

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re: TELEXFREE, LLC , TELEXFREE, INC., TELEXFREE FINANCIAL, INC., Debtors.))))))))))	Chapter 11 Case No. 14-40987-MSH Case No. 14-40988-MSH Case No. 14-40989-MSH Jointly Administered
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**NOTICE OF CONTINUED HEARING AND SUMMARY OF RELIEF REQUESTED
CONCERNING THE CALCULATION OF NET EQUITY IN THE MOTION BY
CHAPTER 11 TRUSTEE FOR ENTRY OF ORDER FINDING THAT DEBTORS
ENGAGED IN PONZI AND PYRAMID SCHEME AND RELATED RELIEF**

Please read this Notice and the Ponzi Motion carefully. Your rights may be affected. This Notice is only intended to be a summary of the relief requested concerning the calculation of Net Equity in the Ponzi Motion and is not intended to be a substitute for the Ponzi Motion. The Ponzi Motion contains additional information not included in this Notice.

Please take notice that a continued nonevidentiary hearing has been scheduled for **January 26, 2016 at 10:00 a.m.** (Boston time) before the Honorable Melvin S. Hoffman, United States Bankruptcy Judge, United States Bankruptcy Court, John W. McCormack Post Office and Court House, 5 Post Office Square, Boston, MA 02109-3945 (“Court”) on the following motion:

Motion by Chapter 11 Trustee for Entry of Order Finding that Debtors Engaged in Ponzi and Pyramid Scheme and Related Relief (the “Ponzi Motion”)

A copy of the Ponzi Motion was served on you on or about October 19, 2015 and can be viewed online at www.kccllc.net/TelexFree. At a hearing held on November 25, 2015 on the Ponzi Motion, the Court found and ordered that:

- a. each of the debtors in the jointly administered cases, TelexFree LLC, TelexFree, Inc., and TelexFree Financial, Inc. (the “Debtors”) operated a Ponzi and pyramid scheme and this ruling is the law of the case in each of the jointly administered cases; and
- b. the Debtors are jointly and severally liable for the claims of persons who purchased membership plans in, or VoIP packages from, the Debtors (“Participants”) in these cases.



At the hearing scheduled for January 26, 2016 on the Ponzi Motion, the Court will consider the Trustee's request in the Ponzi Motion that the Court determine how the amount of claims of Participants will be calculated in these bankruptcy cases. Specifically, the Trustee has requested that:

- a. any accumulated credits in a Participant's User Account(s) will not be considered in determining the amount of a Participant's claim in these cases;
- b. The amount of a Participant's claim will be determined on a "Net Equity" basis. Net Equity means that the amount of a Participant's claim will be equal to the total cash paid by the Participant (whether such amounts were paid directly by the Participant to the Debtors or were paid to another Participant in connection with that Participant's purchase of a membership plan or VoIP package), less the total cash received by the Participant (whether such amounts were received directly from the Debtors or were received from another Participant in connection with the other Participant's purchase of a membership plan or VoIP package);
- c. The Net Equity determination will be made as to each User Account. If a Participant has multiple User Accounts, the amount of a Participant's claim will be the aggregate amount of the Net Equity in all of the Participant's User Accounts.

Responses to the relief requested in the Ponzi Motion, including any proposed orders, shall be filed by **January 19, 2016 at 4:30 p.m.** (Boston time) with the United States Bankruptcy Court, John W. McCormack Post Office and Court House, 5 Post Office Square, Boston, MA 02109-3945. Copies of any response should be served upon the following parties so as to be actually received by **January 19, 2016 at 4:30 p.m.:** Harold B. Murphy, counsel to the Chapter 11 Trustee, Murphy & King, Prof. Corp., One Beacon Street, Boston, MA 02108; Richard King, U.S. Department of Justice, Office of the U.S. Trustee, 446 Main Street, 14th Floor, Worcester, MA 01608.

STEPHEN B. DARR,
CHAPTER 11 TRUSTEE,
By his attorneys,

/s/ Andrew G. Lizotte

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