Docket #0028 Date Filed: 8/25/2017

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In re: TELEXFREE, LLC, TELEXFREE, INC. and TELEXFREE FINANCIAL, INC., Debtors.	Chapter 11 Cases 14-40987-MSH 14-40988-MSH 14-40989-MSH Jointly Administered
STEPHEN B. DARR AS HE IS TRUSTEE OF THE CHAPTER 11 ESTATES OF TELEXFREE, LLC, TELEXFREE, INC. and TELEXFREE FINANCIAL, INC., Plaintiff, v. ADVENT COMMUNICATIONS CORP., Defendant(s).	Adversary Proceeding No.16-4026-MSH

STIPULATION OF DISMISSAL

Pursuant to Federal Rule of Civil Procedure 41(a), the parties to the above captioned adversary proceeding hereby agree and stipulate to its dismissal without costs. In stipulating to dismissal, the Trustee has relied upon the Declaration of Clifton Jolley which is attached hereto as Exhibit A.

STEPHEN DARR, CHAPTER 11
TRUSTEE,
By his attorneys,

/s/ Andrew G. Lizotte
Charles R. Bennett, Jr. (BBO #037380)
Andrew G. Lizotte (BBO #559609)
Murphy & King, Professional Corporation
One Beacon Street
Boston, MA 02108
(617) 423-0400
ALizotte@murphyking.com

ADVENT COMMUNICATIONS CORPORATION,

By their counsel,

/s/ Vernon C. Jolley*
Vernon C. Jolley Utah Bar No. 6906
John Diamond
Jolley & Jolley
37 West 9000 Sought
Sandy, Utah 84070
(801) 495-1442
Fax: (801) 495-1444

*Authorization to sign provided by electronic mail dated August 22, 2017.

DATED: August 23, 2017
731522

Exhibit A

VERNON C. JOLLEY Utah Bar No. 6906; California Bar No. 113575
JOLLEY & JOLLEY, A Professional Law Corporation
37 West 9000 South
Sandy, Utah 84070
Fax: (801) 495-1444
Telephone: (801) 495-1442

Attorneys for Defendant, ADVENT COMMUNICATIONS CORPORATIONS

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In re: TELEXFREE, LLC, TELEXFREE, INC. and TELEXFREE FINANCIAL, INC. Debtors. STEPHEN DARR, AS HE IS THE TRUSTEE OF THE CHAPTER 11 ESTATES OF EACH OF THE DEBTORS, Plaintiff, v. ADVENT COMMUNICATIONS CORPORATION, Defendant.	**DECLARATION OF CLIFTON H. JOLLEY RE: INABILITY TO PAY** Chapter 11 Cases: 14-40987-MSH 14-40988-MSH 14-40989-MSH Jointly Administered ADVERSARY PROCEEDING No. 16-04026

I, CLIFTON H. JOLLEY, declare as follows:

1. I am the President and sole owner of Advent Communications. The matters set forth in this Declaration are within my personal knowledge, except for those that are alleged and set forth on information and belief, which I believe to be true. If called upon to testify to the veracity of these facts, I could do so competently.

2. I have been a consultant and independent contractor to the network marketing industry for approximately 30 years. I provided services to TelexFree, some of which are the subject

of this Adversary Proceeding.

3. I will be 72 years old in July and I am receiving Social Security. I had polio as a child and am currently suffering post-polio syndrome. My health is probably considered to be poor by my doctors. I am offering this Declaration in support of my request to have this matter dismissed due to my inability to refund the money I received for the services that I provided to TelexFree.

4. Since this litigation was published in BehindMLM.com, Advent has not been able to secure a contract with an MLM client. Advent has received some month-to-month work, but the future of Advent is questionable. Even before this litigation, due to industry circumstances and my health, Advent's income has decreased dramatically in the last few years, which directly affects my income.

5. Advent has not filed taxes for 2015 or 2016 yet. In 2014, Advent's income was $91,560 gross with an ordinary income of $7,496. I and my wife were paid $20,000 each that year. I have attached page 1 of Advent's tax return for 2014. Advent's is on a fiscal tax year of September through August. As such, the money paid to Advent in February and April of 2014 would have been included in Advent's 2013 tax return.

