

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION

In re:

TELEXFREE, LLC,  
TELEXFREE, INC.,  
TELEXFREE FINANCIAL, INC.,

Debtors.

Chapter 11 Cases

Case No. 14-40987 - MSH

Case No. 14-40988 - MSH

Case No. 14-40989 - MSH

Jointly Administered

**SUMMARY OF THIRD INTERIM FEE APPLICATION OF KPMG LLP  
FOR COMPENSATION EARNED AND EXPENSES  
INCURRED AS TAX COMPLIANCE ACCOUNTANT AND TAX  
CONSULTANT TO THE CHAPTER 11 TRUSTEE FOR THE PERIOD  
FROM JULY 1, 2017 THROUGH FEBRUARY 28, 2018**

Name of Applicant:

KPMG LLP

Authorized to Provide Professional Services to:

The Chapter 11 Trustee

Date of Retention:

October 1, 2015

Period for which Compensation and  
reimbursement are sought:

July 1, 2017 through February 28, 2018

Amount of Compensation sought as  
actual, reasonable, and necessary:

\$197,199.10

Amount of Expense Reimbursement sought as  
actual, reasonable, and necessary:

\$0.00

This is a:     \_\_\_ Monthly              x   Interim            \_\_\_ Final Application.

Prior Applications Filed: Two



### Schedule 1

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.  
Compensation by Professional for the period July 1, 2017 through February 28, 2018

Professional Person	Position & Department	Total Billed Hours	Hourly Billing Rate	Total Compensation
Greenaway, Tom	Principal - TCS	32.3	\$ 900 <sup>(1)</sup>	\$ 29,070.00
Liquerman, Rob	Principal - WNT	1.0	\$ 900	\$ 900.00
Middleton, Joe	Partner - Fed Tax	4.5	\$ 900	\$ 4,050.00
Sherlock, Victoria	Managing Director - BTS	0.8	\$ 900	\$ 720.00
Dolan, Michael	Director - WNT	3.5	\$ 900	\$ 3,150.00
Mack, Larry	Director - WNT	3.8	\$ 900	\$ 3,420.00
Marion, Michelle	Sr. Manager - TCS	106.8	\$ 750 <sup>(2)</sup>	\$ 80,100.00
Plangman, Monica	Associate Director	0.5	\$ 319	\$ 159.50
Daddona, Amanda	Manager - BTS	7.5	\$ 600	\$ 4,500.00
Olver, Bill	Sr. Associate - TCS	10.9	\$ 500 <sup>(3)</sup>	\$ 5,450.00
Amar, Trey	Sr. Associate - BTS	1.0	\$ 500 <sup>(4)</sup>	\$ 500.00
Kupiec, Caroline	Sr. Associate - BTS	9.7	\$ 500	\$ 4,850.00
Beecher, Mariano	Associate - TCS	98.9	\$ 400	\$ 39,560.00
DeSantis, Alexandra	Associate - TCS	40.8	\$ 400	\$ 16,320.00
Garza, Juanita F.	Associate - BPG	21.6	\$ 206	\$ 4,449.60
<b>Total Hours and Fees</b>		<b>343.6</b>		<b>\$ 197,199.10</b>

Average Blended Rate: \$573.92

- (1) - T. Greenaway promoted from Managing Director to Principal effective 10/1/15.
- (2) - M. Marion promoted from Manager to Sr. Manager effective 10/1/16.
- (3) - B. Olver promoted from Associate to Sr. Associate effective 10/1/16.
- (4) - T. Amar promoted from Associate to Sr. Associate effective 10/1/17.

### Schedule 2

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.  
Compensation by Category for the period July 1, 2017 through February 28, 2018

Matter Description	Total Hours Billed	Total Fees Requested
Tax Consulting and Compliance Services	316.5	\$ 188,540.00
Retention Services	0.0	\$ -
Fee Preparation Services	27.1	\$ 8,659.10
	<b>343.6</b>	<b>\$ 197,199.10</b>

**Schedule3**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.  
Summary of Expenses for the period from July 1, 2017 through February 28, 2018

<b>Service Description</b>	<b>Service Provider</b>	<b>Amount</b>
Airfare	N/A	\$ -
Lodging	N/A	\$ -
Travel Meals	N/A	\$ -
Ground Transportation	N/A	\$ -
Miscellaneous	N/A	\$ -
<b>Total</b>		<b>\$ -</b>

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**UNITED STATES BANKRUPTCY COURT  
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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

**THIRD INTERIM FEE APPLICATION OF KPMG LLP FOR COMPENSATION  
EARNED AND EXPENSES INCURRED AS TAX COMPLIANCE  
ACCOUNTANT AND TAX CONSULTANT TO THE  
CHAPTER 11 TRUSTEE FOR THE PERIOD  
FROM JULY 1, 2017 THROUGH FEBRUARY 28, 2018**

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

Pursuant to 11 U.S.C. §§ 327(a), 330 and 331 of the United States Code (the “Bankruptcy Code”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 2016-1 of the Local Bankruptcy Rules (the “Local Rules”) of the United States Bankruptcy Court for the District of Massachusetts (the “Court”), KPMG LLP (“KPMG”), as tax compliance accountant and tax consultant to Stephen B. Darr, the Chapter 11 trustee (the “Trustee”) of TelexFree LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, the “Debtors”), hereby files its Third Interim Fee Application for compensation earned and expenses incurred (the “Application”) for the period July 1, 2017 through February 28, 2018 (the “Fee Application Period”). Specifically, KPMG seeks approval of \$197,199.10 and \$0.00 in expenses incurred during the Fee Application Period, for a total of \$197,199.10. In support of its Application, KPMG respectfully represents as follows:

**Jurisdiction and Venue**

1. This Court has jurisdiction to consider and determine this Application pursuant to 28

U.S.C. § 1334. This is a core proceeding under 28 U.S.C. § 157(b)(A). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Section 327 of 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), Rule 2014 of the Federal Rules of Bankruptcy Procedure and Rule 2014-1 of the Massachusetts Local Rules.

### **Background**

3. On April 13, 2014 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code (“Bankruptcy Code”) with the United States Bankruptcy Court for the District of Nevada (“the Nevada Bankruptcy Court”). By order dated April 24, 2014, the order for joint administration was approved.

4. On or about April 22, 2014, the Office of the United States Trustee filed a motion for the appointment of a Chapter 11 Trustee based upon the allegations of illegal activity. On April 23, 2014, the SEC filed a motion to transfer venue of the cases to the United States Bankruptcy Court for the District of Massachusetts (the “Court”). By order dated May 6, 2014, the motion to change venue was approved. The cases were transferred on May 9, 2014.

5. On May 30, 2014, this Court approved the motion to appoint a Chapter 11 trustee, and the Trustee was appointed on June 6, 2014.

6. On September 10, 2015, the Trustee filed an Application for Entry of Order Authorizing The Retention and Employment of KPMG LLP as Tax Compliance Accountant and Tax Consultant to the Chapter 11 Trustee (Docket No. 0615) (the “Retention Application”). A copy of the Retention Application is attached hereto as Exhibit E.

7. On October 1, 2015 this Court entered its Order Authorizing the Trustee to Retain and Employ KPMG LLP as Tax Compliance Accountant and Tax Consultant (Docket No.

0619) (the “Retention Order”). A copy of the Retention Order is attached hereto as Exhibit F.

8. In December 2016, KPMG filed its First Interim Fee Application for compensation earned and expenses incurred for the period August 31, 2015 through November 30, 2016. Specifically, KPMG sought compensation of \$252,141.60 and \$105.60 in expenses, for a total of \$252,247.20. On February 13, 2017, the Court awarded interim fees to KPMG in the amount of \$237,782.40 and expenses in the amount of \$105.60, for a total of \$237,888, which has been paid. Additionally, the Court ordered that the remaining fees sought totaling \$14,359.20 for time spent preparing the First Interim Fee Application would be considered at the time of final allowance of fees.

9. In August 2016, KPMG filed its Second Interim Fee Application for compensation earned and expenses incurred for the period December 1, 2016 through June 30, 2017. Specifically, KPMG sought compensation of \$258,044.70 and \$0.00 in expenses, for a total of \$258,044.70. On September 11, 2017, the Court awarded interim fees to KPMG in the amount of \$258,044.70 and expenses in the amount of \$0.00, for a total of \$258,044.70, which has been paid.

### **Relief Requested**

10. Pursuant to the Retention Order, KPMG is entitled to compensation for fees incurred and reimbursement of reasonable expenses. During the Fee Application Period, KPMG earned fees in the amount of \$197,199.10 and incurred expenses in the amount of \$0.00. KPMG has not been paid any retainer, partial payment, or prior interim allowance in this matter.

11. Attached above as Schedule 1 and in Exhibit A is a summary of fees earned for services rendered by KPMG’s professionals during the Fee Application Period. This attachment references the names of the professionals that performed work on behalf of the Trustee during

the Fee Application Period and their corresponding titles, hourly billing rates, and number of hours worked.

12. Attached above as Schedule 2 and in Exhibit B is a summary of compensation earned, arranged by project category.

13. Attached above as Schedule 3 is a summary of expenses incurred by KPMG in connection with its role as tax compliance accountant and tax consultant in these chapter 11 cases during the Fee Application Period. As set forth on Exhibit C and Exhibit C1, KPMG is not seeking reimbursement of actual necessary expenses during the Fee Application Period.

14. Also included below in Exhibit D1-D4 is a listing, arranged by project category, of detailed time entries for services provided by KPMG's professionals in these chapter 11 cases during the Fee Application Period.

#### **Summary of Services**

15. KPMG believes it is appropriate for it to be compensated for the time spent in connection with these chapter 11 cases, and sets forth a brief narrative description of the services rendered, for or on behalf of the Trustee, and the time expended, organized by project task categories, as follows:

<b>Matter Description</b>	<b>Total Hours Billed</b>	<b>Total Fees Requested</b>
Tax Consulting and Compliance Services	316.5	\$ 188,540.00
Retention Services	0.0	\$ -
Fee Preparation Services	27.1	\$ 8,659.10
	<b>343.6</b>	<b>\$ 197,199.10</b>

#### **A. Business Operations - Tax Consulting Services**

14. Among other services provided in this category during the Fee Application Period, KPMG provided the following:

- Representing the Debtors before the Internal Revenue Service ("IRS") in the

examination of TelexFree, LLC;

- Preparing responses to Information Document Requests and other correspondence with the IRS;
- Preparing a memorandum regarding the status of IRS activity to assist Trustee's Counsel for discussions and negotiations with the Department of Justice;
- Preparing requests for relief from penalties;
- Contacting the state authorities regarding prompt refund requests;
- Preparing analyses and workpapers for use by Trustee and Trustee's counsel;
- Working with the Trustee's counsel on the tax issues impacting the bankruptcy proceeding; and
- Preparing federal and state income tax returns and transmittal letters.
- KPMG seeks compensation for 316.5 hours of reasonable and necessary professional fees incurred for Tax Consulting and Compliance Services during the Fee Application Period in the total amount of \$188,540.00.

**B. Fee Application**

15. Among other services provided in this category during the Fee Application Period,

KPMG assisted with the following:

- The billing procedures required by the United States Trustee Guidelines and the Local Rules are outside KPMG-US's normal billing procedures, and as a consequence, the interim fee application has required significant effort to compile exhibits denoting specific services rendered, prepare detailed and summary schedules of fees incurred, and draft narratives and certifications to include in the interim application.
- KPMG seeks compensation for 27.1 hours of reasonable and necessary professional fees incurred for fee application services during the Fee Application Period in the total amount of \$8,659.10.

**Conclusion**

16. The fee and expense structure that was proposed in the Retention Application and approved by the Retention Order was designed to compensate KPMG fairly for its work, and to cover fixed and routine overhead expenses. KPMG's rates are consistent with those of other



comparable firms that render services under similar circumstances. The compensation requested in this Application does not exceed the reasonable value of the services rendered.

17. KPMG believes that the Application and the description of services set forth herein are in compliance with the requirements of Local Rule 2016-1, and the applicable guidelines and requirements of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure. A true and correct copy of the Verification of Joseph W. Middleton is attached hereto as Exhibit G.

18. This Application covers the period from July 1, 2017 through February 28, 2018. Although every effort was made to include all fees and expenses from the Fee Application Period in this Application, some fees and/or expenses from the Fee Application Period might not be included in this Application due to delays in processing time and receipt of invoices for expenses and/or for preparation of the instant application subsequent to the Fee Application Period. Accordingly, KPMG reserves the right to submit further applications to the Court for allowance of fees and expenses not included herein.

WHEREFORE, KPMG respectfully requests that this Court (i) allow compensation for professional services in the amount of \$197,199.10, and reimbursement for expenses incurred in the amount of \$0.00 during the Fee Application Period, for a total of \$197,199.10 in fees and expenses; (ii) authorizes payment of any allowed fees and expenses for the Fee Application Period; and (iii) grant such other and further relief as may be deemed proper.

Dated: April 17, 2018



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Joseph W. Middleton  
KPMG LLP  
60 South Street  
Boston, MA 02111

**EXHIBIT A**

**TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.**

Summary Of Hours and Discounted Fees Incurred By Professional

July 1, 2017 through February 28, 2018

<b>Professional Person</b>	<b>Position &amp; Department</b>	<b>Total Billed Hours</b>	<b>Hourly Billing Rate</b>	<b>Total Compensation</b>
Greenaway, Tom	Principal - TCS	32.3	\$ 900 <sup>(1)</sup>	\$ 29,070.00
Liquerman, Rob	Principal - WNT	1.0	\$ 900	\$ 900.00
Middleton, Joe	Partner - Fed Tax	4.5	\$ 900	\$ 4,050.00
Sherlock, Victoria	Managing Director - BTS	0.8	\$ 900	\$ 720.00
Dolan, Michael	Director - WNT	3.5	\$ 900	\$ 3,150.00
Mack, Larry	Director - WNT	3.8	\$ 900	\$ 3,420.00
Marion, Michelle	Sr. Manager - TCS	106.8	\$ 750 <sup>(2)</sup>	\$ 80,100.00
Plangman, Monica	Associate Director	0.5	\$ 319	\$ 159.50
Daddona, Amanda	Manager - BTS	7.5	\$ 600	\$ 4,500.00
Olver, Bill	Sr. Associate - TCS	10.9	\$ 500 <sup>(3)</sup>	\$ 5,450.00
Amar, Trey	Sr. Associate - BTS	1.0	\$ 500 <sup>(4)</sup>	\$ 500.00
Kupiec, Caroline	Sr. Associate - BTS	9.7	\$ 500	\$ 4,850.00
Beecher, Mariano	Associate - TCS	98.9	\$ 400	\$ 39,560.00
DeSantis, Alexandra	Associate - TCS	40.8	\$ 400	\$ 16,320.00
Garza, Juanita F.	Associate - BPG	21.6	\$ 206	\$ 4,449.60
<b>Total Hours and Fees</b>		<b>343.6</b>		<b>\$ 197,199.10</b>
<b>Total Fees</b>				<b>\$ 197,199.10</b>
Out of Pocket Expenses				\$ -
<b>Net Requested Fees &amp; Out of Pocket Expenses</b>				<b>\$ 197,199.10</b>
<b>Discounted Blended Rate</b>		<b>\$ 573.92</b>		

<sup>(1)</sup> - T. Greenaway promoted from Managing Director to Principal effective 10/1/15.

<sup>(2)</sup> - M. Marion promoted from Manager to Sr. Manager effective 10/1/16.

<sup>(3)</sup> - B. Olver promoted from Associate to Sr. Associate effective 10/1/16.

<sup>(4)</sup> - T. Amar promoted from Associate to Sr. Associate effective 10/1/17.

**EXHIBIT B**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Summary of Hours and Discounted Fees Incurred by Category

July 1, 2017 through February 28, 2018

<b>Matter Description</b>	<b>Exhibit</b>	<b>Total Billed Hours</b>	<b>Total Fees Requested</b>
Business Operations - Tax Consulting Services	D1	316.5	\$ 188,540.00
Business Operations - Tax Compliance Services	D2	0.0	\$ -
Retention Services	D3	0.0	\$ -
Fee Preparation Services	D4	27.1	\$ 8,659.10
	<b>Total</b>	<b>343.6</b>	<b>\$ 197,199.10</b>

**EXHIBIT C**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Summary of Out of Pocket Expenses  
July 1, 2017 through February 28, 2018

<b>Category</b>	<b>Amount</b>
Airfare	\$ -
Lodging	\$ -
Meals	\$ -
Ground Transportation	\$ -
Miscellaneous	\$ -
<b>Total</b>	<b>\$ -</b>

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Detail of Out of Pocket Expenses

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Amount</b>
		<b>Air Fare Subtotal</b>	<b>\$ -</b>
		<b>Lodging Subtotal</b>	<b>\$ -</b>
		<b>Meals Subtotal</b>	<b>\$ -</b>
		<b>Ground Transportation Subtotal</b>	<b>\$ -</b>
		<b>Miscellaneous Subtotal</b>	<b>\$ -</b>
		<b>Total Out of Pocket Expenses</b>	<b>\$ -</b>

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

Name	Date	Description	Hours	Rate	Amount
Marion, Michelle	5-Jul-17	Discussion regarding filing 2013 Inc. return with M. Marion and A. DeSantis (both KPMG).	0.2	\$750	\$ 150.00
Marion, Michelle	11-Jul-17	Sr. Manager review of letter from the IRS regarding civil penalty (.1) and reviewing Merrill sentencing memorandum as well as SEC complaint to determine foreign ownership of LLC (.3). Correspondence with W. Olver (KPMG) regarding IRS letter with discussion regarding 5472 filing responsibility (.2).	0.6	\$750	\$ 450.00
Greenaway, Tom	12-Jul-17	Discussion with M. Marion and T. Greenaway (both KPMG) regarding civil penalty as well as response to IRS letter.	0.1	\$900	\$ 90.00
Marion, Michelle	12-Jul-17	Draft email to A. Daddona (KPMG) regarding status of the 2013 California return for TelexFree, Inc. (.2) Sr. Manager review of California notice regarding refund issued to TelexFree, LLC (.1) Discussion with M. Marion and T. Greenaway (both KPMG) regarding civil penalty as well as response to IRS letter. (.1) Draft email to W. Olver (KPMG) regarding preparing protective refund claim for 2013. (.2)	0.6	\$750	\$ 450.00
Marion, Michelle	17-Jul-17	Draft email to A. DeSantis (KPMG) regarding finalizing California return (.2) Discussion with as well as drafting email with A. DeSantis (KPMG) regarding amending disclosure statement / cover letter. (.3)	0.5	\$750	\$ 375.00
DeSantis, Alexandra	17-Jul-17	Update, as of 7/17/17, to TelexFree Inc.'s 2013 California prompt refund cover letter. (.1). Draft TelexFree Inc.'s 2013 California tax return disclosure statement (.2). Confirm that California mailing address for prompt refund request is correct on the prompt refund cover letter. (.2)	0.5	\$400	\$ 200.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

