

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In re:)	
)	
TELEXFREE, LLC,)	
TELEXFREE, INC., and)	Bankruptcy Case: 14-40987
TELEXFREE FINANCIAL, INC.,)	Chapter 11
)	Judge Melvin S. Hoffman
Debtors.)	
)	
)	
STEPHEN DARR, AS TRUSTEE)	
OF THE CHAPTER 11 ESTATES)	
OF EACH OF THE DEBTORS,)	
)	Adversary No.: 16-04028
Plaintiff.)	
)	
v.)	
)	
HANNA-SHEA CONSULTING, LLC,)	
)	
Defendant.)	

REPLY IN SUPPORT OF MOTION FOR RELIEF FROM ENTRY OF DEFAULT

In response to the motion by defendant Hanna-Shea Consulting, LLC's motion for relief from the Clerk's Entry of Default entered in this case, the plaintiff-trustee objected to the fact that the defendant had offered no evidence in the form of affidavits or otherwise in support of the factual representations made in the motion. Defendant has obtained and now submits the affidavit of Sean Eggert, a former employee of Hanna-Shea who was personally involved in the transaction at issue in this lawsuit. Mr. Eggert's affidavit is attached as Exhibit 1 and incorporated by reference.



In Mr. Eggert's affidavit, he sets forth the following facts with respect to Hanna-Shea's defenses to the plaintiff's claim:

1. Hanna-Shea did business at all relevant times as an executive placement service that connects companies with potential management-level employees in exchange for a fee.

2. In late 2013, Hanna-Shea entered into a contract with Telex Free, pursuant to which Hanna-Shea would provide services in connection with Telex Free's search for a new chief executive officer. Hanna-Shea's fee was 25 percent of the new CEO's first-year salary, which is a standard fee in the executive placement industry. In this case, Hanna-Shea's fee was to be \$56,250.00, representing 25 percent of the new CEO's planned salary of \$225,000.00.

3. In November 2013, Telex Free timely made an initial payment to Hanna-Shea in the amount of \$18,750.00.

4. Throughout late 2013 and early 2014, Hanna-Shea worked to locate and place a new CEO with Telex Free, and successfully did so in February 2014. This was done in the ordinary course of Hanna-Shea's business.

5. In March 2014, Hanna-Shea confirmed that Telex Free was satisfied with the new CEO who had been placed with the company, and it invoiced Telex Free for the balance of its fee. A copy of that invoice, together with the accompanying email transmittal, is attached to Mr. Eggert's affidavit as Exhibit 1-A.

6. In response to Hanna-Shea's March 2014 invoice, in late March 2014 and early April 2014 Telex Free USA made two partial payments of \$10,000.00 each.

These payments are the entire basis for the plaintiff-trustee's lawsuit against Hanna-Shea.

7. Hanna-Shea received no further payments from Telex-free, nor from anyone on its behalf.

8. At no time did Hanna-Shea ever act with any intention to defraud Telex-free, any of its affiliates, or any of its other creditors.

9. At all times, Hanna-Shea's dealings with Telex-Free were good-faith, arms-length transactions.

WHEREFORE, Hanna-Shea seeks an order vacating the Clerk's entry of default, denying the plaintiff's motion for default judgment, allowing Hanna-Shea to answer the plaintiff's complaint, and granting all other just and proper relief.

Respectfully submitted,

/s/ F. Anthony Paganelli

F. Anthony Paganelli (IN 18425-53)
Admitted *Pro Hac Vice*
Counsel for Defendant

PAGANELLI LAW GROUP
10401 N. Meridian St., Suite 450
Indianapolis, IN 46290
Tel: 317/550-1855 Fax: 317/915-5886
Email: tony@paganelligroup.com

CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document was filed on July 26, 2016, using the Court's ECF system, which will provide notice of filing upon the following counsel of record:

Andrew G. Lizotte (alizotte@murphyking.com)
Murphy & King, P.C.
One Beacon Street
Boston, MA 02108

/s/ F. Anthony Paganelli

F. Anthony Paganelli (IN 18425-53)

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS**

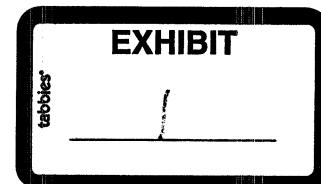
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AFFIDAVIT OF SEAN EGGERT

Sean Eggert, being first duly sworn upon his oath, affirms as follows under penalties for perjury:

1. I am a former employee of Hanna-Shea Consulting, LLC ("Hanna-Shea"), based in Scottsdale, Arizona which did business at all relevant times as Hanna Shea Executive Search. Hanna-Shea did business at all relevant times as an executive placement service that connects companies with potential management-level employees in exchange for a fee.

2. I have personal knowledge of Hanna Shea's dealings with Telex Free USA, Inc.



3. Because of the amount of time that passed since Hanna-Shea had any dealings with Telex Free USA, Inc. (more than two years), it took a long time for me to obtain financial records and other documents relating to the company's dealings with Telex Free.

4. In late 2013, Hanna-Shea entered into a contract with Telex Free, pursuant to which Hanna-Shea would provide services in connection with Telex Free's search for a new chief executive officer. Hanna-Shea's fee was 25 percent of the new CEO's first-year salary, which is a standard fee in the executive placement industry. In this case, Hanna-Shea's fee was to be \$56,250.00, representing 25 percent of the new CEO's planned salary of \$225,000.00.

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10. At no time did Hanna-Shea ever act with any intention to defraud Telex-free, any of its affiliates, or any of its other creditors.

11. At all times, Hanna-Shea's dealings with Telex-Free were good-faith, arms-length transactions.

12. I affirm under penalties for perjury that the foregoing statements are true.

Dated: July 26, 2016

Sean Eggert
Sean Eggert

From: **Sean Eggert** <seggert@hannashea.com>
Date: Wed, Mar 12, 2014 at 12:02 PM
Subject: Final Invoice Attached
To: Jim Merrill <jmerrill@telexfree.com>, Greg Powers <gpowers@hannashea.com>

Hello Jim,

Greg and I couldn't be happier that Stuart has ended up working out for you!

We had the chance to catch up with him yesterday and he sounds exited and energized to have started with TelexFREE.

I am attaching the final invoice, please let us know if there are any questions regarding it.

We look forward to continuing our relationship and helping you with future placements, we are ready when you are.

Thank you,

--

Sean Eggert
[602.284.1947](tel:602.284.1947)
www.HannaShea.com





HANNA-SHEA
CONSULTING

Placement Invoice

Bill To

ATTN: Jim Merrill and Stuart MacMillian
Telex Free-USA
225 Cedar Hill
Marlborough, MA 01752

Terms: Upon Receipt
Payment Due Date: Upon Receipt
Invoice #: 1615b

Description	Amount
Final 2/3 Payment for successful placement of CEO	\$56,250.00
	Balance Due \$56,250.00

Please Remit Payment To

Please EFT/Wire Funds to:
Hanna-Shea Consulting
Bank of America
Acct #: 457012411997
ABA Wire Routing #: 026009593
For ACH Transfers: 122101706
Swift Code: BOFAUS3N

Corporate Address:
Hanna-Shea Consulting
9261 E. Via De Ventura, Suite #104
Scottsdale, AZ. 85258