6. In 2015, I and my wife were paid a total of $41,964 with a net taxable income of $-0-. I have attached pages 1 and 2 of our personal tax return. In 2016, I and my wife were paid approximately $35,000 and I anticipate we will have a net $-0- taxable income. We have not yet filed our personal tax return. In each of these years, Advent's bank account never had any considerable amount of money in it at the end of its tax year. And, I have been unable to save any money since before 2014.

7. The money that I earn is paid to me by Advent and I do not have any income from any other source other than Advent. I supplement the little amount of money that I am currently able to earn through Advent with my Social Security of $2,300 per month plus a teacher's pension from Deseret Mutual in the amount of $600 per month. As such, if I am unable to secure business for

Advent in the future, my total monthly money I receive is $2,900 from Social Security and my pension.

8. In 2017, Advent has received approximately $6,000 per month in revenue; however, all of this has gone towards expenses and neither I nor my wife have received any income from Advent in 2017. By the end of the year, I project that Advent's net income will be zero and that I and my wife may earn from Advent $15,000. I have been working to turn Advent around, however, the future is not promising.

9. Included with this Declaration is a Balance Sheet that I prepared with the assistance of my wife. My net worth is $91,760 as stated, however; this number should be adjusted as the 401k of $49,000 is not a marital asset. Taking this out and readjusting, my net worth is $116,260 of which $49,000 is 401k retirement funds. ($183,520 - $49,000 = $134,520 ÷ 2 = $67,260 [my marital net worth] + $49,000 [my personal 401k] = $116,260). I don't know if I should be including my retirement 401k in the Balance Sheet because I didn't include my Social Security and small pension.

10. Any and all money that was earned through TelexFree was spent on expenses of Advent and possibly some to me and my wife. None of this money was deposited into my 401k and there are no savings from it.

11. I have not gifted or sold any assets in the last two (2) years with the following exceptions. Our marital house in Texas sold and the proceeds went towards the down payment on the Utah home. I sold a 1996 Mercedes for $2,000 when I left Texas as it needed extensive mechanical repairs and I didn't wan to haul it to Utah.

I declare under criminal penalty of the State of Utah under and pursuant to the provisions of *Utah Code* §78B-5-705 and other relevant statutes or laws, both federal and state, that the information and facts contained herein are true and correct, to the best of my knowledge and belief.

DATED: April 19, 2017

Clifton H. Jolley, Ph.D.

CLIFTON H. JOLLEY, Ph.D.

Form **1120S** Department of the Treasury Internal Revenue Service

U.S. Income Tax Return for an S Corporation

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
▶ Information about Form 1120S and its separate instructions is at www.irs.gov/form1120s.

OMB No. 1545-0123

2014

For calendar year 2014 or tax year beginning SEPTEMBER 1, 2014, and ending AUGUST 31, 2015

A S election effective date 09/30/2005	Name: ADVENT COMMUNICATIONS CORPORATION	D Employer identification number 20-3568120
B Business activity code number (see instructions) 512100	Number, street, and room or suite no. If a P.O. box, see instructions. 6101 LONG PRAIRIE RD, #744-12	E Date incorporated 09/30/2005
C Check if Sch. M-3 attached ☐	City or town, state or province, country, and ZIP or foreign postal code FLOWER MOUND, TX 75028	F Total assets (see instructions) $ 20,823.

G Is the corporation electing to be an S corporation beginning with this tax year? ☐ Yes ☒ No If "Yes," attach Form 2553 if not already filed

H Check if: (1) ☐ Final return (2) ☐ Name change (3) ☐ Address change (4) ☐ Amended return (5) ☐ S election termination or revocation

I Enter the number of shareholders who were shareholders during any part of the tax year ▶ 1