Name	Date	Description	Hours	Rate	Amount
Daddona, Amanda	17-Jul-17	Preparation of 2013 California return for TelexFree Inc.	1.0	\$600	\$ 600.00
Daddona, Amanda	18-Jul-17	Finalize 2013 California return for TelexFree Inc. (.6) Prepare Transmittal letter (.2) and update in Link Portal (.2).	1.0	\$600	\$ 600.00
Marion, Michelle	19-Jul-17	Draft email to trustee regarding signing 2013 California return for TelexFree, Inc. (.2) Reviewing emails from A. DeSantis and A. Daddona (both KPMG) regarding finalizing return (.1).	0.3	\$750	\$ 225.00
Marion, Michelle	20-Jul-17	Draft email with T. Greenaway (KPMG) and A. Lizotte (Counsel - Murphy & King, P.C.) regarding call in response to Department of Justice's proposed settlement (.2) Review A. Lizotte's (Counsel - Murphy & King, P.C.) email regarding Department of Justice settlement proposal (.2) Discussion with M. Marion and A. DeSantis (both KPMG) regarding TelexFree spreadsheet illustrating TelexFree, LLC's cash VoIP operations (for purposes of settlement discussions with DOJ). (.6)	1.0	\$750	\$ 750.00
DeSantis, Alexandra	20-Jul-17	Review TelexFree C 2012-2014 amended tax returns to ensure that the figures in our "impact of disregarding credit activity" chart are correct. (.4). Update the 2014 column in the chart with revised numbers.(.4) Discussion with M. Marion and A. DeSantis (both KPMG) regarding TelexFree spreadsheet illustrating TelexFree, LLC's cash VoIP operations (for purposes of settlement discussions with DOJ). (.6)	1.4	\$400	\$ 560.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	21-Jul-17	Review spreadsheet that A. DeSantis (KPMG) circulated regarding 2012-2014 tax liability focusing on Department of Justice settlement proposal. (.3) Review email from A. DeSantis (KPMG) regarding spreadsheet concurrently responding to T. Greenaway and A. DeSantis (both KPMG) regarding same. (.2) Call with M. Marion, T. Greenaway and A. DeSantis (all KPMG) to discuss updates to the "impact of disregarding credit activity" chart. (.5)	1.0	\$750	\$ 750.00
DeSantis, Alexandra	21-Jul-17	Call with M. Marion and A. DeSantis (both KPMG) to discuss updates to the "impact of disregarding credit activity" chart. (.1) Edit chart per our conversation. (.2) Double check 2012 / 2013 amended returns to ensure no missing deductions on chart. (.7) Determine final figures on "impact of disregarding credit activity" chart and finalize chart footnotes. (1.1)	2.1	\$400	\$ 840.00
Greenaway, Tom	21-Jul-17	Call with Trustee and Trustee's Counsel regarding Department of Justice settlement proposal (1.0) Call with M. Marion, T. Greenaway and A. DeSantis (all KPMG) to discuss updates to the "impact of disregarding credit activity" chart. (.5) Correspondence / calls regarding same with Trustee & Trustee's counsel. (1.0)	2.5	\$900	\$ 2,250.00
Marion, Michelle	24-Jul-17	Draft email to S. Darr (Trustee) regarding 2013 CA return (.2) Sent returns to S. Darr's (Trustee) office. (.1)	0.3	\$750	\$ 225.00



**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	25-Jul-17	Review email from H. Murphy (Counsel - Murphy & King, P.C.) regarding edits to workpaper calculating tax liability without credit activity (.2) Discussion regarding edits and counsel's questions with M. Marion and A. DeSantis (both KPMG) (.3) Reviewing updated spreadsheet against TelexFree SIG workpapers and returns (1.7)	2.2	\$750	\$ 1,650.00
DeSantis, Alexandra	25-Jul-17	Review / discussion with M. Marion (KPMG) regarding S. Darr's (Chapter 11 Trustee) and H. Murphy's (Murphy & King, P.C.) comments to our workpaper establishing loss solely from VoIP business. (.1) Update chart based on S. Darr (Chapter 11 Trustee) and H. Murphy's (Murphy & King, P.C.) comments. (1.8) Determine 2014 taxable loss and 2012 claimed refund amounts for counsel. (.6)	2.5	\$400	\$ 1,000.00
Marion, Michelle	31-Jul-17	Meeting with M. Marion and W. Olver (both KPMG) regarding preparation of protective Form 843 related to civil penalty of \$10,000.	0.2	\$750	\$ 150.00
Greenaway, Tom	31-Jul-17	Communication regarding billing status with M. Marion, and J. Milano (all KPMG).	0.3	\$900	\$ 270.00
Olver, Bill	31-Jul-17	Meeting with M. Marion and W. Olver (both KPMG) regarding preparation of protective Form 843 related to civil penalty of \$10,000. (.2) Draft 2013 claim for refund as well as request for abatement (Form 843) related to the civil penalty. (.3)	0.5	\$500	\$ 250.00
Marion, Michelle	1-Aug-17	Senior manager review of refund claim for TelexFree, C's 2013 year for civil penalty of \$10,000.	0.2	\$750	\$ 150.00
Olver, Bill	1-Aug-17	Discussion with W. Olver and M. Marion (both KPMG) regarding Form 843 preparation. (.4) Prepare Form 843. (.6)	1.0	\$500	\$ 500.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
DeSantis, Alexandra	2-Aug-17	Discussion with M. Marion and A. DeSantis (both KPMG) regarding items to pull from Orion to support email to Counsel regarding Cost of Goods Sold figures shown in workpaper provided to Department of Justice (.2) Gather Profit and loss statements along with Profit and loss detail per request of the Department of Justice Attorney. (.1)	0.3	\$400	\$ 120.00
Marion, Michelle	2-Aug-17	Review email from A. Lizotte (Counsel - Murphy & King, P.C.) with questions from Department of Justice . (.2) Review Profit and Loss detail concurrently drafting response to Department of Justice 's questions. (2.4) Discussion with M. Marion and A. DeSantis (both KPMG) regarding items to pull from Orion to support email to Counsel regarding Cost of Goods Sold figures shown in workpaper provided to Department of Justice (.2)	2.8	\$750	\$ 2,100.00
Olver, Bill	3-Aug-17	Discussion with M. Marion and W. Olver (both KPMG) regarding required changes to draft of reasonable cause statement. (.2) Update, as of 8/3/17, to the draft of reasonable cause statement. (.6)	0.8	\$500	\$ 400.00
Marion, Michelle	3-Aug-17	Sr. Manager review of draft of reasonable cause statement for TelexFree refund claim for 2013 related to penalty. (.5) Draft email with T. Greenaway and W. Olver (both KPMG) regarding refund claim and required changes. (.3) Discussion with M. Marion and W. Olver (both KPMG) regarding required changes to draft of reasonable cause statement. (.2)	1.0	\$750	\$ 750.00
Greenaway, Tom	8-Aug-17	Discussion with M. Marion and T. Greenaway (both KPMG) regarding sending refund claim to S. Darr (Chapter 11 Trustee).	0.2	\$900	\$ 180.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	8-Aug-17	Draft email refund claim to S. Darr (Chapter 11 Trustee). (.3) Discussion with M. Marion and T. Greenaway (both KPMG) regarding sending refund claim to S. Darr (Chapter 11 Trustee). (.2) Review email from A. Lizotte (Counsel - Murphy & King, P.C.) regarding proposal from Department of Justice . (.3)	0.8	\$750	\$ 600.00
Greenaway, Tom	9-Aug-17	Discussion with M. Marion and T. Greenaway (both KPMG) regarding sending additional documents to Counsel - Murphy & King, P.C.	0.2	\$900	\$ 180.00
Marion, Michelle	9-Aug-17	Draft email to A. Lizotte (Counsel - Murphy & King, P.C.) with additional fee application documents, as requested. (.3) Discussion with M. Marion and T. Greenaway (both KPMG) regarding sending additional documents to Counsel - Murphy & King, P.C. (.2)	0.5	\$750	\$ 375.00
Marion, Michelle	10-Aug-17	Call with M. Marion (KPMG), A. Lizotte and H. Murphy (both Counsel - Murphy & King, P.C.) regarding Department of Justice 's possible settlement position.	0.5	\$750	\$ 375.00
Marion, Michelle	16-Aug-17	Call with T. Greenaway, M. Marion (both KPMG) and Franchise Tax Board Advisor Kendall regarding 2013 request for prompt refund. (.2) Discussion with T. Greenaway and M. Marion (both KPMG) regarding 2013 tax return filings in CA (.1), Review 2013 CA filings and sending T. Greenaway document to send to Franchise Tax Board (.3) Review T. Greenaway's (KPMG) letter to Franchise Tax Board (.1).	0.7	\$750	\$ 525.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

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Name	Date	Description	Hours	Rate	Amount
Greenaway, Tom	16-Aug-17	Call with T. Greenaway, M. Marion (both KPMG) and Franchise Tax Board Advisor Kendall regarding 2013 request for prompt refund. (.2) Discussion with T. Greenaway and M. Marion (both KPMG) regarding 2013 tax return filings in CA (.1) Draft / send letter regarding extension of time regarding request for prompt refund (.7).	1.0	\$900	\$ 900.00
Greenaway, Tom	21-Aug-17	Discussion with M. Marion and T. Greenaway (both KPMG) regarding Thursday call with H. Murphy and A. Lizotte (Counsel - Murphy & King, P.C.) and S. Darr (Chapter 11 Trustee) to discuss Department of Justice 's email correspondence.	0.1	\$900	\$ 90.00
Marion, Michelle	21-Aug-17	Sr. Manager review of email from Department of Justice regarding the continued audit of TelexFree's 2013 year (.2) Discussion with M. Marion and T. Greenaway (both KPMG) regarding proposed call with Department of Justice on August 29th (.1) Draft email A. Lizotte (Counsel - Murphy & King, P.C.) regarding availability for call with Department of Justice (.2).	0.5	\$750	\$ 375.00
Greenaway, Tom	22-Aug-17	Discussion with M. Marion and T. Greenaway (both KPMG) regarding Thursday call with H. Murphy and A. Lizotte (Counsel - Murphy & King, P.C.) and S. Darr (Chapter 11 Trustee) to discuss Department of Justice 's email correspondence	0.1	\$900	\$ 90.00
DeSantis, Alexandra	22-Aug-17	Discussion with M. Marion and A. DeSantis (both KPMG) regarding penalty abatement request for TelexFree Inc' 2013 return.	0.2	\$400	\$ 80.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

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July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	22-Aug-17	Discussion with M. Marion and A. DeSantis (both KPMG) regarding penalty abatement request for TelexFree Inc' 2013 return. (.2) Reviewing penalty notice issued to TelexFree, Inc. (.1) Providing / sending A. DeSantis (KPMG) materials to permit her to write penalty abatement request (.1) Discussion with M. Marion and T. Greenaway (both KPMG) regarding Thursday call with H. Murphy and A. Lizotte (Counsel - Murphy & King, P.C.) and S. Darr (Chapter 11 Trustee) to discuss Department of Justice 's email correspondence (.1) Draft email with A. Lizotte (Counsel - Murphy & King, P.C.) regarding Thursday call (.1).	0.6	\$750	\$ 450.00
Greenaway, Tom	24-Aug-17	Call with H. Murphy, A. Lizotte (Counsel - Murphy & King, P.C.), S. Darr (Chapter 11 Trustee), M. Marion and T. Greenaway (both KPMG) regarding next call with Department of Justice.	0.5	\$900	\$ 450.00
Beecher, Mariano	24-Aug-17	Preparing Power of Attorney document (.3), call with the IRS to place hold on the 2013 account as well as scheduling time to call back for FTA relief (.7).	1.0	\$400	\$ 400.00

**EXHIBIT D1**

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Name	Date	Description	Hours	Rate	Amount
Marion, Michelle	24-Aug-17	Sr. Manager review of prior communication sent to Department of Justice in preparation for call with H. Murphy, A. Lizotte (Counsel - Murphy & Kind, P.C.) and S. Darr (Chapter 11 Trustee). (.3) Call with H. Murphy, A. Lizotte (Counsel - Murphy & King, P.C.), S. Darr (Chapter 11 Trustee), M. Marion and T. Greenaway (both KPMG) regarding next call with Department of Justice. (.5) Discussion with M. Marion and M. Beecher (both KPMG) regarding seeking penalty relief for TelexFree, Inc. (.2) Correspondence with H. Murphy (Counsel - Murphy & King, P.C.) regarding the 2014 return as requested (.2).	1.2	\$750	\$ 900.00
Marion, Michelle	30-Aug-17	Discussion with M. Marion and M. Beecher (both KPMG) regarding 2013 penalty assessed against TelexFree, Inc. and next steps. (.2) Review of IRS penalty notice. (.2)	0.4	\$750	\$ 300.00
Beecher, Mariano	30-Aug-17	Discussion with M. Marion and M. Beecher (both KPMG) regarding 2013 penalty assessed against TelexFree, Inc. and next steps (.2) Call with the IRS to request transcripts (.5) and begin drafting of reasonable cause letter (1.8).	2.5	\$400	\$ 1,000.00
DeSantis, Alexandra	31-Aug-17	Check to see if former TelexFree CPA had prepared draft 2013 TelexFree Inc. federal return for purpose of drafting reasonable cause letter.	0.1	\$400	\$ 40.00
Beecher, Mariano	31-Aug-17	Continue, as of 8/31/18, to draft reasonable cause letter.	2.0	\$400	\$ 800.00
DeSantis, Alexandra	5-Sep-17	Research to locate recently decided Ponzi scheme case from Westlaw, concurrently drafting email to T. Greenaway and M. Marion (both KPMG) regarding same.(.3) Review case summary. (.1)	0.4	\$400	\$ 160.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

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Name	Date	Description	Hours	Rate	Amount
Greenaway, Tom	6-Sep-17	Principal review of Section 6699 penalty abatement letter.	0.5	\$900	\$ 450.00
Marion, Michelle	6-Sep-17	Sr. manager review of IDRs from Revenue Agent (.3) Review T. Greenaway's (KPMG) email regarding IDRs from Revenue Agent (.2) Draft email with T. Martin (Huron Consulting) regarding responding to IDRs (.2) Call with M. Marion (KPMG) and T. Martin (Huron Consulting) regarding IDR response. (.3) Reviewing draft penalty abatement letter issued to TelexFree, Inc. (.5)	1.5	\$750	\$ 1,125.00
Beecher, Mariano	6-Sep-17	Continue, as of 9/6/17, draft of reasonable cause letter for 2016 tax year as well as edits to 2013 return draft.	3.8	\$400	\$ 1,520.00
Greenaway, Tom	7-Sep-17	Principal review of draft of reasonable cause request for penalty abatement.	0.7	\$900	\$ 630.00
Beecher, Mariano	7-Sep-17	Continue, as of 9/7/17, to update the 2013 reasonable cause letter.	2.0	\$400	\$ 800.00
Marion, Michelle	8-Sep-17	Sr. Manager review of draft penalty abatement letter from M. Beecher (KPMG) for TelexFree, Inc.'s 2016 year (.3), Draft email to T. Martin (Huron Consulting) regarding information gathered in response to IRS information document requests. (.3)	0.6	\$750	\$ 450.00
Marion, Michelle	11-Sep-17	Call with Revenue Agent regarding IDRs. (.3) Draft email with T. Greenaway (KPMG) regarding discussions with T. Martin (Huron) on responding to IDRs. (.2) Call with M. Marion (KPMG) and T. Martin (Huron) regarding IDR responses. (.4) Draft email to M. Beecher (KPMG) with updated copy of TelexFree, Inc. reasonable cause letter. (.1)	1.0	\$750	\$ 750.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

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Name	Date	Description	Hours	Rate	Amount
Beecher, Mariano	11-Sep-17	Update the 2016 TelexFree reasonable cause letter per M. Michelle's (KPMG) comments / review. (1.9) Continue, as of 9/11/17, to update the 2013 TelexFree reasonable cause letter (2.1)	4.0	\$400	\$ 1,600.00
Marion, Michelle	14-Sep-17	Drafting email to S. Darr (Chapter 11 Trustee) regarding 2013 penalty abatement request for TelexFree, Inc. (.2) Reviewing prior communications regarding 2013 refund claim for TelexFree, LLC related to 5472 penalty (.2) Drafting email with M. Beecher (KPMG) regarding revising reasonable cause statement attached to TelexFree, LLC refund claim so it's consistent with TelexFree, Inc. penalty letter (.2).	0.6	\$750	\$ 450.00
Beecher, Mariano	14-Sep-17	Update the TelexFree reasonable cause statement with additional information received.	2.0	\$400	\$ 800.00
Olver, Bill	15-Sep-17	Discussion with M. Marion and W. Olver (both KPMG) regarding responding to IDRs.	0.2	\$500	\$ 100.00
Beecher, Mariano	15-Sep-17	Update the revised TelexFree reasonable cause statement with new information and well as M. Michelle's (KPMG) comments.	0.5	\$400	\$ 200.00
Marion, Michelle	15-Sep-17	Revising changes to draft reasonable cause statement for TelexFree, LLC's refund claim (.5) Draft email with T. Martin (Huron Consulting) regarding IDR response. (.3) Discussion with M. Marion and W. Olver (both KPMG) regarding responding to IDRs. (.2) Draft email with documents to W. Olver (KPMG) with respect to IDR response (.3).	1.3	\$750	\$ 975.00
Olver, Bill	18-Sep-17	Review while concurrently revising 2013 reasonable cause statement for TelexFree LLC to ensure accuracy regarding all recent updates. (1.1) Review documents for IDRs 7-8 (1.5) Draft response to IDRs 7-8. (.5)	3.1	\$500	\$ 1,550.00



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Name	Date	Description	Hours	Rate	Amount
Olver, Bill	19-Sep-17	Reviewing documents relevant to IDR 7-8 responses while concurrently updating IDRs 7-8 response.	0.6	\$500	\$ 300.00
Greenaway, Tom	19-Sep-17	Meeting with S. Darr (Chapter 11 Trustee), T. Martin (Huron Consulting), and M. Marion (KPMG) regarding IDR response.	1.5	\$900	\$ 1,350.00
Marion, Michelle	19-Sep-17	Meeting with T. Greenaway, M. Marion (both KPMG), S. Darr and T. Martin (both Huron Consulting) regarding IDR response. (1.5) Review documents provided by Huron Consulting for IDR after W. Olver's (KPMG) review along with updated IDR's 7-8 response. (.2), Draft email to S. Darr (Chapter 11 Trustee) re: penalty abatement letters (.2), reviewing revised refund claim statement (.2), Draft email with Florida tax authority regarding refund check (.1).	2.2	\$750	\$ 1,650.00
Marion, Michelle	20-Sep-17	Call with W. Olver and M. Marion (both KPMG) regarding IDR response. (.3) Reaching out to Revenue Agent regarding response to IDR. (.1) Revising IDR response cover letter (.7) Discussion with W. Olver and M. Marion (both KPMG) regarding documents to include in response. (.3) Review / update response to IDR with W. Olver (.3).	1.7	\$750	\$ 1,275.00
Olver, Bill	20-Sep-17	Call with W. Olver and M. Marion (both KPMG) regarding IDR response. (.3) Finalizing reasonable cause letters to IRS. (.8) Finalizing IDRs 7-8 responses to IRS. (.6) Discussion with W. Olver and M. Marion (both KPMG) regarding documents to include in response. (.3) Preparing files for transmission to IRS. (.9)	2.9	\$500	\$ 1,450.00

