

UNITED STATES BANKRUPTCY COURT, DISTRICT OF MASSACHUSETTS

Proceeding Memorandum/Order of Court

In Re: Telexfree, LLC

Case Number: 14-40987

(MSH)

Ch: 11

Evidentiary Hearing

#623 Motion of Chapter 11 Trustee for Entry of Order Finding that Debtors Engaged in Ponzi and Pyramid Scheme and Related Relief (H. Murphy)

#649 Opposition of Plaintiffs' Interim Executive Committee (W. Baldiga)

#650 Opposition of Carlos N. Wanzeler (W. Moorman)

#652 Reply of Chapter 11 Trustee

COURT ACTION:

Show Cause Order	_____ Released	_____ Enforced
_____ Granted	_____ Approved	_____ Moot
_____ Denied	_____ Denied without prejudice	
_____ Withdrawn in Open Court		
_____ Sustained	_____ Overruled	
_____ Continued to	_____	
_____ Proposed Order Submitted by	_____	
_____ Stipulation to be Submitted by	_____	
_____ Taken Under Advisement		

DECISION SET OUT MORE FULLY BY COURT AS FOLLOWS:

Evidentiary hearing held on November 24, 2015. For the reasons set forth on the record of the hearing I hereby find and order that:

1. Each of the debtors in these jointly administered cases operated a Ponzi and pyramid scheme. This ruling is the law of the case in each of the jointly administered cases.
2. The debtors are jointly and severally liable for the claims of the Participants (as that term is defined in the motion) in these cases.

In addition, I find that the relief sought by the trustee in this motion did not require the commencement of an adversary proceeding pursuant to FRBP 7001 and that in any event all creditors and parties in interest, including Participants, received adequate notice and an opportunity to be heard as to prayers (i), (iii) and (iv) of the motion. As to prayer (ii), a further hearing (non-evidentiary) will be held on January 26, 2016, at 10:00 a.m. (Boston time). Responses, including proposed orders, are due by January 19, 2016, at 4:30 p.m. (Boston time). On or before December 7, 2015, the trustee shall serve notice of the hearing and response deadline as well as a plain language explanation of the relief sought in prayer (ii) of the motion on the same parties and in the same manner as the motion was previously served and file a certificate of such service.

IT IS SO ORDERED:

*Melvin S. Hoffman*

Melvin S. Hoffman  
United States Bankruptcy Judge



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