Caution: *Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.*

Income	1a	Gross receipts or sales 91,560. b Returns and allowances ___ c Bal. Subtract line 1b from line 1a ▶	1c	91,560.
	2	Cost of goods sold (attach Form 1125-A)	2	
	3	Gross profit. Subtract line 2 from line 1c	3	91,560.
	4	Net gain (loss) from Form 4797, line 17 *(attach Form 4797)*	4	
	5	Other income (loss) *(attach statement)*	5	
	6	**Total income (loss).** Add lines 3 through 5 ▶	6	91,560.
Deductions (See instructions for limitations)	7	Compensation of officers (see instrs. - attach Form 1125-E)	7	30,000.
	8	Salaries and wages (less employment credits)	8	10,000.
	9	Repairs and maintenance	9	
	10	Bad debts	10	
	11	Rents	11	
	12	Taxes and licenses STATEMENT 1	12	3,833.
	13	Interest	13	
	14	Depreciation not claimed on Form 1125-A or elsewhere on return *(attach Form 4562)*	14	
	15	Depletion **(Do not deduct oil and gas depletion.)**	15	
	16	Advertising	16	
	17	Pension, profit-sharing, etc., plans	17	
	18	Employee benefit programs	18	
	19	Other deductions *(attach statement)* STATEMENT 2	19	40,231.
	20	**Total deductions.** Add lines 7 through 19 ▶	20	84,064.
	21	**Ordinary business income (loss).** Subtract line 20 from line 6	21	7,496.
Tax and Payments	22a	Excess net passive income or LIFO recapture tax *(see instructions)* 22a		
	b	Tax from Schedule D (Form 1120S) 22b		
	c	Add lines 22a and 22b	22c	
	23a	2014 estimated tax payments and 2013 overpayment credited to 2014 23a		
	b	Tax deposited with Form 7004 23b		
	c	Credit for federal tax paid on fuels *(attach Form 4136)* 23c		
	d	Add lines 23a through 23c	23d	
	24	Estimated tax penalty (see instructions). Check if Form 2220 is attached ▶ ☐	24	
	25	**Amount owed.** If line 23d is smaller than the total of lines 22c and 24, enter amount owed	25	
	26	**Overpayment.** If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26	
	27	Enter amount from line 26 **Credited to 2015 estimated tax** ▶ **Refunded** ▶	27	

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

▶ Signature of officer | Date | ▶ PRESIDENT Title

May the IRS discuss this return with the preparer shown below (see instr.)? ☒ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed	PTIN
J ANTHONY BIGELOW, CPA	J ANTHONY BIGELOW, CPA	05/12/16	☐	P01436880

Firm's name ▶ DANCE, BIGELOW & CO., PC — Firm's EIN ▶ 46-1645526

Firm's address ▶ 3492 LONG PRAIRIE, SUITE 100, FLOWER MOUND, TX 75022 — Phone no. (972)317-9575

JWA **For Paperwork Reduction Act Notice, see separate instructions.** Form **1120S** (2014)

411701 12-22-14

Form **1040** U.S. Individual Income Tax Return (99) **2015** OMB No. 1545-0074 IRS Use Only - Do not write or staple in this space.

For the year Jan. 1-Dec. 31, 2015, or other tax year beginning , 2015, ending , 20 See separate instructions.

Your first name and initial: CLIFTON H.	Last name: JOLLEY	Your social security number
If a joint return, spouse's first name and initial: GAIL S.	Last name: WEINFLASH JOLLEY	Spouse's social security number
Home address (number and street). If you have a P.O. box, see instructions. 1646 29TH STREET	Apt. no.	▲ Make sure the SSN(s) above and on line 6c are correct.
City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below. OGDEN, UT 84403		Presidential Election Campaign: Check here if you, or your spouse if filing jointly, want $3 to go to this fund. Checking a box below will not change your tax or refund. ☐ You ☐ Spouse
Foreign country name	Foreign province/state/county	Foreign postal code

Filing Status

Check only one box.

1 ☐ Single
2 [X] Married filing jointly (even if only one had income)
3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶
4 ☐ Head of household (with qualifying person). If the qualifying person is a child but not your dependent, enter this child's name here. ▶
5 ☐ Qualifying widow(er) with dependent child

Exemptions

6a [X] Yourself. If someone can claim you as a dependent, do not check box 6a
b [X] Spouse
Boxes checked on 6a and 6b: 2

c Dependents:

(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) ✓ if child under age 17 qualifying for child tax credit

If more than four dependents, see instructions and check here ▶ ☐

No. of children on 6c who: • lived with you ___ • did not live with you due to divorce or separation (see instructions) ___
Dependents on 6c not entered above ___

d Total number of exemptions claimed — Add numbers on lines above ▶ 2

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see instructions.