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Beecher, Mariano	21-Sep-17	Updating TelexFree Inc. 2016 reasonable cause letter (1.0) Updating TelexFree, LLC 2013 reasonable cause letter (1.0).	2.0	\$400	\$ 800.00
Olver, Bill	25-Sep-17	Review 2016 reasonable cause letter specifically regarding recent updates (.4) Discussion with B. Olver and M. Beecher (both KPMG) regarding revisions to 2016 Reasonable Cause statement. (.1)	0.5	\$500	\$ 250.00
Beecher, Mariano	25-Sep-17	Revising the 2016 Reasonable cause letter. (1.4) Discussion with B. Olver and M. Beecher (both KPMG) regarding revisions to 2016 Reasonable Cause statement. (.1)	1.5	\$400	\$ 600.00
Olver, Bill	26-Sep-17	Call with T. Greenaway and B. Olver (both KPMG) and IRS regarding Telexfree entity penalties.	0.2	\$500	\$ 100.00
Greenaway, Tom	26-Sep-17	Call with T. Greenaway and B. Olver (both KPMG) and IRS regarding Telexfree entity penalties.	0.2	\$900	\$ 180.00
Marion, Michelle	26-Sep-17	Review refund check from Florida tax authority (.1), Draft email to A. DeSantis to store in online database (.1).	0.2	\$750	\$ 150.00
Beecher, Mariano	26-Sep-17	Finalizing 2016 TelexFree, Inc. Reasonable cause statement.	1.0	\$400	\$ 400.00
Olver, Bill	28-Sep-17	Finalizing 2016 reasonable cause letter to mail (.2) Drafting email to IRS regarding correspondence. (.2)	0.4	\$500	\$ 200.00
DeSantis, Alexandra	11-Oct-17	Upload IRS Prompt Determination Request notices into Orion.	0.1	\$400	\$ 40.00
DeSantis, Alexandra	16-Oct-17	Research significance of the IRS letters we received regarding our prompt determination requests as well as refer to IRS practices in Internal Revenue Manual.	0.4	\$400	\$ 160.00
DeSantis, Alexandra	17-Oct-17	Discussion with M. Marion and A. DeSantis (both KPMG) regarding IRS letters noted above and their consequences.	0.2	\$400	\$ 80.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

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Name	Date	Description	Hours	Rate	Amount
Olver, Bill	17-Oct-17	Review IDR 7-8 response regarding deductions to provide Sr. Associate review. (.2) Communication to M. Marion (KPMG) regarding IDR response (.1)	0.3	\$500	\$ 150.00
Greenaway, Tom	17-Oct-17	Call with T. Greenaway, M. Marion (both KPMG), and C. DeRosa (IRS agent) to discuss IDRs 7 / 8 responses.	0.5	\$900	\$ 450.00
Marion, Michelle	17-Oct-17	Reviewing prior IDR response in preparation for call with IRS auditor. (.5) Call with T. Greenaway, M. Marion (both KPMG), and C. DeRosa (IRS agent) to discuss IDRs 7 / 8 responses. (.5) Review IRS letters issued to TelexFree Financial, Inc. and TelexFree, Inc. in response to prompt determination requests. (.1) Discussion with M. Marion and A. DeSantis (both KPMG) regarding IRS letters noted above and their consequences (.2)	1.3	\$750	\$ 975.00
Marion, Michelle	18-Oct-17	Draft email update regarding IRS audit to T. Martin (Huron Consulting).	0.3	\$750	\$ 225.00
Olver, Bill	18-Oct-17	Preparation for call with IRS by reviewing IDR response (.1) and call with IRS agent regarding IDR 7-8 responses (.3).	0.4	\$500	\$ 200.00
Marion, Michelle	31-Oct-17	Review IRS notices issued to TelexFree Inc. regarding processing of 2014 and 2015 returns (.2) Discussion with M. Marion and T. Greenaway (both KPMG) regarding conversation with Counsel on position on Department of Justice settlement position (.1).	0.3	\$750	\$ 225.00
Greenaway, T	1-Nov-17	Call with M. Marion and T. Greenaway (both KPMG) regarding our file memorandum and discussion of deadline for filing Tax Court petition.	0.5	\$900	\$ 450.00

**EXHIBIT D1**

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Name	Date	Description	Hours	Rate	Amount
Marion, Mich	1-Nov-17	Reviewing Internal Revenue Code and Bankruptcy Code provisions related to Statutory Notice of Deficiency issued to TelexFree. (.6) Draft email to T. Greenaway (KPMG) regarding information included in Bankruptcy file memo. (.2) Call with M. Marion and T. Greenaway (both KPMG) regarding our file memorandum and discussion of deadline for filing Tax Court petition. (.5) Draft email to A. Lizotte (Counsel - Murphy & King, P.C.) regarding IRS Notice 1421 sent to trustee. (.1) Researching IRS Notice 1421 (.4) Contacting IRS to obtain a copy of Notice 1421. (.1)	1.9	\$750	\$ 1,425.00
Marion, Michelle	2-Nov-17	Sr. Manager review of Bankruptcy provisions in preparation for call with Trustee and Trustee's counsel. (.8) Call with S. Darr (Trustee), and A. Lizotte and H. Murphy (Trustee's counsel - Murphy & King, P.C.). (.5) Call with IRS Unit that processed Statutory Notice of Deficiency. (.3) Draft email to Revenue Agent to inquire about status of her review of IDR responses. (.2)	1.8	\$750	\$ 1,350.00
DeSantis, Alexandra	6-Nov-17	Document Notices of Proposed Adjustments received from IRS Examination in KPMG Orion management system for future retrieval.	0.2	\$400	\$ 80.00
Marion, Michelle	7-Nov-17	Sr. Manager review of Notices of Proposed Adjustments issued to TelexFree, LLC related to 2014 tax year (.3), and reviewing summary of Notices of Proposed Adjustments prepared by A. DeSantis (KPMG). (.1) Discussion with T. Greenaway, M. Marion and A. DeSantis (all KPMG) regarding Notices of Proposed Adjustments. (.2)	0.6	\$750	\$ 450.00

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TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
DeSantis, Alexandra	7-Nov-17	Review the three Notices of Proposed Adjustments received from IRS Examination and concurrently summarizing IRS's arguments. (1.1) Discussion with T. Greenaway, M. Marion and A. DeSantis (all KPMG) regarding Notices of Proposed Adjustments. (.2)	1.3	\$400	\$ 520.00
Marion, Michelle	8-Nov-17	Review Forms 5701. (.2) Draft email to A. DeSantis (KPMG) regarding need for signature (.1) Draft email and sending documents to Agent (.1).	0.4	\$750	\$ 300.00
DeSantis, Alexandra	8-Nov-17	Mark three Notices of Proposed Adjustment for 2014 as disagreed. (.2) Draft email to C. DeRosa (IRS) with enclosed disagreed Notices of Proposed Adjustment. (.2) Update Notices of Proposed Adjustments per M. Marion's edits / comments. (.4)	0.8	\$400	\$ 320.00
Marion, Michelle	9-Nov-17	Review email from T. Greenaway (KPMG) regarding summary memo. (.1) Draft email to A. DeSantis (KPMG) with relevant documents /emails for purposes of preparing summary memo. (.2) Discussion with M. Marion and A. DeSantis (both KPMG) regarding summary and relevant facts. (.1)	0.4	\$750	\$ 300.00
DeSantis, Alexandra	9-Nov-17	Discussion with M. Marion and A. DeSantis (both KPMG) regarding summary and relevant facts. (.1) Draft memorandum to the Department of Justice regarding the status of communication between KPMG and the IRS (i.e. informing them of notices of proposed adjustments received and information documents requests received and other ongoing correspondence). (1.9)	2.0	\$400	\$ 800.00

**EXHIBIT D1**

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Greenaway, Tom	10-Nov-17	Principal level review and concurrently providing comments / updates on the draft memorandum of IRS activity. (.4) Call with T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding all comments / updates. (1.)	0.5	\$900	\$ 450.00
Marion, Michelle	10-Nov-17	Sr. manager review and concurrently providing comments on the draft summary file memo. (.7) Draft email to T. Greenaway (KPMG) regarding same. (.1) Call with T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding all comments / updates. (1.) Sr. manager review of the revised draft summary file memo. (5)	1.4	\$750	\$ 1,050.00
DeSantis, Alexandra	10-Nov-17	Call with T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding all comments / updates. (1.) Review and concurrently update per M. Marion's and T. Greenaway's (both KPMG) comments / revisions to status report memorandum for counsel including adding law, charts summarizing disputed amounts for 2012-2014, and further detail around arguments made by IRS in the 2014 Notices of Proposed Adjustments. (3.3)	3.4	\$400	\$ 1,360.00
Marion, Michelle	13-Nov-17	Call with Revenue Agent regarding notices of proposed adjustment.	0.2	\$750	\$ 150.00

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	14-Nov-17	Resending response to Notices of proposed Adjustment to Revenue Agent. (.5) Sr. manager review / finalize summary memorandum for Counsel on IRS audit activity as well as status of 2012 / 2013 tax audit. (1.5) Meeting with M. Marion and T. Greenaway (both KPMG) to discuss changes to summary memorandum. (.3) Sending memorandum to H. Murphy, A. Lizotte (Trustee's Counsel - Murphy & King, P.C.) and S. Darr (Chapter 11 Trustee) (.3).	2.6	\$750	\$ 1,950.00
DeSantis, Alexandra	15-Nov-17	Review final version of memorandum regarding status of communications with IRS and status of IRS claims to ensure all updates included.	0.4	\$400	\$ 160.00
Marion, Michelle	27-Nov-17	Sr. Manager review of IRS Notices issued to TelexFree, Inc. (.1) Discussion with M. Marion and M. Beecher (both KPMG) regarding preparing response to notices. (.1)	0.2	\$750	\$ 150.00
Beecher, Mariano	27-Nov-17	Discussion with M. Marion and M. Beecher (both KPMG) regarding preparing response to notices. (.1) Drafting letters for TelexFree Inc. 2014-15 Form 1120S penalties. (.9)	1.0	\$400	\$ 400.00
Beecher, Mariano	28-Nov-17	Continue, as of 11/28/17, to update reasonable cause letters.	1.0	\$400	\$ 400.00
Marion, Michelle	30-Nov-17	Review email from M. Beecher (KPMG) regarding draft penalty abatement letters in response to IRS Notices (.1) Draft email response to M. Beecher (KPMG) regarding scope of letters and facts that should be included. (.2) Drafting email to A. Lizotte (Trustee's Counsel - Murphy & King, P.C.) for update on communications with Department of Justice (.1).	0.4	\$750	\$ 300.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	1-Dec-17	Meeting with T. Greenaway, M. Marion and A. DeSantis (all KPMG) to discuss communication from Department of Justice attorney on next steps in case. (.3) Review email from H. Murphy (Trustee's Counsel - Murphy & King, P.C.) to Department of Justice attorney (.1).	0.4	\$750	\$ 300.00
Greenaway, Tom	1-Dec-17	Meeting with T. Greenaway, M. Marion and A. DeSantis (all KPMG) to discuss communication from Department of Justice attorney on next steps in case. (.3) Consider and concurrently respond to settlement emails from Trustee's bankruptcy counsel. (.2)	0.5	\$900	\$ 450.00
Beecher, Mariano	1-Dec-17	Finalizing reasonable cause letters for TelexFree Inc.'s 2014 / 2015 returns.	0.5	\$400	\$ 200.00
Greenaway, Tom	4-Dec-17	Review / respond to emails to / from Trustee's counsel regarding settlement process initiative from Department of Justice on 2014.	0.5	\$900	\$ 450.00
Marion, Michelle	4-Dec-17	Review email from counsel regarding revised administrative claim IRS filed against the estate. (.1) Review emails from H. Murphy (Trustee's Counsel - Murphy and King, P.C.) and Department of Justice on importance of 2014 deductions and status of case. (.1) Confirming based on T. Greenaway's (KPMG) email that TelexFree has gross income in 2014. (.1) Draft email to H. Murphy (Trustee's Counsel - Murphy and King, P.C.) and T. Greenaway (KPMG) confirming gross income amount (.1) Sr. Manager review of revised Profit and Loss statement to determine loss carryover from 2013. (.2)	0.6	\$750	\$ 450.00



**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

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Name	Date	Description	Hours	Rate	Amount
Marion, Michelle	4-Dec-17	Review Department of Justice's assertion on importance of 2014 expenses and next steps in the case. (.2) Sr. Manager review of cash-focused Profit and Loss statement. (.2) Drafting response to counsel's question on gross income (.3) Review T. Greenaway's (KPMG) email concerning loss carryover. (.1) Reviewing file to determine the amount of the loss carried over from 2013 to 2014 (.2)	1.0	\$750	\$ 750.00
Marion, Michelle	8-Dec-17	Sr. manager review and concurrently updating penalty abatement letters for TelexFree Inc.'s 2014 / 2015 tax years.	1.5	\$750	\$ 1,125.00
Beecher, Mariano	11-Dec-17	Finalizing 2014 / 2015 penalty abatement request letters.	1.0	\$400	\$ 400.00
Marion, Michelle	20-Dec-17	Review IRS's administrative claim filed against TelexFree, LLC. (.3) Performing reconciliation of claim and documents issued in audit of 2014 year. (.5) Call with M. Marion (KPMG) and A. Lizotte (Trustee's Counsel - Murphy & King, P.C.) regarding claim and ability to split the filing period based on bankruptcy. (.3) Drafting response to A. Lizotte's (Trustee's Counsel - Murphy & King, P.C.) email regarding viability of the claim and designation as an administrative claim. (.4)	1.5	\$750	\$ 1,125.00
Greenaway, Tom	21-Dec-17	Draft talking points as well as timeline for Counsel to the Trustee. (1.5) Call with S. Darr (Chapter 11 Trustee), H. Murphy (Counsel - Murphy & King, P.C.), T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding IRS's administrative claim. (1.0)	2.5	\$900	\$ 2,250.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	21-Dec-17	Drafting outline regarding IRS's position and TelexFree, LLC's returns. (.2) Meeting with M. Marion and A. DeSantis (both KPMG) regarding timeline. (.4) Draft email with documents for purposes of drafting timeline to A. DeSantis (KPMG). (.2) Sr. manager review of A. DeSantis' (KPMG) timeline. (.4) Call with S. Darr (Chapter 11 Trustee), H. Murphy (Counsel - Murphy & King, P.C.), T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding IRS's administrative claim. (1.0)	4.0	\$750	\$ 3,000.00
DeSantis, Alexandra	21-Dec-17	Draft chart with TelexFree's position (on return, on a cash method basis, and on a VOIP sales basis) versus IRS's position to be used at hearing on 12/27. (1.0) Call with S. Darr (Chapter 11 Trustee), H. Murphy (Trustee -Murphy & King, P.C.), T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding IRS's administrative claim. (1.0) Meeting with M. Marion and A. DeSantis (both KPMG) regarding timeline. (.4) Draft timeline of all proceedings with IRS. (3.0) Update chart regarding TelexFree and IRS positions on 2014 tax year by adding in additional events as well as tracking down dates. (1.4)	6.8	\$400	\$ 2,720.00
Marion, Michelle	22-Dec-17	Draft email to A. DeSantis (KPMG) regarding updated timeline requested by counsel. (.2) Call with M. Marion and A. DeSantis (both KPMG) regarding prompt refund and prompt determination requests. (.3)	0.5	\$750	\$ 375.00

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
DeSantis, Alexandra	22-Dec-17	Call with M. Marion and A. DeSantis (both KPMG) regarding prompt refund and prompt determination requests. (.3) Update TelexFree and IRS case timeline per T. Greenaway (KPMG) edits.(1.2) Upload documents to KPMG's Orion document management system. (.1) Review email from H. Murphy (Trustee's Counsel - Murphy & King, P.C.) regarding updated timeline to note Counsel's edits. (.1)	1.7	\$400	\$ 680.00
Greenaway, Tom	26-Dec-17	Follow-up conference after bankruptcy hearing with T. Greenaway (KPMG), S. Darr (Chapter 11Trustee), H. Murphy, and A. Lizotte (both Trustee's Counsel - Murphy & King, P.C.) regarding going forward. (1.0) Preparation for hearing by reviewing fee application as well as IRS administrative claims. (1.0)	2.0	\$900	\$ 1,800.00
Greenaway, Tom	29-Dec-17	Draft technical tax considerations for Trustee's Counsel in preparation for objection to IRS administrative claims.	3.0	\$900	\$ 2,700.00
Greenaway, Tom	5-Jan-18	Call with A. Lizotte and H. Murphy (Trustee's Counsel - Murphy & King, P.C.), M. Marion and T. Greenaway (both KPMG) regarding objection to IRS's claim. (.5) Review administrative claim objection. (1.1) Draft / respond to emails with M. Marion (KPMG) regarding revised workpapers. (.4).	2.0	\$900	\$ 1,800.00

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Marion, Michelle	5-Jan-18	Call with A. Lizotte and H. Murphy (Trustee's Counsel - Murphy & King, P.C.), M. Marion and T. Greenaway (both KPMG) regarding objection to IRS's claim. (.5) Preparing income statement workpaper for 2014 for purposes of claim objection. (1.0) Call with M. Marion (KPMG) and A. Lizotte (Trustee's Counsel - Murphy & King, P.C.) to discuss 2014 workpaper presentation and other questions. (.5) Preparing revised summary workpapers for 2012 - 2014 based on counsel's suggestions. (2.1) Draft / respond to emails with T. Greenaway (KPMG) regarding revised workpapers. (.4).	4.5	\$750	\$ 3,375.00
Greenaway, Tom	8-Jan-18	Call with A. Lizotte (Trustee's Counsel - Murphy & King, P.C.), T. Martin (Huron Consulting), T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding IRS claim objection and tax returns, SIG records for 2012-2014 (1.5) Principal review and concurrently revising income statement. (1.5)	3.0	\$900	\$ 2,700.00
Marion, Michelle	8-Jan-18	Call with A. Lizotte (Trustee's Counsel - Murphy & King, P.C.), T. Martin (Huron Consulting), T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding IRS claim objection and tax returns, SIG records for 2012-2014 (1.5) Discussion with M. Marion and A. DeSantis (both KPMG) regarding finalizing workpaper. (3.5)	5.0	\$750	\$ 3,750.00

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
DeSantis, Alexandra	8-Jan-18	Call with A. Lizotte (Murphy & King), T. Martin (Huron Consulting), T. Greenaway, A. DeSantis, and M. Marion (all KPMG) regarding IRS claim objection and tax returns, SIG records for 2012-2014 (1.5) Discussion with M. Marion and A. DeSantis (both KPMG) regarding finalizing workpaper. (3.5) Update workpaper of per return / per SIG / per IRS figures by updating figures, incorporating explanations, as well as drawing comparisons. (2.0)	7.0	\$400	\$ 2,800.00
Beecher, Mariano	9-Jan-18	Documenting correspondence from the IRS by uploading to Orion system for documentation/future review.	0.2	\$400	\$ 80.00
DeSantis, Alexandra	9-Jan-18	Call with M. Marion, A. DeSantis and T. Greenaway (all KPMG) regarding updated workpapers for counsel (.6) Update workpaper based on T. Greenaway's and M. Marion's (both KPMG) comments (1.9).	2.5	\$400	\$ 1,000.00
Marion, Michelle	9-Jan-18	Call with M. Marion, A. DeSantis and T. Greenaway (all KPMG) regarding updated workpapers for counsel (.6) Sr. manager review and concurrent revising workpapers for counsel in support of claim objection related to IRS claim. (2.0) Drafting email to A. Lizotte (Trustee's Counsel - Murphy & King, P.C.) regarding workpaper for claim objection (.4).	3.0	\$750	\$ 2,250.00
DeSantis, Alexandra	10-Jan-18	Compile profit and loss statements for 2012-2014 for Trustee's Counsel.	0.1	\$400	\$ 40.00
Greenaway, Tom	10-Jan-18	Discussion regarding rejection of penalty abatement request for TelexFree, Inc. with T. Greenaway, M. Marion and M. Beecher (all KPMG).	0.2	\$900	\$ 180.00

