUCTION

The Debtors purported to be operating a multi-level marketing company engaged in the sale of voice over internet protocol services, but they were, in actuality, perpetrating a pyramid scheme involving as many as a million or more participants (hereinafter, parties who became members of the Debtors' pyramid scheme shall be referred to as "Participants"). The Debtors and an affiliated company located in Brazil, known as Ympactus Comercial Ltda. ("Ympactus"), together obtained as much as \$1,800,000,000 from individuals located throughout the world over a period of approximately two years. Shortly after the Debtors' Chapter 11 filings, the Securities and Exchange Commission and the Massachusetts Securities Division commenced litigation against the Debtors and others alleging, among other things, that the Debtors were engaged in the