7	Wages, salaries, tips, etc. Attach Form(s) W-2 STMT 5		7	20,000.
8a	Taxable interest. Attach Schedule B if required		8a	5.
b	Tax-exempt interest. Do not include on line 8a	8b		
9a	Ordinary dividends. Attach Schedule B if required		9a	3,792.
b	Qualified dividends	9b 3,792.		
10	Taxable refunds, credits, or offsets of state and local income taxes		10	
11	Alimony received		11	
12	Business income or (loss). Attach Schedule C or C-EZ		12	
13	Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ [X]		13	5,900.
14	Other gains or (losses). Attach Form 4797		14	
15a	IRA distributions 15a	b Taxable amount	15b	
16a	Pensions and annuities 16a	b Taxable amount	16b	7,453.
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17	-1,123.
18	Farm income or (loss). Attach Schedule F		18	
19	Unemployment compensation		19	
20a	Social security benefits 20a 28,691.	b Taxable amount	20b	5,937.
21	Other income. List type and amount		21	
22	Combine the amounts in the far right column for lines 7 through 21. This is your **total income** ▶		22	41,964.

Adjusted Gross Income

23	Educator expenses	23			
24	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ	24			
25	Health savings account deduction. Attach Form 8889	25			
26	Moving expenses. Attach Form 3903	26			
27	Deductible part of self-employment tax. Attach Schedule SE	27			
28	Self-employed SEP, SIMPLE, and qualified plans	28			
29	Self-employed health insurance deduction	29			
30	Penalty on early withdrawal of savings	30			
31a	Alimony paid b Recipient's SSN ▶	31a			
32	IRA deduction	32	6,500.		
33	Student loan interest deduction	33			
34	Tuition and fees. Attach Form 8917	34			
35	Domestic production activities deduction. Attach Form 8903	35			
36	Add lines 23 through 35			36	6,500.
37	Subtract line 36 from line 22. This is your **adjusted gross income** ▶			37	35,464.

510001 12-30-15

Form 1040 (2015) CLIFTON H. JOLL[redacted] & GAIL S. WEINFLASH J Page 2

Tax and Credits

38	Amount from line 37 (adjusted gross income)		35,464.
39a	Check if: [X] You were born before January 2, 1951, [ ] Blind. [ ] Spouse was born before January 2, 1951, [ ] Blind. Total boxes checked ▶ 39a 1		
b	If your spouse itemizes on a separate return or you were a dual-status alien, check here ▶ 39b [ ]		
40	Itemized deductions (from Schedule A) or your standard deduction (see left margin)		53,388.
41	Subtract line 40 from line 38		-17,924.
42	Exemptions. If line 38 is $154,950 or less, multiply $4,000 by the number on line 6d. Otherwise, see inst.		8,000.
43	Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-		0.
44	Tax. Check if any from: a [ ] Form(s) 8814 b [ ] Form 4972 c [ ]		0.
45	Alternative minimum tax. Attach Form 6251		
46	Excess advance premium tax credit repayment. Attach Form 8962		
47	Add lines 44, 45, and 46 ▶		0.
48	Foreign tax credit. Attach Form 1116 if required		
49	Credit for child and dependent care expenses. Attach Form 2441		
50	Education credits from Form 8863, line 19		
51	Retirement savings contributions credit. Attach Form 8880		
52	Child tax credit. Attach Schedule 8812, if required		
53	Residential energy credits. Attach Form 5695		
54	Other credits from Form: a [ ] 3800 b [ ] 8801 c [ ]		
55	Add lines 48 through 54. These are your total credits		
56	Subtract line 55 from line 47. If line 55 is more than line 47, enter -0- ▶		0.

Standard Deduction for -
- People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions.
- All others: Single or Married filing separately, $6,300; Married filing jointly or Qualifying widow(er), $12,600; Head of household, $9,250

Other Taxes

57	Self-employment tax. Attach Schedule SE		
58	Unreported social security and Medicare tax from Form: a [ ] 4137 b [ ] 8919		
59	Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required		
60a	Household employment taxes from Schedule H		
b	First-time homebuyer credit repayment. Attach Form 5405 if required		
61	Health care: individual responsibility (see instructions) Full-year coverage [X]		
62	Taxes from: a [ ] Form 8959 b [ ] Form 8960 c [ ] Inst.; enter code(s)		
63	Add lines 56 through 62. This is your total tax ▶		0.

Payments

64	Federal income tax withheld from Forms W-2 and 1099	5,381.	STATEMENT 7
65	2015 estimated tax payments and amount applied from 2014 return		
66a	Earned income credit (EIC)		
b	Nontaxable combat pay election 66b		
67	Additional child tax credit. Attach Schedule 8812		
68	American opportunity credit from Form 8863, line 8		
69	Net premium tax credit. Attach Form 8962		
70	Amount paid with request for extension to file	10,000.	
71	Excess social security and tier 1 RRTA tax withheld		
72	Credit for federal tax on fuels. Attach Form 4136		
73	Credits from Form: a [ ] 2439 b [ ] Reserved c [ ] 8885 d [ ]		
74	Add lines 64, 65, 66a, and 67 through 73. These are your total payments ▶		15,381.