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Beecher, Mariano	10-Jan-18	Discussion regarding rejection of penalty abatement request for TelexFree, Inc. with T. Greenaway, M. Marion and M. Beecher (all KPMG).	0.2	\$400	\$ 80.00
Marion, Michelle	10-Jan-18	Discussion regarding rejection of penalty abatement request for TelexFree, Inc. with T. Greenaway, M. Marion and M. Beecher (all KPMG). (.2) Review workpaper provided by T. Martin (Huron Consulting) reconciling returns to General Ledger. (.5) Correspondence with documents requested regarding combined 2012-2014 General Ledger to T. Martin (Huron). (.3) Draft email with A. DeSantis (KPMG) regarding documents requested by T. Martin (Huron) to reconcile workpaper to returns (.3).	1.3	\$750	\$ 975.00
Marion, Michelle	11-Jan-18	Responding to email from A. Lizotte (Trustee's Counsel - Murphy & King, P.C.) regarding IRS's position with respect to TelexFree, LLC's 2012 tax year. (.3) Review files for 2012 refund claim disallowance requested by A. Lizotte (Trustee's Counsel - Murphy & King, P.C.). (.2) Review email from A. Lizotte (Trustee's Counsel - Murphy & King, P.C.) regarding IRS's position on 2012 tax year of TelexFree, LLC. (.1)	0.6	\$750	\$ 450.00
Marion, Michelle	12-Jan-18	Draft email with workpaper as well as memorandum to J. Middleton and M. Dolan (KPMG). (.5) Review email from T. Greenaway, J. Middleton and M. Dolan (all KPMG) regarding memorandum. (.3)	0.8	\$750	\$ 600.00
Beecher, Mariano	15-Jan-18	Discussion with M. Marion and M. Beecher (both KPMG) regarding building on T. Martin's (Huron Consulting) reconciliation of SIG return workpaper.	0.1	\$400	\$ 40.00

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Marion, Michelle	15-Jan-18	Discussion with M. Marion and M. Beecher (both KPMG) regarding building on T. Martin's (Huron Consulting) reconciliation of SIG, Return workpaper.	0.1	\$750	\$ 75.00
Middleton, Joe	15-Jan-18	Call with M. Dolan (KPMG WNT), L. Mack (KPMG WNT), J. Middleton, T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) to discuss options on updating estimates on returns compared to SIG data. (partial attendance)	0.5	\$900	\$ 450.00
Greenaway, Tom	15-Jan-18	Call with M. Dolan (KPMG WNT), L. Mack (KPMG WNT), J. Middleton, T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) to discuss options on updating estimates on returns compared to SIG data. (.6) Review SIG income workpaper in preparation for meeting with KPMG WNT team. (.4)	1.0	\$900	\$ 900.00
Dolan, Michael	15-Jan-18	Specialist review of summary memo / 886A / spreadsheets for 2012-14 in preparation for call with TelexFree team. (.4) Call with M. Marion (KPMG), M. Dolan and L. Mack (KPMG WNT expert team) regarding SIG, return information for 2012 - 2014 (.5) Call with M. Dolan (KPMG WNT), L. Mack (KPMG WNT), J. Middleton, T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) to discuss options on updating estimates on returns compared to SIG data. (.6)	1.5	\$900	\$ 1,350.00

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DeSantis, Alexandra	15-Jan-18	Call with M. Dolan (KPMG WNT), L. Mack (KPMG WNT), J. Middleton, T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) to discuss options on updating estimates on returns compared to SIG data. (.6) Communication with T. Greenaway and M. Marion (both KPMG) regarding amended return issue. (.3). Update workpaper with return vs. SIG return positions to include an AMT credit schedule under tax reform. (.4) Finalize workpaper with M. Marion. (.3)	1.6	\$400	\$ 640.00
Marion, Michelle	15-Jan-18	Call with M. Dolan (KPMG WNT), L. Mack (KPMG WNT), J. Middleton, T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) to discuss options on updating estimates on returns compared to SIG data. (.6) Sr. manager review of SIG/return reconciliation prepared by M. Beecher (KPMG). (.2) Call with M. Marion (KPMG), M. Dolan and L. Mack (KPMG WNT team) regarding SIG, return information for 2012 - 2014 (.5) Draft emails with L. Mack (KPMG) regarding IRS's argument for disallowing credit accrual. (.5)	1.8	\$750	\$ 1,350.00



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Name	Date	Description	Hours	Rate		Amount
Mack, Larry	15-Jan-18	Specialist review of summary memo / 886A / spreadsheets for 2012-14 in preparation for call with TelexFree team. (.1) After obtaining RAR from M. Marion (KPMG), draft / review emails to M. Marion (KPMG) regarding IRS's argument for disallowing credit accrual. (.5) Perform brief research regarding same. (.1) Call with M. Marion (KPMG), M. Dolan and L. Mack (KPMG WNT team) regarding SIG, return information for 2012 - 2014 (.5) Call with M. Dolan (KPMG WNT), L. Mack (KPMG WNT), J. Middleton, T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) to discuss options on updating estimates on returns compared to SIG data. (.6)	1.8	\$900	\$	1,620.00
Beecher, Mariano	15-Jan-18	Reconciling SIG return figures with TelexFree returns for 2012.	2.7	\$400	\$	1,080.00
Beecher, Mariano	15-Jan-18	Reconciling SIG return figures for 2013 TelexFree return (3.1) Reconciling SIG return figures with TelexFree return for 2014 (.9)	4.0	\$400	\$	1,600.00
Sherlock, Victoria	16-Jan-18	Conference call with V. Sherlock, M. Dolan and L. Mack (all KPMG Specialists) regarding approaches to 505(b) hearings and claim objection hearing as ways to interject updated income and deduction information.	0.5	\$900	\$	450.00
Liquerman, Rob	16-Jan-18	Discussion with R. Liquerman, M. Dolan, and L. Mack (all KPMG WNT) regarding potential avenues to present updated return data to bankruptcy court. (.5) Specialty review of KPMG memo regarding contested deductions in preparation for discussion. (.5)	1.0	\$900	\$	900.00

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Dolan, Michael	16-Jan-18	Discussion with R. Liquerman, M. Dolan, and L. Mack (all KPMG WNT) regarding potential avenues to present updated return data to bankruptcy court. (.5) Conference call with V. Sherlock, M. Dolan and L. Mack (all KPMG Specialists) regarding approaches to 505(b) hearings and claim objection hearing as ways to interject updated income and deduction information. (.5)	1.0	\$900	\$ 900.00
Mack, Larry	16-Jan-18	Discussion with R. Liquerman, M. Dolan, and L. Mack (all KPMG WNT) regarding potential avenues to present updated return data to bankruptcy court. (.5) Conference call with V. Sherlock, M. Dolan and L. Mack (all KPMG Specialists) regarding approaches to 505(b) hearings and claim objection hearing as ways to interject updated income and deduction information. (.5) Review 11 USC 505(b) in preparation for discussion / call. (.2)	1.2	\$900	\$ 1,080.00
Sherlock, Victoria	17-Jan-18	Communication to T. Greenaway (KPMG) regarding options for contesting IRS adjustment and requirement to file amended returns.	0.3	\$900	\$ 270.00
Greenaway, Tom	17-Jan-18	Call with M. Dolan, L. Mack (both KPMG WNT Specialists), T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) regarding KPMG's position on debtor's obligation to file amended returns.	0.5	\$900	\$ 450.00
DeSantis, Alexandra	17-Jan-18	Call with M. Dolan, L. Mack (both KPMG WNT Specialists), T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) regarding KPMG's position on debtor's obligation to file amended returns.	0.5	\$400	\$ 200.00

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Mack, Larry	17-Jan-18	Call with M. Dolan, L. Mack (both KPMG WNT Specialists), T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) regarding KPMG's position on debtor's obligation to file amended returns. (.5) Follow up conference with L. Mack and M. Dolan (both KPMG WNT Specialists) regarding review of 886 A, evaluation of changes in SIG data changes and conclusions / recommendations. (.3)	0.8	\$900	\$ 720.00
Dolan, Michael	17-Jan-18	Call with M. Dolan, L. Mack (both KPMG WNT Specialists), T. Greenaway, A. DeSantis and M. Marion (all KPMG Tax) regarding KPMG's position on debtor's obligation to file amended returns. (.5) Follow up conference with L. Mack and M. Dolan (both KPMG WNT Specialists) regarding 886 A, evaluation of changes in SIG data verse information reported on return and conclusions / recommendations. (.3) Prepare for calls with other KPMG personnel by reviewing 886A. (.2)	1.0	\$900	\$ 900.00
Greenaway, Tom	18-Jan-18	Meeting with T. Greenaway, M. Marion (both KPMG), S. Darr (Chapter 11 Trustee) and T. Martin (Huron Consulting) to discuss 2012 - 2014 income tax returns and IRS's administrative claims.	1.0	\$900	\$ 900.00
Marion, Michelle	18-Jan-18	Meeting with T. Greenaway, M. Marion (both KPMG), S. Darr (Chapter 11 Trustee) and T. Martin (Huron Consulting) to discuss 2012 - 2014 income tax returns and IRS's administrative claims.	1.0	\$750	\$ 750.00

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Marion, Michelle	23-Jan-18	Meeting with T. Greenaway, M. Marion (both KPMG), H. Murphy and A. Lizotte (Murphy & King), S. Darr (Trustee) regarding workpapers and returns. (.2) Compile workpapers including SIG system information and return information for meeting noted above (.5).	0.7	\$750	\$ 525.00
Marion, Michelle	24-Jan-18	Draft email to S. Darr (Trustee) regarding procedures used to file TelexFree returns.	0.2	\$750	\$ 150.00
Greenaway, Tom	24-Jan-18	Prepare response to claim.	0.2	\$900	\$ 180.00
Marion, Michelle	24-Jan-18	Draft email to M. Beecher (KPMG) regarding manner in which we intend to report items on amended returns based on General Ledgers / workpapers.	0.8	\$750	\$ 600.00
Marion, Michelle	24-Jan-18	Reviewing files to determine which returns were filed using special procedures, as requested by S. Darr (Trustee). (.3) Draft email to A. DeSantis (KPMG) regarding timeline. (.3) Highlight cells in timeline that need to be updated for Counsel, including notes for A. DeSantis (KPMG). (.2)	0.8	\$750	\$ 600.00
Marion, Michelle	24-Jan-18	Meeting with M. Marion (KPMG), S. Darr (Chapter 11 Trustee), T. Martin (Huron Consulting), A. Lizotte and H. Murphy (both Counsel - Murphy & King, P.C.) to discuss returns, SIG system, and next steps on 2012-2014 tax liability.	1.0	\$750	\$ 750.00
DeSantis, Alexandra	25-Jan-18	Begin to update timeline of proceedings based on the request of Trustee's Counsel.	0.4	\$400	\$ 160.00
Marion, Michelle	25-Jan-18	Meeting with C. Amar, M. Marion and M. Beecher (all KPMG) to discuss preparing amended returns (.5) Meeting with T. Greenaway, M. Marion and M. Beecher (all KPMG) to discuss amended returns. (.3)	0.8	\$750	\$ 600.00

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Beecher, Mariano	25-Jan-18	Meeting with T. Greenaway, M. Marion and M. Beecher (all KPMG) to discuss amended returns (.3) Setting up locators online for amended return preparation (.5) Setting up and registering with GORS (.5) Registering with EFILE (.7)	2.0	\$400	\$ 800.00
Amar, Trey	26-Jan-18	Meeting with C. Amar, M. Marion and M. Beecher (all KPMG) to discuss preparing amended returns (.5) Review 2012 / 2013 ledgers with previous workpapers for necessary changes per discussion of amended returns. (.5)	1.0	\$500	\$ 500.00
DeSantis, Alexandra	26-Jan-18	Update timeline of relevant filing and proceeding dates and action with information requested by Trustee's Counsel.	0.9	\$400	\$ 360.00
Beecher, Mariano	26-Jan-18	Continue, as of 1/26/18, setting up GORS / EFILE for amended returns (.7) Combining general ledgers for TelexFree Inc / TelexFree LLC for 2012-2014 . (1.3)	2.0	\$400	\$ 800.00
Beecher, Mariano	29-Jan-18	Reconciling 2013 / 2012 General Ledgers between Inc. and LLC.	3.0	\$400	\$ 1,200.00
Marion, Michelle	30-Jan-18	Call with M. Marion and A. Daddona (both KPMG) regarding TelexFree amended returns (.5) Discussion with M. Marion and M. Beecher (both KPMG) regarding preparation of the returns (.5)	1.0	\$750	\$ 750.00
Beecher, Mariano	30-Jan-18	Discussion with M. Marion and M. Beecher (both KPMG) regarding preparation of the returns (.5) Incorporating correspondence into Orion for documentation. (.5)	1.0	\$400	\$ 400.00
Beecher, Mariano	30-Jan-18	Combining General Ledgers of TelexFree, Inc. and TelexFree, LLC for 2012.	2.4	\$400	\$ 960.00
Beecher, Mariano	30-Jan-18	Combining General Ledgers of TelexFree, Inc. and TelexFree, LLC for 2013.	2.5	\$400	\$ 1,000.00

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DeSantis, Alexandra	31-Jan-18	Draft Power of Attorney for TelexFree, LLC. (.3) Discuss locating mailing receipts for 505(b) requests submitted in June with A. DeSantis and M. Marion (both KPMG). (.2)	0.5	\$400	\$ 200.00
Beecher, Mariano	31-Jan-18	Preparing amended return for 2012.	3.1	\$400	\$ 1,240.00
Marion, Michelle	31-Jan-18	Draft email to T. Martin (Huron Consulting) regarding information needed to complete amended returns (2012-2014). (.5) Sr. manager review as well as incorporation of additional detail into timeline for counsel. (3.0)	3.5	\$750	\$ 2,625.00
Beecher, Mariano	31-Jan-18	Preparing amended return for 2013. (2.1) Preparing amended return for 2014 (2.3)	4.4	\$400	\$ 1,760.00
Marion, Michelle	1-Feb-18	Call with M. Marion, A. Daddona and M. Beecher (all KPMG) regarding 2012 - 2014 amended tax returns.	0.5	\$750	\$ 375.00
DeSantis, Alexandra	1-Feb-18	Communicate with IRS to obtain TelexFree, LLC's 2014 1120 account transcript.	0.5	\$400	\$ 200.00
Marion, Michelle	1-Feb-18	Sr. manager review of 2012 / 2013 returns and concurrently providing comments to M. Beecher (KPMG). (1.1) Sr. manager review and concurrently revising timeline of relevant events leading to claim filing by IRS, as requested by counsel, H. Murphy and A. Lizotte (both Murphy & King). (.3)	1.4	\$750	\$ 1,050.00
Beecher, Mariano	1-Feb-18	Call with M. Marion, A. Daddona and M. Beecher (all KPMG) regarding 2012 - 2014 amended tax returns. (.5) Updating amended return for 2012 after M. Marion's (KPMG) review / comments. (2.6)	3.1	\$400	\$ 1,240.00

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Marion, Michelle	1-Feb-18	Creating joint profit / loss statement for 2012 / 2013 years. (2.4) Sr. manager review of 2014 return and concurrently providing comments to M. Beecher (KPMG). (.5) Drafting statements to be included with 2012 - 2014 returns regarding reason for amending returns and breakdown of credit liability accrual. (1.7)	4.6	\$750	\$ 3,450.00
Beecher, Mariano	1-Feb-18	Updating amended return for 2013 after M. Marion's (KPMG) review /comments. (2.9) Updating amended return for 2014 after M. Marion's (KPMG) review / comments. (2.0)	4.9	\$400	\$ 1,960.00
Marion, Michelle	2-Feb-18	Draft email with A. Daddona (KPMG) regarding issues remaining with amended returns. (.5) Review of transcript activity (filing and payment deadline) with M. Marion and A. DeSantis (both KPMG) for incorporation of information into timeline requested by counsel. (.3)	0.8	\$750	\$ 600.00
Marion, Michelle	2-Feb-18	Creating updated 2014 Profit and Loss workpapers for return. (.4) Call with M. Marion, A. Daddona and M. Beecher (all KPMG) to discuss status of returns. (.5)	0.9	\$750	\$ 675.00
Beecher, Mariano	2-Feb-18	Meeting with M. Marion and M. Beecher (both KPMG) to discuss return updates. (.5) Call with M. Marion, A. Daddona and M. Beecher (all KPMG) to discuss status of returns. (.5)	1.0	\$400	\$ 400.00
Marion, Michelle	2-Feb-18	Meeting with M. Marion and M. Beecher (both KPMG) to discuss return updates. (.5) Meeting with M. Marion and T. Greenaway (both KPMG) to discuss statements to be attached to returns and the timeline prepared for Counsel. (.5)	1.0	\$750	\$ 750.00

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<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Greenaway, Tom	2-Feb-18	Partner review of amended return disclosures with timeline. (1.5) Meeting with M. Marion and T. Greenaway (both KPMG) to discuss statements to be attached to returns and the timeline prepared for Counsel. (.5)	2.0	\$900	\$ 1,800.00
DeSantis, Alexandra	2-Feb-18	Update timeline of proceedings / events with IRS for counsel. (.8) Track down certified mail receipts for 505(b) prompt determination requests for 2014-2016. (.3) Communicate with IRS to obtain tax mod transcript and date IRS has in its records for having received our prompt determination requests relative to 2014-2016. (.9)	2.0	\$400	\$ 800.00
Beecher, Mariano	2-Feb-18	Updating amended returns for 2012 after discussion with M. Marion (KPMG). (2.1) Updating amended returns for 2013 after discussion with M. Marion (KPMG). (1.4) Updating amended returns for 2014 after discussion with M. Marion (KPMG). (1.5)	5.0	\$400	\$ 2,000.00
Greenaway, Tom	5-Feb-18	Continue, as of 2/5/18, principal level review of amended return disclosures.	1.0	\$900	\$ 900.00
Beecher, Mariano	5-Feb-18	Updating amended returns with amended statement.	1.5	\$400	\$ 600.00
Daddona, Amanda	5-Feb-18	Updates to 2012 Balance Sheet / Profit and Loss statement. (.7) Updates to 2013 Balance Sheet / Profit and Loss statement. (.8) Updates to 2014 Balance Sheet / Profit and Loss statement (.5)	2.0	\$600	\$ 1,200.00



**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	5-Feb-18	Revising statements that will be attached to returns. (.7) Call with M. Marion (KPMG) and S. Darr (trustee) regarding outstanding information for 2014 return. (.2) Draft email to T. Martin (Huron) regarding outstanding information for 2014 return. (.2) Discussion regarding timeline prepared for counsel with M. Marion and T. Greenaway (both KPMG) (.3) Drafting email to H. Murphy and A. Lizotte (both Murphy & King) and S. Darr (Trustee) regarding update on preparation of amended returns. (.5) Perform research related to AMT exemption focusing on TelexFree specifics. (.5)	2.4	\$750	\$ 1,800.00
Beecher, Mariano	6-Feb-18	Drafting amended return cover letters and concurrently updating GoRS with new administrative expenses received from client.	0.5	\$400	\$ 200.00
Marion, Michelle	6-Feb-18	Draft emails with A. Lizotte and H. Murphy (both Counsel - Murphy & King, P.C.) regarding 2014 operating expenses of estate. (.5) Discussion with T. Greenaway, M. Marion, and M. Beecher (all KPMG) regarding 2014 deduction for casualty loss. (.2) Emailing with A. Daddona and M. Beecher (both KPMG) regarding finalizing returns. (.3) Drafting cover letter for returns for 2012 / 2013 years. (.3)	1.3	\$750	\$ 975.00
Marion, Michelle	7-Feb-18	Emailing with J. Middleton (KPMG) regarding finalizing returns and related items on amended returns. (.5) Meeting with M. Marion, A. Daddona and M. Beecher (all KPMG) to finalize returns. (.2)	0.7	\$750	\$ 525.00
Beecher, Mariano	7-Feb-18	Finalize amended returns as well as the corresponding statements for 2012.	2.9	\$400	\$ 1,160.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Beecher, Mariano	7-Feb-18	Finalize amended returns as well as the corresponding statements for 2013 (2.1) Finalize amended returns as well as the corresponding statements for 2014. (1.0)	3.1	\$400	\$ 1,240.00
Marion, Michelle	8-Feb-18	Discussion with M. Marion and M. Beecher (both KPMG) regarding AMT exposure for 2013 tax year.	0.4	\$750	\$ 300.00
Beecher, Mariano	8-Feb-18	Discussion with M. Marion and M. Beecher (both KPMG) regarding AMT exposure for 2013 tax year. (.4) Document TelexFree 2013 amended 4626 form AMT by uploading to Orion. (.1)	0.5	\$400	\$ 200.00
Marion, Michelle	9-Feb-18	Review of amended tax returns with workpapers with J. Middleton and M. Marion (both KPMG) for the purposes of finalizing the returns. (2.0) Emailing with A. Lizotte (Murphy & King) regarding timing for filing returns with IRS. (.3) Emailing with A. Daddona and M. Beecher (both KPMG) regarding comments from J. Middleton (KPMG) on edits to returns. (.4)	2.7	\$750	\$ 2,025.00
Middleton, Joe	11-Feb-18	Partner review of Tax Returns based on changes to 2012 / 2013 / 2014.	3.5	\$900	\$ 3,150.00
Marion, Michelle	12-Feb-18	Drafting update email to S. Darr (Chapter 11 Trustee) and H. Murphy (Counsel - Murphy & King, P.C.) regarding status of returns.	0.5	\$750	\$ 375.00
Beecher, Mariano	12-Feb-18	Revisions to amended returns with statements.	1.0	\$400	\$ 400.00
Middleton, Joe	13-Feb-18	Finalize tax returns by reviewing as well as signing.	0.5	\$900	\$ 450.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	13-Feb-18	Draft email with summary of return changes for 2012 - 2014 to H. Murphy (Counsel - Murphy & King, P.C.). (.5) Draft emails with S. Darr (Chapter 11 Trustee) regarding signing returns and meeting to review returns. (.5) Meeting with J. Middleton, M. Marion, M. Beecher, and A. Daddona (all KPMG) to review final edits to returns and finalize returns. (.5)	1.5	\$750	\$ 1,125.00
Daddona, Amanda	13-Feb-18	Updates to 2012 amended return with corresponding workpapers (.5) Updates to 2013 amended return with corresponding workpapers (.5) Updates to 2014 amended return with corresponding workpapers (.5)	1.5	\$600	\$ 900.00
Beecher, Mariano	13-Feb-18	Preparing updated TelexFree amended returns for 2012 for processing / finalizing / signing. (1.0) Preparing updated TelexFree amended returns for 2013 for processing / finalizing / signing. (1.0) Preparing updated TelexFree amended returns for 2014 for processing / finalizing / signing. (.5)	2.5	\$400	\$ 1,000.00
Greenaway, Tom	15-Feb-18	Meeting with T. Greenaway, M. Marion (both KPMG), S. Darr (Trustee) and T. Martin (Huron Consulting) to discuss amended returns.	0.7	\$900	\$ 630.00
Marion, Michelle	15-Feb-18	Meeting with T. Greenaway, M. Marion (both KPMG), S. Darr (Trustee) and T. Martin (Huron Consulting) to discuss amended returns. (.7) Discussion with M. Marion and M. Beecher (both KPMG) regarding correcting addresses on returns. (.2)	0.9	\$750	\$ 675.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	16-Feb-18	Discussion with M. Marion and M. Beecher (both KPMG) regarding finalizing returns with correct addresses. (.2) Sending finalized returns to S. Darr (Trustee) and T. Martin (Huron). (.3) Reviewing email from A. Lizotte (Murphy & King) regarding summarizing changes to amended returns. (.2)	0.7	\$750	\$ 525.00
Greenaway, Tom	16-Feb-18	Principal level review and concurrently commenting on draft summary email to Department of Justice.	0.8	\$900	\$ 720.00
Beecher, Mariano	16-Feb-18	Discussion with M. Marion and M. Beecher (both KPMG) regarding finalizing amended returns with correct addresses. (.2) Revisions to amended returns (1.0), compiling updated amended returns (.6) and incorporating into Orion for documentation (.2).	2.0	\$400	\$ 800.00
Beecher, Mariano	19-Feb-18	Preparing bridge document to show changes between original returns.	3.0	\$400	\$ 1,200.00
Beecher, Mariano	20-Feb-18	Continue, as of 2/20/18, preparing bridge document (.9) and performing revisions to 2013 1120X (1.1).	2.0	\$400	\$ 800.00
Beecher, Mariano	23-Feb-18	Meeting with M. Beecher and A. Daddona (both KPMG) regarding bridge documents.	1.5	\$400	\$ 600.00
Daddona, Amanda	23-Feb-18	Meeting with M. Beecher and A. Daddona (both KPMG) regarding bridge document. (1.5) Updating Bridge document for 2012 - 2014 returns. (.5)	2.0	\$600	\$ 1,200.00
Marion, Michelle	26-Feb-18	Discussion regarding bridge workpaper and issues with M. Marion and M. Beecher (both KPMG).	0.3	\$750	\$ 225.00
Beecher, Mariano	26-Feb-18	Discussion regarding bridge workpaper and issues with M. Marion and M. Beecher (both KPMG).	0.3	\$400	\$ 120.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Marion, Michelle	26-Feb-18	Review S. Darr's (Chapter 11 Trustee) email regarding return statements. (.2) Emailing with M. Beecher and A. Daddona (both KPMG) regarding preparing bridge workpaper to map current income tax returns to prior versions. (.2) Sr. Manager review of return to respond to S. Darr's (Trustee) questions concerning return statements on credit activity. (.1) Draft emails with S. Darr (Trustee) in response to questions / issues raised regarding income tax returns. (.3)	0.8	\$750	\$ 600.00
Marion, Michelle	26-Feb-18	Meeting with M. Marion, M. Beecher and C. Kupiec (all KPMG) to discuss bridge workpaper requested by the client and underlying facts.	1.0	\$750	\$ 750.00
Beecher, Mariano	26-Feb-18	Meeting with M. Marion, M. Beecher and C. Kupiec (all KPMG) to discuss bridge workpaper requested by the client and underlying facts.	1.0	\$400	\$ 400.00
Kupiec, Caroline	26-Feb-18	Meeting with M. Marion, M. Beecher and C. Kupiec (all KPMG) to discuss bridge workpaper requested by the client and underlying facts. (1.0) Sr. associate review of the calculations in bridge workpapers. (1.3)	2.3	\$500	\$ 1,150.00
Beecher, Mariano	26-Feb-18	Emailing with M. Marion and A. Daddona (both KPMG) regarding preparing bridge workpaper to map current income tax returns to prior versions. (.2) Modifying TelexFree Bridge document for 2012. (1.9) Modifying TelexFree Bridge document for 2013 (1.1) Modifying TelexFree Bridge document for 2014 (1.0)	4.2	\$400	\$ 1,680.00
Marion, Michelle	27-Feb-18	Discuss changes to be made to draft bridge workpaper with C. Kupiec and M. Marion (both KPMG).	1.0	\$750	\$ 750.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

Name	Date	Description	Hours	Rate	Amount
Kupiec, Caroline	27-Feb-18	Discuss changes to be made to draft bridge workpaper with M. Beecher and M. Marion (both KPMG).	1.0	\$500	\$ 500.00
Kupiec, Caroline	27-Feb-18	Draft emails with M. Marion (KPMG) regarding issues with draft bridge workpaper. (.5) Continue, as of 2/17/18, sr. associate review of the calculations in bridge workpapers to ensure accuracy / consistency / readability. (3.8)	4.3	\$500	\$ 2,150.00
Marion, Michelle	27-Feb-18	Sr. Manager review and revising of bridge workpaper as requested by S. Darr (Trustee). (4.5) Draft emails with C. Kupiec (KPMG) regarding issues with draft bridge workpaper. (.5)	5.0	\$750	\$ 3,750.00
Marion, Michelle	28-Feb-18	Draft email with documents (statements, bridge workpaper) to T. Greenaway (KPMG) for his review with comments. (.2) Call with T. Greenaway and M. Marion (both KPMG) to discuss return statements and bridge workpaper. (.2) Meeting with M. Marion and M. Beecher (both KPMG) to discuss T. Greenaway's (KPMG) edits to bridge workpaper and return statements. (.2)	0.6	\$750	\$ 450.00
Marion, Michelle	28-Feb-18	Draft / respond to emails with M. Beecher (KPMG) regarding preparing updated statements for the returns. (.2) Sr. manager review of updated statements for the returns and concurrently performing additional edits. (.4) Discussion regarding Forms 1120X with M. Marion and C. Kupiec (both KPMG). (.3) Sr. manager review of updated bridge workpaper. (.5)	1.4	\$750	\$ 1,050.00

**EXHIBIT D1**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Consulting Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Kupiec, Caroline	28-Feb-18	Discussion regarding Forms 1120X with M. Marion and C. Kupiec (both KPMG). (.3) Continue, as of 2/28/18, sr. associate review of Bridge Workpaper. (.9) Revised 1120Xs. (.9)	2.1	\$500	\$ 1,050.00
Beecher, Mariano	28-Feb-18	Draft /respond to emails with M. Marion (KPMG) regarding preparing updated statements for the returns. (.2) Meeting with M. Marion and M. Beecher (both KPMG) to discuss T. Greenaway's (KPMG) edits to bridge workpaper and return statements. (.2) Updating bridge document after discussion with M. Marion (KPMG). (.5) Updating gross accrual statements. (.5) Preparing amended Forms 1120X for 2012. (1.6) Preparing amended Forms 1120X for 2013. (1.5) Preparing amended Forms 1120X for 2013. (1.0)	5.5	\$400	\$ 2,200.00
<b>Total Business Operations - Tax Consulting Services</b>			<b>316.5</b>		<b>\$ 188,540.00</b> <sup>(1)</sup>

<sup>(1)</sup> Through its internal review processes, KPMG identified that when recording their time, certain persons who provided both Tax Consulting Services and Tax Compliance Services may not have allocated between the projects. Such persons are billed at the same rate regardless of the project, so that the allocation does not affect the amount sought in this fee application or in prior fee applications. While such persons will allocate their time correctly going forward, KPMG has not corrected the prior time entries

**EXHIBIT D2**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Business Operations - Tax Compliance Services

July 1, 2017 through February 28, 2018

Name	Date	Description	Hours	Rate	Amount
Total Business Operations - Tax Compliance Services			<u>0.0</u>		<u>\$ -</u>



**EXHIBIT D3**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Retention Services

July 1, 2017 through February 28, 2018

Name	Date	Description	Hours	Rate	Amount
Total Retention Services			0.0		\$ -

**EXHIBIT D4**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Fee Preparation Services

July 1, 2017 through February 28, 2018

Name	Date	Description	Hours	Rate	Amount
Garza, Juanita F.	12-Jul-17	Discussion with M. Marion (KPMG) regarding inclusion of June in Second Interim Fee Application. (.1) Prepare work in process report as of 7/12/17 for the period of 12/01/16 thru 06/30/17 to confirm correct amount of time to pass through to client. (.2) Update Compliance exhibit with additional detail from professionals as of 07/12/17 for inclusion in second interim fee application. (.3)	0.6	\$ 206	\$ 123.60
Garza, Juanita F.	12-Jul-17	Update Consulting exhibit with additional detail from professionals as of 07/12/17 for inclusion in second interim fee application. (.6) Update Fee Preparation exhibit with additional detail from professionals as of 07/12/17 for inclusion in second interim fee application. (.1)	0.7	\$ 206	\$ 144.20
Garza, Juanita F.	13-Jul-17	Continue to update Compliance exhibit with additional detail from professionals as of 07/12/17 for inclusion in second interim fee application.	1.3	\$ 206	\$ 267.80
Garza, Juanita F.	13-Jul-17	Continue to update Consulting exhibit with additional detail from professionals as of 07/12/17 for inclusion in second interim fee application.	3.7	\$ 206	\$ 762.20
Garza, Juanita F.	13-Jul-17	Update Fee Preparation exhibit with additional detail from professionals as of 07/12/17 for inclusion in second interim fee application. (1.2) Begin to prepare tables for inclusion in narrative. (.4) Begin to prepare verification for inclusion in narrative. (.2) Begin to prepare narrative for inclusion in second interim fee application. (1.9)	3.7	\$ 206	\$ 762.20
Garza, Juanita F.	14-Jul-17	Updates to Consulting exhibit with additional detail from professionals as of 7/14/17. (2.7) Updates to narrative regarding tables.(.5) Draft email to M. Marion (KPMG) requesting review of services for inclusion in narrative (.1)	3.3	\$ 206	\$ 679.80

**EXHIBIT D4**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Fee Preparation Services

July 1, 2017 through February 28, 2018

Name	Date	Description	Hours	Rate	Amount
Marion, Michelle	17-Jul-17	Reviewing fee application concurrently providing additional information into the exhibits.	1.0	\$ 750	\$ 750.00
Greenaway, Tom	19-Jul-17	Principal review of draft second application for fees.	1.0	\$ 900	\$ 900.00
Garza, Juanita F.	19-Jul-17	Draft email with updated exhibits to M. Plangman (KPMG) for review.	0.1	\$ 206	\$ 20.60
Garza, Juanita F.	20-Jul-17	Updates to narrative after comments from M. Marion and M. Plangman (both KPMG). (.4) Updates to exhibits after comments from M. Marion and M. Plangman (both KPMG) (.4)	0.8	\$ 206	\$ 164.80
Garza, Juanita F.	21-Jul-17	Updates to exhibits with additional detail from professionals as of 7/21/17.	0.4	\$ 206	\$ 82.40
Marion, Michelle	24-Jul-17	Review updated fee application (.2) Draft email to J. Middleton (KPMG) and H. Murphy and A. Lizotte (Counsel) regarding fee application (.3).	0.5	\$ 750	\$ 375.00
Garza, Juanita F.	24-Jul-17	Finalize documents (.7) and draft email with finalized documents to M. Marion (KPMG) for partner review / sign-off. (.1)	0.8	\$ 206	\$ 164.80
Plangman, Monica	10-Aug-17	Review email regarding Second Interim Fee Application. (.1) Review details regarding same to confirm data. (.3) Call with M. Plangman and M. Marion (both KPMG) regarding same. (.1)	0.5	\$ 319	\$ 159.50
Marion, Michelle	10-Aug-17	Draft email to M. Plangman and J. Garza (both KPMG) regarding finalizing fee application.(.5) Incorporating language proposed by counsel into fee application. (.5), Draft email with counsel regarding updating fee application (.5).	1.5	\$ 750	\$ 1,125.00
Garza, Juanita F.	20-Sep-17	Update Third Interim narrative with additional paragraph requested by debtors counsel for Second Interim Fee Application. (.1) Review order filed approving Second Interim Fee Application. (.1)	0.2	\$ 206	\$ 41.20
Garza, Juanita F.	25-Oct-17	Continue to prepare consulting exhibit for inclusion in Third Interim Fee Application.	2.8	\$ 206	\$ 576.80

**EXHIBIT D4**

TELEXFREE, LLC, TELEXFREE, INC., TELEXFREE FINANCIAL, INC.

Fee Preparation Services

July 1, 2017 through February 28, 2018

<b>Name</b>	<b>Date</b>	<b>Description</b>	<b>Hours</b>	<b>Rate</b>	<b>Amount</b>
Garza, Juanita F.	26-Oct-17	Continue to prepare consulting exhibit for inclusion in Third Interim Fee Application.	2.3	\$ 206	\$ 473.80
Garza, Juanita F.	6-Nov-17	Continue to prepare consulting exhibit for inclusion in Third Interim Fee Application.	0.5	\$ 206	\$ 103.00
Greenaway, Tom	26-Dec-17	Attend Bankruptcy Court hearing on fee application, IRS administrative claims.	1.0	\$ 900	\$ 900.00
Garza, Juanita F.	15-Feb-18	Continue to prepare consulting exhibit for inclusion in Third Interim Fee Application.	0.4	\$ 206	\$ 82.40
<b>Total Fee Preparation Services</b>			<b><u>27.1</u></b>		<b><u>\$ 8,659.10</u></b>

**Exhibit E**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION

In re:

TELEXFREE, LLC,  
TELEXFREE, INC.  
TELEXFREE FINANCIAL, INC.,  
Debtors.

Chapter 11 Cases

14-40987-MSH  
14-40988-MSH  
14-40989-MSH

**APPLICATION FOR ENTRY OF ORDER AUTHORIZING THE RETENTION AND  
EMPLOYMENT OF KPMG LLP AS TAX COMPLIANCE ACCOUNTANT AND TAX  
CONSULTANT TO THE CHAPTER 11 TRUSTEE**

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

Pursuant to 11 U.S.C. § 327(a), Fed. R. Bankr. P. 2014 and MLBR 2014-1, Stephen B. Darr, the Chapter 11 trustee (the “Trustee”) of TelexFree LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, the “Debtors”) respectfully requests that this Court enter an order authorizing the Trustee to retain KPMG LLP (“KPMG”) as tax compliance accountant and tax consultant. In further support of this application, the Trustee respectfully states as follows:

**JURISDICTION**

1. This Court has jurisdiction to consider and determine this application pursuant to 28 U.S.C. § 1334. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(A) and (O). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory predicates for the relief requested herein are Section 327 of 11 U.S.C. §§101, *et seq.* (the “Bankruptcy Code”), Rule 2014 of the Federal Rules of Bankruptcy Procedure and Rule 2014-1 of the Massachusetts Local Bankruptcy Rules.



BACKGROUND

3. On April 13, 2014 (the “Petition Date”), each of the Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (“Bankruptcy Code”) with the United States Bankruptcy Court for the District of Nevada (“the Nevada Bankruptcy Court”).

4. The Debtors initially operated as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

5. On the Petition Date, the Debtors filed a motion for joint administration of the cases, with TelexFree, LLC designated as the lead case. By order dated April 24, 2014, the order for joint administration was approved.

6. Prior to the filings, the Commonwealth of Massachusetts, Office of Secretary of State, Securities Division (“MSD”) commenced an investigation into the Debtors’ business practices.