If you have a qualifying child, attach Schedule EIC.

Refund

75	If line 74 is more than line 63, subtract line 63 from line 74. This is the amount you overpaid		15,381.
76a	Amount of line 75 you want refunded to you. If Form 8888 is attached, check here ▶ [ ]		15,381.
b	Routing number [redacted] ▶ c Type: [X] Checking [ ] Savings ▶ d Account number [redacted]		
77	Amount of line 75 you want applied to your 2016 estimated tax ▶		

Direct deposit? See instructions.

Amount You Owe

78	Amount you owe. Subtract line 74 from line 63. For details on how to pay, see instructions ▶		
79	Estimated tax penalty (see instructions)		

Third Party Designee

Do you want to allow another person to discuss this return with the IRS (see instructions)? [X] Yes. Complete below. [ ] No

Designee's name ▶ J ANTHONY BIGELOW, CPA Phone no. ▶ 972-317-9575 Personal identification number (PIN) ▶ 36880

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Joint return? See instructions. Keep a copy for your records.

Your signature	Date	Your occupation	Daytime phone number
		CONSULTANT	214-418-1967
Spouse's signature. If a joint return, both must sign.	Date	Spouse's occupation	If the IRS sent you an Identity Protection PIN, enter it here
		ACCT MGR	

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check [ ] if self-employed	PTIN
J ANTHONY BIGELOW, CPA	J ANTHONY BIGELOW, CPA	10/17/16		P01436880

Firm's name ▶ DANCE, BIGELOW & CO., PC Firm's EIN ▶ 46 1645526

Firm's address ▶ 3492 LONG PRAIRIE, SUITE 100 FLOWER MOUND, TX 75022 Phone no. (972)317-9575

510002 12-30-15

Physical Assets

Clifton H. Jolley, Ph.D.

Description	Liability	Asset
Cash in bank		2,800.00
401K		49,000.00
Transportation		
• 2004 Lexus LS430, 88,273 miles		7,500.00
House		
• Estimate of Value		315,000.00
• Mortgage	196,00,000.00	
Furniture		
Master Bedroom		250.00
• Bed + Dresser		150.00
• TV		75.00
• Chair		
Bedroom 2		
• Hide-a-bed + 2 Chairs		450.00
Bedroom 3		
• Hide-a-bed + 2 Chairs + Desk		550.00
Bedroom 4		150.00
• Couch		

Kitchen		
• Table + 4 chairs		250.00
• Pots & Pans, plates & bowels, etc.		150.00
• Portable appliances (mixer, etc.)		250.00
Dining Room		
• Table + 8 chairs		650.00
• End Table		85.00
• 3 lamps		150.00
Living Room		
• 2 couches		700.00
• 2 tables		250.00
• Rug		75.00
• Storage Chest		75.00
Den		
• Couch		150.00
• 2 tables		175.00
Tools, etc.		
• Gardening Tools		350.00
• Drill, tool chest, etc.		285.00
Total Liability	196,000.00	
Total Assets (gross)		379,520.00

Net Worth		**$183,520.00**
Clifton Jolley's Net Worth (½ of marital community)		**$91,760.00**

Net		**$183,520.00**
Net worth of marital community		**$91,760.00**

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STEPHEN DARR, AS HE IS THE TRUSTEE OF THE CHAPTER 11 ESTATES OF EACH OF THE DEBTORS, Plaintiff, v. ADVENT COMMUNICATIONS CORPORATION, Defendant.	Adversary Proceeding No. 16-4026

CERTIFICATE OF SERVICE

I, Andrew G. Lizotte, hereby certify that I have this day, caused to be served a copy of the *Stipulation of Dismissal* by this Court's CM/ECF System to the following:

- Vernon C. Jolley jolleylaw@comcast.net

/s/ Andrew G. Lizotte
Andrew G. Lizotte (BBO #559609)
Murphy & King Professional Corporation
One Beacon Street
Boston, Massachusetts 02108
(617) 423-0400
ALizotte@murphyking.com

DATED: August 25, 2017
731951