7. On or about April 15, 2014, the MSD commenced an administrative proceeding against the Debtors. Also on April 15, 2014, the Securities and Exchange Commission (“SEC”) commenced an action against the Debtors and others in the United States District Court for the District of Massachusetts. The foregoing actions alleged, among other things, that the Debtors were engaged in an illegal Ponzi and pyramid scheme and were raising funds through the fraudulent and unregistered offering of securities. In connection with the commencement of the SEC action, Homeland Securities Investigation (“HSI”) seized the Debtors’ assets, books, and records.

8. On or about April 22, 2014, the Office of the United States Trustee filed a motion for the appointment of a Chapter 11 Trustee based upon the allegations of illegal activity.

9. On April 23, 2014, the SEC filed a motion to transfer venue of the cases to the United States Bankruptcy Court for the District of Massachusetts (the “Court”). By order dated May 6, 2014, the motion to change venue was approved. The cases were transferred on May 9, 2014.

10. On May 30, 2014, this Court approved the motion to appoint a Chapter 11 trustee, and the Trustee was appointed on June 6, 2014.

11. The Debtors did not file schedules or statements of financial affairs, nor a matrix of creditors. The Debtors filed only a list of the alleged thirty (30) largest creditors in the cases. On or about February 27, 2015, the Trustee filed schedules of assets and liabilities and statements of financial affairs for the Debtors.

12. The principals of the Debtors were Carlos Wanzeler and James Merrill. Shortly after the Trustee was appointed, the United States Department of Justice (“DOJ” and, together with the SEC and HSI, the “Federal Authorities”) indicted Wanzeler and Merrill based upon their involvement in the Debtors’ scheme. Wanzeler fled the country and is believed to be in Brazil. Merrill was initially detained and has been released pending trial.

13. On February 3, 2015, the Trustee submitted a comprehensive Status Report on outstanding matters in the cases [docket entry 577]. As set forth in the Status Report and other filings by the Trustee, while purportedly engaged in the sale of voice over internet protocol services, the Debtors are believed to have been engaged in a large scale Ponzi and pyramid scheme involving upwards of 1,000,000 participants located in numerous countries.

14. The Debtors have not filed federal or state income tax returns for 2013 or 2014. Upon information and belief, the Debtors made substantial deposits of estimated tax, totaling upwards of \$20,000,000, in connection with calendar year 2013.



REQUESTED RETENTION

15. The Trustee requires the assistance of professional tax advisors to review the Debtors' activities in 2013 and 2014 and to prepare federal and state tax returns for such years. The Trustee may also require tax assistance in the event that any tax returns filed for years prior to 2013 require amendment. In addition to tax compliance services, the Trustee may require representation before federal and/or state tax authorities.

16. Subject to the approval of this Court, the Trustee has selected KPMG to serve as his tax compliance accountant and tax consultant in these Chapter 11 cases and requests the entry of an order authorizing him to employ and retain KPMG pursuant to Section 327(a) of the Bankruptcy Code, Fed.R.Bankr.P. 2014 and MLBR 2014-1.

17. KPMG is an internationally-recognized tax advisory and tax preparation firm. KPMG personnel have significant transactional and bankruptcy expertise. The Trustee has selected KPMG in these cases based upon its extensive knowledge and experience and its familiarity with the tax aspects of Ponzi and pyramid schemes.

18. The Trustee proposes to retain KPMG pursuant to the attached engagement letter, and the Standard Terms and Conditions appended thereto, attached to this application as Exhibit A. In exchange for its services, KPMG will be compensated on an hourly basis. KPMG has agreed to discount its rates, and to a blended hourly rate not to exceed \$650.

19. By this application, the Trustee requests authority to retain KPMG for any other tax compliance and tax consulting services that become necessary during the pendency of these cases. In the event determined necessary by the Trustee and KPMG, supplemental engagement letters will be executed to document the scope of such additional services. The supplemental engagement letters will be filed with the Court and will otherwise be subject to the terms

approved herein, unless the terms of compensation have been varied such as to warrant a request for further relief by the Court.

20. KPMG has the requisite experience and tax and bankruptcy expertise to provide the services required by the Trustee.

21. KPMG will seek compensation based upon its normal and usual hourly billing rates, as modified herein, and will seek reimbursement of expenses which are set forth in Exhibit A. KPMG will maintain detailed, contemporaneous records of time and any actual and necessary expenses incurred in connection with the rendering of the services described above by category and nature of services rendered.

22. During the cases KPMG requests that it receive compensation for services rendered to the Trustee upon approval of this Court in accordance with any applicable interim compensation procedures that may be approved by the Court. All compensation and expense reimbursement for KPMG shall be subject to allowance by this Court upon appropriate application pursuant to Sections 330 and 331 of the Bankruptcy Code and any orders of this Court.

23. KPMG has filed the declaration of Joseph Middleton in connection with this application and in accordance with Federal Rules of Bankruptcy Procedure 2014 and 2016, and MLBR 2014-1 (the "Affidavit"). As set forth in the Declaration, KPMG has no connections or relationships with the creditors, any other party-in-interest, or their respective attorneys and accountants, except as set forth in the Declaration and in Schedule "2" attached thereto.

24. To the best of the Trustee's knowledge, KPMG has not represented, nor does it now represent, any interest adverse to the Debtors' estates with respect to the matters on which KPMG is to be employed. KPMG and its principals and employees are otherwise disinterested

persons with respect to the Debtors' estates, as that term is defined in the Bankruptcy Code. The Trustee is a retired partner from KPMG LLP and receives Retirement Allowance Plan Payments totaling \$1,216 per year from KPMG LLP for unfunded retirement benefits. The amount of the annual payment is fixed and is made without regard to the income of the partnership.

25. KPMG will further amend or supplement the Declaration to any extent necessary.

**WHEREFORE**, the Trustee requests that this Court enter an Order: (a) authorizing the employment and retention of KPMG as tax compliance accountants and tax consultants to the Trustee, on the terms set forth in this Application; and (b) granting to the Trustee such other and further relief as the Court deems just and proper in the circumstances.

STEPHEN B. DARR,  
CHAPTER 11 TRUSTEE,

By his attorneys,

/s/ Andrew G. Lizotte

Harold B. Murphy (BBO #362610)

Andrew G. Lizotte (BBO #559609)

Murphy & King, Professional Corporation

One Beacon Street

Boston, MA 02108

Telephone: (617) 423-0400

Facsimile: (617) 423-0498

Email: [ALizotte@murphyking.com](mailto:ALizotte@murphyking.com)

Dated: September 10, 2015  
692547

## EXHIBIT A



KPMG LLP  
Two Financial Center  
60 South Street  
Boston, MA 02111

Telephone +1 617 988 1000  
Fax +1 617 507 8321  
Internet www.us.kpmg.com

August 24, 2015

PRIVATE

Stephen B. Darr  
Trustee for Telexfree LLC, Telexfree Inc. and  
Telexfree Financial Inc.  
c/o Huron Consulting Group  
125 Summer Street  
Suite 1805  
Boston, MA 02210

Dear Stephen:

We are pleased you have engaged KPMG LLP (KPMG) to provide tax consulting services to you (Trustee) in your role as Chapter 11 Trustee for Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc. (collectively, the "Telexfree companies"). This letter confirms the scope and related terms of your engagement of KPMG.

#### Scope of Services

In particular, we will:

- (1) Evaluate and amend, as necessary, any federal or state income tax returns previously filed by the Telexfree companies;
- (2) Prepare federal and state income tax returns, including supporting schedules, for the Telexfree companies for 2013 and 2014;
- (3) Conclude on any technical tax issues that arise in the preparation or amendment of such federal or state income tax returns; and
- (4) Represent the Telexfree companies before the Internal Revenue Service ("IRS"), including IRS insolvency specialists, and relevant state tax authorities.

We will prepare these returns from the information you submit. We will not audit or independently verify the data you submit. However, we may ask for clarification of some of the information. Our engagement cannot be relied on to uncover errors, omissions, or irregularities, should any exist in the underlying information incorporated in the tax returns. However, we will inform you of any such matters that come to our attention.

We will also provide tax consulting services with respect to such matters that may arise for which you seek our advice, both written and oral, and that are not the subject of a separate engagement letter. However, we will not render any advice with respect to a federal or state "listed transaction" or any transaction that is substantially similar to a federal or state "listed transaction."



Mr. Stephen B. Darr  
c/o Huron Consulting Group  
August 24, 2015  
Page 2 of 4

Written advice provided to Trustee under this engagement letter will be based on facts, representations, assumptions, and other information you provide to us, the completeness, accuracy and timeliness of which are critical factors in our ability to timely and accurately complete our services. Unless you request and we agree under a separate writing (a newly issued engagement letter or addendum to this engagement letter) after our advice has been issued in final form to you, KPMG will not update our advice to take into account your updating the facts you provide to us through your discovery of new or additional facts, or your updating any information that may have formed the basis of any assumptions we made in developing our advice. In rendering advice, we will consider tax authorities that are subject to change, retroactively and/or prospectively, and any such changes could affect the advice we issue to you.

If matters exceed the scope of this engagement letter, we will issue a separate engagement letter to confirm the scope and related terms of any additional engagements. Furthermore, a separate engagement letter will be issued for each discrete tax consulting project not specified in this engagement letter (e.g., transfer pricing study, corporate acquisition or disposition, etc.) and for tax controversy representation.

When, in the course of providing general tax consulting services, it is determined that the services would exceed the scope of this letter, preliminary engagement planning activities undertaken prior to the issuance of an engagement letter for the discrete tax consulting project are intended to be covered by this engagement letter.

To be of greatest assistance to Trustee, we should be advised **in advance** of proposed transactions.

#### **Tax Advice Standards**

If KPMG is considered to be a tax return preparer under Treasury Regulation §301.7701-15, we will apply elevated standards in providing tax advice. These standards are dependent on certain characteristics of the entity to which our services will be directed as follows:

1. For U.S. public companies or "large private entities" (i.e., private entities with prior year gross revenues of \$300 million or more reflected in audited financial statements prepared in accordance with U.S. generally accepted accounting principles): We must be able to determine that (1) there is "substantial authority" for an undisclosed return position (i.e., the weight of authorities in support of a position is substantial in relation to the weight of authorities in opposition to the position) and (2) a disclosed return position has at least a "realistic possibility" of being sustained on its merits (i.e., approximately a one-in-three or greater likelihood of success if challenged by a tax authority). The laws of some states (e.g., New York) also may impose more stringent return preparation standards for state tax returns. For advice pertaining to a "Tax Shelter" (as defined in IRC §6662(d)(2)(C)(ii)) or a "reportable transaction" with a significant purpose of tax avoidance, tax practitioners must generally conclude their advice satisfies the "more likely than not" standard; if the taxpayer is advised regarding potential taxpayer penalties, tax practitioners may conclude at a "substantial authority" level.



Mr. Stephen B. Darr  
c/o Huron Consulting Group  
August 24, 2015  
Page 3 of 4

2. For “other private entities” (i.e., entities that do not fall within the definitions above as a U.S. public company or large private entity): We must be able to determine that a return position is at least “more likely than not” to be upheld (i.e., has a greater than 50 percent likelihood of success if challenged by the taxing authorities).
3. If a return position relates to a transaction that is a “principal purpose transaction,” we must arrive at a “should” confidence level (i.e., approximately a 70% or greater likelihood of success if challenged by the taxing authorities) with respect to the position.
4. We will not render any advice with respect to a federal or state “listed transaction” or any transaction that is substantially similar to a federal or state “listed transaction.”

In determining whether a return position meets the appropriate standard, we will not take into account the possibility that a tax return will not be audited, that an issue will not be raised on audit, or that an issue will be settled. We will inform you as soon as possible if, during our analysis, we determine circumstances exist that prevent us from advising you under these standards.

#### **Fees**

Our fee for this engagement will be based on the actual time incurred to complete the work at the hourly rates for the individuals involved in providing the services summarized in the table below.

<i>Professional</i>	<i>Hourly Rate</i>
Partner/Managing Director	\$900
Senior Manager	\$750
Manager	\$600
Senior Tax Associate	\$500
Tax Associate	\$400

Notwithstanding the hourly rates shown above, our fees for the engagement will not exceed a blended hourly rate of \$650 per billing cycle for all professionals involved. In addition, we will bill you for our out-of-pocket expenses (e.g., travel, lodging, meals, etc.).

These fees are not dependent on tax or other savings achieved or otherwise based in any way on results obtained.

We will endeavor to notify you if we encounter any circumstances that warrant additional time or expense. If such matters exceed the scope of this engagement letter, we will issue an addendum or separate engagement letters to confirm the scope and related terms of any additional engagements.

We will render progress billings to you as work is performed.

\* \* \* \* \*

The attached Standard Terms and Conditions for Advisory and Tax Services (Standard Terms and Conditions) are made a part of this engagement letter.



Mr. Stephen B. Darr  
c/o Huron Consulting Group  
August 24, 2015  
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Any work performed in connection with this engagement before the execution date of this letter is also governed by the terms of this letter and the Standard Terms and Conditions.

Please sign the enclosed copy of this engagement letter to confirm our agreement and return it to us as soon as possible so that we may begin work on this engagement.

Unless otherwise terminated, modified, or superseded in writing, this engagement letter is intended to apply for a period of 15 months from the date of signing by the client. In addition, effective as of the date of signing, this engagement letter supersedes any and all previously issued engagement letters pertaining to the services described above.

If you have any questions, please call me.

Very truly yours,

KPMG LLP

A handwritten signature in cursive script, appearing to read "Joe Middleton".

Joe Middleton  
Partner

Enclosure:  
Standard Terms and Conditions for Advisory and Tax Services

ACCEPTED

Stephen B. Darr

---

Authorized Signature  
Chapter 11 Trustee of Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc.

---

Date





**KPMG LLP**  
**Standard Terms and Conditions for Advisory and Tax Services**

**1. Services; Client Responsibilities.**

- (a) References herein to Client shall refer to the addressee of the Proposal or Engagement Letter to which these Standard Terms and Conditions are attached or incorporated (the "Engagement Letter") and references herein to KPMG shall refer to KPMG LLP, a Delaware registered limited liability partnership and the United States member firm of the KPMG network of independent firms (the "KPMG Network"). Client, its parent company and their affiliates, and their respective directors, officers, employees, and agents are collectively referred to herein as the "Client Parties." KPMG, the other member firms of the KPMG Network and firms and entities controlled by, or under common control with, one or more such member firms (collectively, the "Member Firms"), and their affiliates, and their respective partners, principals, employees, and agents are collectively referred to herein as the "KPMG Parties."
- (b) It is understood and agreed that KPMG's services may include advice and recommendations; but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and made by, Client. KPMG will not perform management functions or make management decisions for Client.
- (c) If KPMG audits the financial statements of Client or provides any other attestation services to Client, the rules of the American Institute of Certified Public Accountants ("AICPA") require Client to agree to the following provisions of this Paragraph 1(c). In connection with KPMG's provision of services under the Engagement Letter, Client agrees that Client, and not KPMG, shall perform the following functions: (i) make all management decisions and perform all management functions; (ii) designate an individual who possesses suitable skill, knowledge and experience, preferably within senior management, to oversee such services, and to evaluate the adequacy and results of such services; (iii) accept responsibility for the results of such services; and (iv) establish and maintain internal controls over the processes with which such services are concerned, including monitoring on-going activities.
- (d) Subsequent to the completion of this engagement, KPMG will not update its advice, recommendations or work product for changes or modifications to the law and regulations, or to the judicial and administrative interpretations thereof, or for subsequent events or transactions, unless Client separately engages KPMG to do so in writing after such changes or modifications, interpretations, events or transactions.

**2. Tax on Services.** All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added or other applicable taxes, tariffs or duties, payment of which shall be Client's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.

**3. Termination.** Either party may terminate the Engagement Letter at any time by giving written notice to the other party not less than 30 calendar days before the effective date of termination.

**4. Ownership and Use of Deliverables.**

- (a) KPMG has created, acquired, owns or otherwise has rights in, and may, in connection with the performance of services under the Engagement Letter, use, provide, modify, create, acquire or otherwise obtain rights in, (i) concepts, ideas, methods, methodologies, procedures, processes, know-how, techniques, models, templates and software and (ii) the general elements of style, design, art work and graphics and content of general applicability included in KPMG's Deliverables (as defined below) or work product not specific to Client or the services under the engagement letter (collectively, the "KPMG Property"). KPMG retains all ownership and use rights in the KPMG Property. Client shall acquire no rights or interest in the KPMG Property, except as expressly provided in the next paragraph. KPMG acknowledges that KPMG Property shall not include any of Client's confidential information or tangible or intangible property, and KPMG shall have no ownership rights in such property.
- (b) Except for KPMG Property, and upon full and final payment to KPMG under the Engagement Letter, the tangible items specified as deliverables or work product in the Engagement Letter including any intellectual property rights appurtenant thereto (the "Deliverables") will become the property of Client. If any KPMG Property is contained in any of the Deliverables, KPMG hereby grants Client a royalty-free, paid-up, non-exclusive, perpetual license to use such KPMG Property in connection with Client's use of the Deliverables. Client acknowledges and agrees that KPMG shall have the right to retain for its files copies of each of the Deliverables, subject to the provisions of Paragraph 11 below.
- (c) Client acknowledges and agrees that any advice, recommendations, information, Deliverables or other work product provided to Client by KPMG in connection with the services under the Engagement Letter is intended for Client's sole benefit and KPMG does not authorize any other party to rely upon such advice, recommendations, information, Deliverables or other work product and any such reliance shall be at such party's sole risk. Client agrees that if it makes such advice, recommendations, information or work product available to any third party other than as expressly permitted by the Engagement Letter the provisions of Paragraph 8(b) shall apply unless Client provides the written notice to the third party in substantially the form of Appendix A hereto (the "Notice"), which Notice shall be acknowledged in writing by such third party and returned to Client. Upon request, Client shall provide KPMG with a copy of the foregoing Notice and acknowledgement and any notice and acknowledgement sent to Client by such third party as contemplated by the Notice. Client may only make a Deliverable bearing the "KPMG" name or logo available to a third party in its entirety. Notwithstanding the foregoing, (i) in the event of a disclosure made by Client that is required by law, that is made to a regulatory authority having jurisdiction over Client or that is made pursuant to Paragraph 18(a) below, no acknowledgement of the Notice shall be required and (ii) no Notice or acknowledgement shall be required with respect to disclosures expressly authorized by the Engagement Letter.

**5. Warranties.** KPMG's services under the Engagement Letter are subject to and will be performed in accordance with AICPA and other professional standards applicable to the services provided by KPMG under the Engagement Letter and in accordance with the



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**Standard Terms and Conditions for Advisory and Tax Services**

terms thereof. KPMG disclaims all other warranties, either express or implied.

6. **Limitation on Damages.** Except for the respective indemnification obligations of Client and KPMG set forth herein, the liability of the Client Parties and the KPMG Parties to one another, on account of any actions, damages, claims, liabilities, costs, expenses or losses in any way arising out of or relating to the services performed under the Engagement Letter shall be limited to the amount of fees paid or owing to KPMG under the Engagement Letter. In no event shall any of the Client Parties or any of the KPMG Parties be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, or losses (including, without limitation, lost profits and opportunity costs). For avoidance of doubt, any damages awarded against any of the Client Parties or the KPMG Parties based on a third party claim subject to indemnification hereunder shall not be subject to the disclaimer in the previous sentence. The provisions of this Paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

7. **Infringement.**

- (a) KPMG hereby agrees to indemnify, hold harmless and defend the Client Parties from and against any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), fines, penalties, taxes or damages (collectively "Liabilities") asserted by a third party against any of the Client Parties to the extent such Liabilities result from the infringement by the Deliverables (including any KPMG Property contained therein) of such third party's patents issued as of the date of the Engagement Letter, trade secrets, trademarks or copyrights. The preceding indemnification shall not apply to any infringement to the extent arising out of (i) use of the Deliverables other than in accordance with applicable documentation or instructions supplied by KPMG or other than for Client's internal business purposes; (ii) any alteration, modification or revision of the Deliverables not expressly agreed to in writing by KPMG; or (iii) the combination of the Deliverables with materials not supplied or approved by KPMG.
- (b) In case any of the Deliverables (including any KPMG Property contained therein) or any portion thereof is held, or in KPMG's reasonable opinion is likely to be held, to constitute infringement, KPMG may, within a reasonable time, at its option either: (i) secure for Client the right to continue the use of such infringing item; or (ii) replace, at KPMG's sole expense, such item with a substantially equivalent non-infringing item or modify such item so that it becomes non-infringing. In the event KPMG is, in its reasonable discretion, unable to perform either of the options described in clauses (i) or (ii) above, Client shall return the allegedly infringing item to KPMG, and KPMG's sole liability shall be to refund to Client the amount paid to KPMG for such item; provided that the foregoing shall not be construed to limit KPMG's indemnification obligation set forth in Paragraph 7(a) above.
- (c) The provisions of this Paragraph 7 state KPMG's entire liability and Client's sole and exclusive remedy with respect to any infringement or claim of infringement.

8. **Indemnification.**

- (a) KPMG agrees to indemnify, hold harmless and defend the Client Parties from and against any and all Liabilities for physical injury to, or illness or death of, any person regardless of status, and damage to or destruction of any tangible property, which any of the Client Parties may sustain or incur, to the extent such Liabilities result from the negligence or willful misconduct of the KPMG Parties. Client agrees to indemnify, hold harmless and defend the KPMG Parties from and against any and all Liabilities for physical injury to, or illness or death of, any person regardless of status, and damage to or destruction of any tangible property, which any of the KPMG Parties may sustain or incur, to the extent such Liabilities result from the negligence or willful misconduct of the Client Parties.
- (b) In accordance with Paragraph 4(c), Client agrees to indemnify, defend and hold harmless the KPMG Parties from and against any and all Liabilities incurred or suffered by or asserted against any of the KPMG Parties in connection with a third party claim to the extent resulting from such party's reliance upon KPMG's advice, recommendations, information, Deliverables or other work product as a result of Client's disclosure of such advice, recommendations, information or work product without adhering to the notice requirements of Paragraph 4(c) above. The foregoing indemnification obligation shall apply regardless of whether the third party claim alleges a breach of contract, violation of statute or tort (including without limitation negligence) by KPMG.
- (c) The party entitled to indemnification (the "Indemnified Party") shall promptly notify the party obligated to provide such indemnification (the "Indemnifying Party") of any claim for which the Indemnified Party seeks indemnification. The Indemnifying Party shall have the right to conduct the defense or settlement of any such claim at the Indemnifying Party's sole expense, and the Indemnified Party shall cooperate with the Indemnifying Party. The party not conducting the defense shall nonetheless have the right to participate in such defense at its own expense. The Indemnified Party shall have the right to approve the settlement of any claim that imposes any liability or obligation other than the payment of money damages for which the Indemnifying Party has accepted responsibility.

9. **Cooperation; Use of Information.**

- (a) Client agrees to cooperate with KPMG in the performance of the services under the Engagement Letter and shall provide or arrange to provide KPMG with timely access to and use of the personnel, facilities, equipment, data and information necessary for KPMG to perform the services under the Engagement Letter. The Engagement Letter may set forth additional details regarding KPMG's access to and use of personnel, facilities, equipment, data and information.
- (b) The Engagement Letter may set forth additional obligations of Client in connection with the services under the Engagement Letter necessary for KPMG to perform its obligations under the Engagement Letter. Client acknowledges that its failure to satisfy these obligations could adversely affect KPMG's ability to provide the services under the Engagement Letter.
- (c) Client acknowledges and agrees that KPMG will, in performing the services under the Engagement Letter, base its conclusions on the



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Standard Terms and Conditions for Advisory and Tax Services

facts and assumptions that Client furnishes and that KPMG may use data, material, and other information furnished by or at the request or direction of Client without any independent investigation or verification and that KPMG shall be entitled to rely upon the accuracy and completeness of such data, material and other information. Inaccuracy or incompleteness of such data, material and other information furnished to KPMG could have a material adverse effect on KPMG's conclusions.

10. **Independent Contractor.** It is understood and agreed that each of the parties hereto is an independent contractor and that neither party is or shall be considered an agent, distributor or representative of the other. Neither party shall act or represent itself, directly or by implication, as an agent of the other or in any manner assume or create any obligation on behalf of, or in the name of, the other.

11. **Confidentiality.**

- (a) "Confidential Information" means all documents, software, reports, data, records, forms and other materials obtained by one party (the "Receiving Party") from the other party (the "Disclosing Party") or at the request or direction of the Disclosing Party in the course of performing the services under the Engagement Letter: (i) that have been marked as confidential; (ii) whose confidential nature has been made known by the Disclosing Party to the Receiving Party; or (iii) that due to their character and nature, a reasonable person under like circumstances would treat as confidential. Notwithstanding the foregoing, Confidential Information does not include information which: (1) is already known to the Receiving Party at the time of disclosure by the Disclosing Party; (2) is or becomes publicly known through no wrongful act of the Receiving Party; (3) is independently developed by the Receiving Party without benefit of the Disclosing Party's Confidential Information; (4) relates to information provided by KPMG relating to the tax treatment or tax structure of any transaction; (5) the Receiving Party determines is required to be maintained or disclosed by the Receiving Party under sections 6011, 6111 or 6112 of the Internal Revenue Code ("IRC") or the regulations thereunder or under any similar or analogous provisions of the laws of a state or other jurisdiction; or (6) is received by the Receiving Party from a third party without restriction and without a breach of an obligation of confidentiality.
- (b) The Receiving Party will deliver to the Disclosing Party or destroy all Confidential Information of the Disclosing Party and all copies thereof when the Disclosing Party requests the same, except for copies retained in work paper files or records, anything that may be stored in back up media or other electronic data storage systems, latent data and metadata. Except as otherwise set forth in this Paragraph 11 or Paragraph 15 below, the Receiving Party shall not disclose to any person, firm or entity any Confidential Information of the Disclosing Party without the Disclosing Party's express, prior written permission; provided, however, that notwithstanding the foregoing, the Receiving Party may disclose Confidential Information to the extent that it is required or necessary to be disclosed pursuant to a statutory or regulatory provision or court or administrative order, or, subject to appropriate conditions of confidentiality, to fulfill professional obligations and standards (including quality and peer review) or to submit and process an insurance claim.
- (c) The KPMG Parties may aggregate Client information with information from other sources in connection with thought

leadership projects, to improve the delivery of services to clients and to allow clients to evaluate various business transactions and opportunities. The KPMG Parties will only use this information without attribution to Client and under circumstances where Client will not be identified as the source of the information.

- (d) KPMG may also use Client information and information relating to the services rendered under the Engagement Letter for the purpose of permitting the KPMG Parties to access and share knowledge and information solely among the KPMG Parties. The KPMG Parties receiving this information will be obligated to comply with confidentiality obligations with respect to such information in accordance with this Paragraph 11.
- (e) Each party shall exercise the same level of care to protect the other's information as it exercises to protect its own confidential information but in no event less than reasonable care, except to the extent that applicable law or professional standards impose a higher requirement.
- (f) If the Receiving Party receives a subpoena or other validly issued administrative or judicial demand requiring it to disclose the Disclosing Party's Confidential Information, the Receiving Party shall, unless prohibited by law, provide prompt written notice to the Disclosing Party of such demand in order to permit it to seek a protective order. So long as the Receiving Party gives notice as provided herein, the Receiving Party shall be entitled to comply with such demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event the Receiving Party is requested to testify or produce its documents relating to the services under the Engagement Letter pursuant to subpoena or other legal process in judicial or administrative proceedings to which it is not a party, or in connection with an informal inquiry or investigation with the consent of the Disclosing Party, the Disclosing Party shall reimburse the Receiving Party for its time and expenses, including reasonable attorney's fees, incurred in responding to such requests.
12. **Assignment.** Subject to Paragraph 15 below, neither party may assign, transfer or delegate any of its rights or obligations without the prior written consent of the other party, such consent not to be unreasonably withheld.
13. **Governing Law; Severability.** The Engagement Letter and these Standard Terms and Conditions shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of laws provisions. In the event that any term or provision of the Engagement Letter or these terms shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter and these terms shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.
14. **Alternative Dispute Resolution.**
- (a) Any dispute or claim arising out of or relating to the Engagement Letter between the parties or the services provided thereunder shall be submitted first to non-binding mediation (unless either party elects to forego mediation by initiating a written request for arbitration) and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-



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Administered Arbitration of the International Institute for Conflict Prevention and Resolution (the "IICPR"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forego litigation over such disputes in any court of competent jurisdiction.

- (b) Mediation, if selected, may take place at a location to be designated by the parties using the Mediation Procedures of the IICPR, with the exception of paragraph 2 (Selecting the Mediator).
- (c) Arbitration shall take place in New York, New York. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in IICPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.
- (d) Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.
- (e) Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

**15 Use of Member Firms and Third Party Service Providers.**

- (a) Client acknowledges and agrees that the services under the Engagement Letter, including any applicable tax advice, may be performed by a Member Firm located outside of the United States. Client understands that each Member Firm is a separate, distinct and independent legal entity and is not a partner, principal, agent or affiliate of KPMG and KPMG is not a partner, principal, agent or affiliate of any other Member Firm.
- (b) Client further acknowledges that in connection with the performance of services under the Engagement Letter, KPMG and Member Firms, in their discretion or at Client's direction, may utilize the services of third party service providers within and without the United States to complete the services under the Engagement Letter.
- (c) KPMG uses third party service providers within and without the United States to provide at KPMG's direction administrative and clerical services to KPMG. These third party service providers may in the performance of such services have limited access to information, including but not limited to Confidential Information, received by KPMG from or at the request or direction of Client. KPMG represents to Client that each such third party service provider has agreed to conditions of confidentiality with respect to Client's information to the same or similar extent as KPMG has agreed to pursuant to Paragraph 11 above. KPMG has full

responsibility to cause these third party service providers to comply with such conditions of confidentiality and KPMG shall be responsible for any consequences of their failure to comply.

- (d) Accordingly, Client consents to KPMG's disclosure to a Member Firm or third party service provider and the use by such Member Firm and third party service provider of data and information, including but not limited to Confidential Information, received from or at the request or direction of Client for the purposes set forth in Paragraph 11 and this Paragraph 15.

- (e) Any services performed by a Member Firm or third party service provider shall be performed in accordance with the terms of the Engagement Letter and these Standard Terms and Conditions, including Paragraph 11 (Confidentiality), but KPMG shall remain responsible to Client for the performance of such services. Client agrees that any claim relating to the services under the Engagement Letter may only be made against KPMG and not any other Member Firm or third party service provider referred to above.

**16. Miscellaneous.**

- (a) **Sarbanes-Oxley.** Except as otherwise set forth in the Engagement Letter, in accepting this engagement, Client acknowledges that completion of this engagement or acceptance of Deliverables resulting from this engagement will not constitute a basis for Client's assessment or evaluation of internal control over financial reporting and disclosure controls and procedures, or its compliance with its principal officer certification requirements under Section 302 of the Sarbanes-Oxley Act of 2002 (the "Act"). The services under the Engagement Letter shall not be construed to support Client's responsibilities under Section 404 of the Act requiring each annual report filed under Section 13(a) or 15(d) of the Securities Exchange Act of 1934 to contain an internal control report from management.

- (b) **Electronic Communications.** KPMG and Client may communicate with one another by electronic mail or otherwise transmit documents in electronic form during the course of this engagement. Each party accepts the inherent risks of these forms of communication (including the security risks of interception of or unauthorized access to such communications, the risks of corruption of such communications and the risks of viruses or other harmful devices). Client agrees that the final hardcopy version of a document, including a Deliverable, or other written communication that KPMG transmits to Client shall supersede any previous versions transmitted electronically by KPMG to Client unless no such hard copy is transmitted.

- (c) **California Accountancy Act.** For engagements where services will be provided by KPMG through offices located in California, Client acknowledges that certain of KPMG's personnel who may be considered "owners" under the California Accountancy Act and implementing regulations (California Business and Professions Code section 5079(a); 16 Cal. Code Regs. sections 51 and 51.1) and who may provide services in connection with this engagement, may not be licensed as certified public accountants under the laws of any of the various states.

- (d) **Volume Rebates.** Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a



KPMG LLP

Standard Terms and Conditions for Advisory and Tax Services

volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to Client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges that may be charged to clients:

- (e) **Use of Names and Logos.** Except as permitted by law or the terms of the Engagement Letter, neither party shall acquire hereunder any right to use the name or logo of the other party or any part thereof. Any such use shall require the express written consent of the owner party.
  - (f) **Privileged Communications.** Information relating to advice KPMG provides to Client, including communications between KPMG and Client and material KPMG creates in the course of providing advice, may be privileged and protected from disclosure to the IRS or other governmental authority in certain circumstances. As KPMG is not able to assert the privilege on Client's behalf with respect to any communications for which privilege has been waived, Client agrees to promptly notify KPMG of any such waivers, whether resulting from communications with KPMG or third parties in the same or a related matter. Client also understands that privilege may not be available for communications with an audit client and that KPMG personnel providing audit and non-audit services will discuss matters that may affect the audit to the extent required by applicable professional standards. Client agrees that KPMG will not assert on Client's behalf any claim of privilege unless Client specifically instructs KPMG in writing to do so after discussing the specific request and the grounds on which such privilege claim would be made. Notwithstanding the foregoing, Client acknowledges that in no event will KPMG assert any claim of privilege that KPMG concludes, after exercising reasonable judgment, is not valid.
  - (g) **Active Spreadsheets and Electronic Files.** KPMG may use models, electronic files and spreadsheets with embedded macros created by KPMG to assist KPMG in providing the services under the Engagement Letter. If Client requests a working copy of any such model, electronic file or spreadsheet, KPMG may, at its discretion, make such item available to Client for its internal use only and such item shall be considered a Deliverable subject to Paragraph 4 above; provided that Client is responsible for obtaining the right to use any third party products necessary to use or operate such item.
  - (h) **Non-Solicitation.** During the term of the Engagement Letter and for one year thereafter, neither party shall solicit for hire as an employee, consultant or otherwise any of the other party's personnel who have had direct involvement with the services under the Engagement Letter, without such other party's express written consent. This prohibition shall not apply to any offers of employment which result from a general solicitation for employment, including without limitation, through the Internet, newspapers, magazines and radio.
17. **Entire Agreement.** The Engagement Letter and these Standard Terms and Conditions, including the Exhibits and Appendices hereto and thereto, constitute the entire agreement between KPMG and Client with respect to the services under the Engagement Letter and supersede all other oral and written representations, understandings or agreements relating thereto.

18. **Additional Terms for Engagements Involving Tax Services.**

- (a) Notwithstanding anything to the contrary set forth herein, no provision in the Engagement Letter or these Standard Terms and Conditions is or is intended to be construed as a condition of confidentiality within the meaning of IRC sections 6011, 6111, 6112 or the regulations thereunder, or under any similar or analogous provisions of the laws of a state or other jurisdiction. In particular, Client (and each employee, representative, or other agent of Client) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of any transaction within the scope of this engagement and all materials of any kind (including opinions and other tax analyses) that are provided to Client relating to such tax treatment and tax structure. Client also agrees to use commercially reasonable efforts to inform KPMG of any conditions of confidentiality imposed by third party advisors with respect to any transaction on which KPMG advice is requested. Such notification must occur prior to KPMG providing any advice with respect to the transaction.
- (b) Treasury regulations under IRC section 6011 require taxpayers to disclose to the IRS their participation in reportable transactions and IRC section 6707A imposes strict penalties for noncompliance. Client agrees to use commercially reasonable efforts to inform KPMG if Client is required to disclose any transaction covered by the Engagement Letter as a reportable transaction to the IRS or to any state or other jurisdiction adopting similar or analogous provisions. IRC section 6111 requires a material advisor with respect to a reportable transaction to disclose information on the transaction to the IRS by a prescribed date, and IRC section 6112 requires the material advisor to maintain, and make available to the IRS upon request, a list of persons and other information with respect to the transaction. KPMG will use commercially reasonable efforts to inform Client if KPMG provides Client's identifying information to the IRS under IRC section 6111 or 6112, or to any state or other jurisdiction adopting similar or analogous provisions.
- (c) Unless expressly provided for, KPMG's services do not include representing Client in the event of a challenge by the IRS or other tax or revenue authorities.
- (d) In rendering tax advice, KPMG may consider, for example, the applicable provisions of the Internal Revenue Code of 1986, and the Employee Retirement Income Security Act of 1974, each as amended, and the relevant state, local and foreign statutes, the regulations thereunder, income tax treaties, and judicial and administrative interpretations, thereof. These authorities are subject to change, retroactively or prospectively, and any such changes could affect the validity of KPMG's advice.



## APPENDIX A

### [FORM OF NOTICE AND ACKNOWLEDGEMENT]

[Name of Third Party]  
Address

The advice, recommendations and information in the document included with this notice were prepared for the sole benefit of [Name of Client], based on the specific facts and circumstances of [Name of Client], and its use is limited to the scope of KPMG's engagement for [Name of Client]. It has been provided to you for informational purposes only and you are not authorized by KPMG to rely upon it and any such reliance by you or anyone else shall be at your or their own risk. You acknowledge and agree that KPMG accepts no responsibility or liability in respect of the advice, recommendations or other information in such document to any person or organization other than [Name of Client]. You shall have no right to disclose the advice, recommendations or other information in such document to anyone else without including a copy of this notice and, unless disclosure is required by law or to fulfill a professional obligation required under applicable professional standards, obtaining a signed acknowledgement of this notice from the party to whom disclosure is made and you provide a copy thereof to [Name of Client]. You acknowledge and agree that you will be responsible for any damages suffered by KPMG as a result of your failure to comply with the terms of this notice.

Please acknowledge your acceptance of the foregoing by signing and returning to us a copy of this letter.\*

Very truly yours,

[Name of Client]

By: \_\_\_\_\_  
Name:  
Title:

Accepted and Agreed to on this \_\_\_\_ day of \_\_\_\_, 20\_\_ by:\*

[Name of Third Party]

By: \_\_\_\_\_  
Name:  
Title:

\*Remove in the event of a disclosure made by Client that is required by law, that is made to a regulatory authority having jurisdiction over Client or that is made pursuant to Paragraph 18(a) of the Standard Terms and Conditions in which case an acknowledgement is not required by the terms of Paragraph 4(c).

## EXHIBIT B

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION

In re:

TELEXFREE, LLC,  
TELEXFREE, INC.,  
TELEXFREE FINANCIAL, INC.,  
Debtors.

Chapter 11 Cases

14-40987-MSH  
14-40988-MSH  
14-40989-MSH

**DECLARATION OF JOSEPH W. MIDDLETON IN SUPPORT OF THE APPLICATION  
FOR ENTRY OF AN ORDER AUTHORIZING THE RETENTION AND  
EMPLOYMENT OF KPMG LLP AS TAX COMPLIANCE ACCOUNTANT AND TAX  
CONSULTANT TO THE CHAPTER 11 TRUSTEE**

I, Joseph W. Middleton, being duly sworn, depose and say:

1. I am a Certified Public Accountant and a partner of KPMG LLP, a professional services firm ("KPMG"). KPMG is the United States member firm of KPMG International, a Swiss cooperative. I submit this declaration on behalf of KPMG in support of the application (the "Application")<sup>1</sup> of Stephen B. Darr, the duly appointed trustee (the "Trustee") in the above-captioned Chapter 11 bankruptcy cases (the "Chapter 11 Cases"), for entry of an order, pursuant to section 327(a) of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"), Rules 2014(a) and 2016 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 2014-1 and 2016-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Massachusetts (the "MLBR"), authorizing the retention and employment of KPMG as tax compliance accountant and tax consultant to the Trustee. I have personal knowledge of the matters set forth herein.<sup>2</sup>

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<sup>1</sup> Capitalized terms used herein but not otherwise defined shall have those meanings set forth in the Application.

<sup>2</sup> Certain of the disclosures herein relate to matters within the knowledge of other professionals at KPMG.



### **Qualifications of Professionals**

2. KPMG is a firm of independent public accountants as defined under the Code of Professional Conduct of the American Institute of Certified Public Accountants.

3. The Trustee has selected KPMG as its tax compliance accountant and tax consultant because of the firm's diverse experience and extensive knowledge in the fields of accounting, taxation, and operational controls for large sophisticated companies both in chapter 11 as well as outside of chapter 11.

4. The Trustee requires assistance in preparing federal and state income tax returns for Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc., and assistance with representing such entities before the Internal Revenue Service and relevant state tax authorities.

### **Services to be Rendered**

5. Subject to approval of the Application, pursuant to an engagement letter between KPMG and the Trustee (the "Engagement Letter"), attached to the Application as Exhibit "A", KPMG will provide tax compliance and consulting services as KPMG and the Trustee shall deem appropriate and feasible in order to advise the Trustee in the course of these cases, including, but not limited to the following.

#### **Tax Compliance Services**

- i. KPMG will evaluate and amend, as necessary, any federal or state income tax returns previously filed by Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc.;
- ii. KPMG will prepare federal and state income tax returns, including supporting schedules, for Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc., for 2013 and 2014; and
- iii. KPMG will conclude on any technical tax issues that arise in the preparation or amendment of such federal or state income tax returns.

### **Tax Consulting Services**

- i. KPMG will represent Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc. before the Internal Revenue Service insolvency specialists and any relevant state tax authorities; and
  - ii. KPMG will provide tax consulting services with respect to such matters that may arise for which the Trustee seeks KPMG's advice.
6. In addition to the foregoing, KPMG will provide such other consulting, advice, research, planning, and analysis regarding tax compliance and consulting services as may be necessary, desirable or requested from time to time.<sup>3</sup>
7. Subject to this Court's approval of the Application, KPMG is willing to serve as the Trustee's tax compliance accountant and tax consultant and to perform the services described above.

### **Disinterestedness of Professionals**

8. Based upon information supplied by the Trustee, KPMG searched its client database from May 2, 2005 and forward to identify any connection or relationship with the parties listed on Schedule "1," attached hereto and incorporated herein, which lists the following categories:

- a. The Trustee
- b. Huron Consulting Services LLC
- c. The Debtors;

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<sup>3</sup> Although, by the Application, the Trustee is seeking to retain KPMG to provide such other consulting, advice, research, planning, analysis regarding tax compliance and tax consulting services as may be necessary, desirable or requested from time to time, internal KPMG procedures require that KPMG enter into additional engagement letters for additional work under certain circumstances. To the extent the Trustee requests additional services not covered by the Engagement Letter, KPMG and the Trustee may enter into additional engagement letters, as is necessary, and file, for disclosure purposes, such additional engagement letters with the Court. Unless required by the Court, the Trustee and KPMG do not intend to seek separate retention orders with regard to any additional engagement letters.

- d. Debtors' Principals;
- e. Debtors' Professionals;
- f. Debtors' Banks and Lenders;
- g. Debtors' Thirty (30) Largest Unsecured Creditors; and
- h. Named Defendants in Adversaries.

9. KPMG's review consisted of queries of an internal computer database containing names of individuals and entities that are present or recent and former clients of KPMG in order to identify potential relationships.<sup>4</sup> This database includes engagement activity or potential engagement activity from May 2, 2005 forward. A summary of those current potential relationships that KPMG was able to identify using its reasonable efforts is reflected in Schedule "2" attached hereto.<sup>5</sup> On an ongoing basis, KPMG will conduct further reviews of its professional contacts as it becomes aware of new parties of interest, as is stated below. To the best of my knowledge and based upon the results of the relationship search described above and disclosed herein, KPMG neither holds nor represents an interest adverse to the Debtors' estates that would impair KPMG's ability to objectively perform professional services for the Trustee, in accordance with section 327 of the Bankruptcy Code.

10. To the best of my knowledge, KPMG is a "disinterested person" as that term is

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<sup>4</sup> As set forth in paragraph 15, KPMG is the United States member firm of KPMG International, a Swiss cooperative of independent member firms. While KPMG is a separate and distinct legal entity from all other member firms of KPMG International, in an attempt to identify conflicts among or between KPMG International member firms, KPMG International has a global conflict internal computer database related to the engagement activity or potential engagement activity of a majority of such member firms since May 2, 2005 that allows KPMG International member firms to identify potential conflicts between other KPMG International member firms. Financial information pertaining to engagement activity is the proprietary and confidential information of each individual member firm and KPMG does not have any legal right to access, or if accessed, disclose, such information relating to other KPMG International member firms.

<sup>5</sup> Schedule "2" contains a list of the relationships or potential relationships of all KPMG International member firms (as opposed to solely KPMG) and one or more of the parties set forth on the conflicts checklist.

defined in section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, in that, KPMG:

- a. is not a creditor, an equity security holder, or an insider of the Debtors;
- b. is not and was not, within two years before the date of filing of these Chapter 11 Cases, a director, officer, or employee of the Debtors; and
- c. does not have an interest materially adverse to the interest of the Debtors' estates or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors or for any other reason.

11. Out of an abundance of caution, KPMG discloses that Stephen Darr, the Chapter 11 Trustee for these cases retired as a partner from KPMG in 2004. Mr. Darr receives Retirement Allowance Plan Payments totaling \$1,216 per year from KPMG for unfunded retirement benefits. The amount of the annual payment is fixed and the payments are made without regard to the income of KPMG.

12. As of the date the Debtors filed for bankruptcy protection, KPMG was not a "creditor" of the Debtors within the meaning of section 101(10) of the Bankruptcy Code.

13. To the best of my knowledge, except as set forth herein and in Schedule "2" attached hereto and incorporated herein by reference, (a) KPMG has no connections with the creditors, any other party-in-interest, or their respective attorneys and accountants; and (b) the KPMG partners and professionals working on these matters are not relatives of and have no known connection with the United States Trustee of the District of Massachusetts or of any known employee in the office thereof, or any United States Bankruptcy Judge of the District of Massachusetts.

14. KPMG has in the past been retained by, and presently provides and likely in the future will provide services for, certain creditors of the Debtors, other parties-in-interest and their respective attorneys and accountants in matters unrelated to such parties' claims against the Debtors or interests in these Chapter 11 Cases. KPMG currently performs, has previously performed or may have performed such services for the entities listed in Schedule "2," however, except as disclosed herein, such services, to the extent performed by KPMG, are unrelated to the Debtors or their Chapter 11 Cases.

15. KPMG has not provided, and will not provide, any professional services to any of the creditors, other parties-in-interest, or their respective attorneys and accountants with regard to any matter related to these Chapter 11 Cases.

16. KPMG is the United States member firm of KPMG International, a Swiss cooperative of member firms, each a separate legal entity, located worldwide. Only KPMG is being retained in these matters. KPMG cannot assure that an engagement will not be accepted by a foreign member firm of KPMG International for another party that may bear upon KPMG's engagement by the Debtors. However, to the extent KPMG is aware of such engagement and believes such engagement may bear upon KPMG's engagement by the Trustee, KPMG will file a supplemental declaration with the Bankruptcy Court.

17. From time to time, KPMG may use the services of certain professionals from the other member firms of the KPMG network of independent firms and firms and entities controlled by, or under common control with, one or more such member firms (collectively, "KPMG Parties") when necessary to the performance of its professional duties and services to the Trustee. The use of such professionals allows KPMG to maximize resources and minimize costs. KPMG will pay such KPMG Parties directly for the use of such professionals, and will

include such amounts in its fee application at KPMG cost without any mark-up or increase.<sup>6</sup>

18. As part of its practice, KPMG appears in many cases, proceedings, and transactions involving many different law firms, financial consultants, and investment bankers in matters unrelated to these Chapter 11 Cases. KPMG has not identified any material relationships or connections with any law firm, financial consultant or investment banker involved in these Chapter 11 Cases that would cause it to be adverse to the Debtors, the Debtors' estates, any creditor or any other party-in-interest. If and when additional information becomes available with respect to any other relationships which may exist between KPMG, foreign member firms of KPMG International, or their partners and professionals and the Debtors, creditors, or any other parties in interest which may affect these cases, supplemental declarations describing such information shall be filed with this Court.

#### **Professional Compensation**

19. KPMG's requested compensation for professional services rendered to the Trustee will be based upon the hours actually expended by each assigned staff member at each staff member's hourly billing rate. The Trustee has agreed to compensate KPMG for professional services rendered at its normal and customary hourly rates, subject to the reductions discussed below.

20. The majority of fees to be charged in this engagement reflect a reduction of approximately 15% - 40% from KPMG's normal and customary rates, depending on the types of services to be rendered.<sup>7</sup> In the normal course of KPMG's business, the hourly rates are subject

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<sup>6</sup> KPMG may utilize the services of KPMG (India) in support of KPMG's tax compliance services for the Trustee.

<sup>7</sup> If in connection with any subsequent engagement letters, KPMG is retained to perform additional services at different rates, such rates will be disclosed in connection with the relevant engagement letters. As stated above, KPMG and the Trustee do not intend to seek separate retention orders with regard to any such engagement letters.

to periodic increase. To the extent such hourly rates are increased, KPMG requests that, with respect to the work to be performed after such increase, the rates listed below be amended to reflect the increase. The hourly rates for tax compliance and consulting services to be rendered by KPMG and applicable herein are as follows:

<b>Tax Compliance/Consulting Services</b>	<b>Discounted Rate</b>
Partners/Managing Directors	\$900
Senior Managers	\$750
Managers	\$600
Senior Associates	\$500
Associates	\$400

21. KPMG also will seek reimbursement for reasonable necessary expenses incurred, which shall include meals, lodging, travel, photocopying, delivery service, postage, vendor charges, software license fees and other out-of-pocket expenses incurred in providing professional services.

22. KPMG intends to apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses incurred in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and orders of this Court. KPMG has agreed to accept as compensation such sums as may be allowed by the Court and understands that interim and final fee awards are subject to approval by the Court.

23. KPMG has agreed to modify the Engagement Letter, including the Standard Terms and Conditions attached thereto, during the course of these Chapter 11 Cases as set forth in the proposed order attached to the Application as Exhibit B.

24. KPMG is owed no amounts for professional services rendered prior to the Petition

Date.

25. Except as set forth in paragraph 16, (a) no commitments have been made or received by KPMG with respect to compensation or payment in connection with these cases other than in accordance with the provisions of the Bankruptcy Code; and (b) there is no agreement or understanding between KPMG and any other entity, other than a member, partner or regular associate of KPMG, for the sharing of compensation received or to be received for services rendered in connection with these proceedings.

26. This declaration is provided in accordance with section 327 of the Bankruptcy Code, Bankruptcy Rule 2014 and Local Rule 2014-1.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 28th day of August, 2015.



JOSEPH W. MIDDLETON  
KPMG LLP  
60 SOUTH STREET  
BOSTON, MA 02111

692500



**SCHEDULE 1**  
**TELEXFREE, LLC,**  
**TELEXFREE, INC.**  
**TELEXFREE FINANCIAL, INC.**  
**LIST OF INTERESTED PARTIES**

Debtors

Telexfree, LLC  
Telexfree, Inc.  
Telexfree Financial, Inc.

Debtors' Principals

James M. Merrill  
Carlos N. Wanzeler  
Steven M. Labriola  
Joseph H. Craft  
Sanderley Rodrigues de Vasconcelos  
Santiago De La Rosa  
Randy N. Crosby  
Faith R. Sloan

Debtors' Professionals

Impact This Day, Inc.  
Stuart A. MacMillan  
Greenberg Traurig LLP  
Alvarez & Marsal North America LLC

Debtors' Banks and Lenders

Bank of America, N.A.  
Citizens Financial Group  
Citizens Bank of Massachusetts  
Fidelity Co-Operative Bank  
Middlesex Savings Bank  
TD Bank, N.A.  
Wells Fargo & Company  
Wells Fargo Bank, N.A.

Debtors' Thirty (30) Largest Unsecured Creditors

Jozelia Sangali  
Leonardo Francisco  
DL I, Inc.  
Renato Alves  
Benjamin Argueta  
Marco Almeida  
JMC, Inc.  
Edwin Herman Maina Limi

David Martinez  
Paola Zollo Alecci  
Robert Bourguignon  
Carla Peres  
Pedro Taveras  
Nathana Santos Reis  
Jose Anominondas Jr.  
Vagner Roza  
Noberto Rey  
Jacqueline Zieff  
Jose Carlos Maciel  
Michael Calazans  
Bruno Graziani  
Renato Ribeiro  
Marcelino Salazar Bacilio  
Edison Oswaldo Jurado Aleman  
Roman Mishuk  
Rosa Marina Cabral Souto  
Du painting Db  
Graca Luisa Andrade  
Paulo Francisco da Silva  
Leone de Silva santos

Named Defendants in Adversaries

Craft Financial Solutions, LLC  
Carlos Costa  
Telex Mobile Holdings, Inc.

**SCHEDULE 2**  
**TELEXFREE, LLC,**  
**TELEXFREE, INC.**  
**TELEXFREE FINANCIAL, INC.**  
**LIST OF INTERESTED PARTIES**

Debtors

N/A

Debtors' Principals

N/A

Debtors' Professionals

Stuart A. MacMillan

Greenberg Traurig LLP

Alvarez & Marsal North America LLC

Debtors' Banks and Lenders

Bank of America, N.A.

Citizens Financial Group

Citizens Bank of Massachusetts

Fidelity Co-Operative Bank

Middlesex Savings Bank

TD Bank, N.A.

Wells Fargo & Company

Wells Fargo Bank, N.A.

Debtors' Thirty (30) Largest Unsecured Creditors

David Martinez<sup>1</sup>

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<sup>1</sup> The "David Martinez" identified in our system shows an address in Esmeraldas, Ecuador, while the address in the bankruptcy file was Quito, Ecuador, and we are unable to determine if the project related to the same person listed in the Schedule. The project related to another member firm of KPMG International, in which KPMG LLP did not appear to have any involvement, and Mr. Martinez was an employee of the member firm's client. The project has been completed, and there is no current work involving Mr. Martinez.

**EXHIBIT C**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION

In re:

TELEXFREE, LLC,  
TELEXFREE, INC.  
TELEXFREE FINANCIAL, INC.,  
Debtors.

Chapter 11 Cases

14-40987-MSH  
14-40988-MSH  
14-40989-MSH

**ORDER AUTHORIZING THE CHAPTER 11 TRUSTEE  
TO RETAIN AND EMPLOY KPMG LLP AS  
TAX COMPLIANCE ACCOUNTANT AND TAX CONSULTANT**

Upon the application (the "Application") of the Chapter 11 Trustee, in the above-captioned Chapter 11 cases (the "Trustee"), for the entry of an order pursuant to sections 327(a) and 1107(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Massachusetts (the "Local Rules"), authorizing the Trustee to employ and retain KPMG LLP ("KPMG") as tax compliance accountant and tax consultants to the Trustee in the above-captioned chapter 11 cases;<sup>1</sup> and upon the Declaration of Joseph W. Middleton, a CPA and partner at KPMG (the "Declaration") in support thereof; and the Court being satisfied based on the representations made in the Application and in the Declaration that KPMG represents no interest adverse to the Debtors' estates with respect to the matters upon which they are to be engaged, that they are disinterested persons as that term is defined under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that their employment is necessary and in the best interests of the Trustee, the Debtors'

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in the Application.

estates and their creditors; the terms of the Engagement Letter are reasonable terms for the purposes of section 327 of the Bankruptcy Code; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided; and it appearing that no other or further notice need be provided; and after due deliberation and sufficient cause appearing therefore, it is hereby:

ORDERED that the Application is granted as modified herein; and it is further

ORDERED that in accordance with sections 327(a) and 1107(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1, the Trustee is authorized to employ and retain KPMG as tax compliance accountant and tax consultants to the Trustee on the terms set forth in the Application and the Engagement Letter, as modified by this Order; and it is further

ORDERED that KPMG shall be compensated in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, this Order and any other applicable orders of this Court; and it is further

ORDERED that the terms and conditions of the Engagement Letter, as modified by this Order, are approved; and it is further

ORDERED that to the extent the Trustee and KPMG enter into any additional engagement letter(s), the Trustee will file such engagement letter(s) with the Bankruptcy Court and serve such engagement letter(s) upon the applicable notice parties. All additional services will be subject to the provisions of this Order and any subsequent orders that may be entered; and it is further

ORDERED that the following terms apply during the pendency of the Chapter 11 cases:

- (a) KPMG shall not be entitled to indemnification, contribution or reimbursement for services other than those described in the Engagement

Letter and the Application, unless such services and indemnification therefor are approved by the Court;

- (b) The Debtors shall have no obligation to indemnify KPMG, or provide contribution or reimbursement to KPMG, for any claim or expense that is either: (i) judicially determined (the determination having become final) to have arisen from KPMG's bad faith, self-dealing, breach of fiduciary duty (if any such duty exists), gross negligence or willful misconduct; or (ii) judicially determined (the determination having become final), based on a breach of KPMG's contractual obligations to the Debtor; or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) immediately above, but determined by the Court, after notice and a hearing to be a claim or expense for which KPMG should not receive indemnity, contribution or reimbursement under the terms of KPMG's retention by the Debtors pursuant to the terms of the Engagement Letter and Application, as modified by this Order; and
- (c) If, before the later of: (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal); and (ii) the entry of an order closing these chapter 11 cases, KPMG believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order) and Application, including without limitation the advancement of defense costs, KPMG must file an application therefor in this Court, and the Debtors may not pay any such amounts to KPMG before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by KPMG for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify KPMG. All parties in interest shall retain the right to object to any demand by KPMG for indemnification, contribution or reimbursement; and it is further

ORDERED that during the pendency of the Chapter 11 cases, the first sentence of paragraph 6 and all of paragraph 8(b) of the Standard Terms and Conditions are deleted; and it is further

ORDERED that notwithstanding anything in the Application or the Engagement Letter or Standard Terms and Conditions attached hereto to the contrary, (i) during the pendency of the Chapter 11 cases, this Court retains exclusive jurisdiction over all matters arising out of and/or

pertaining to KPMG's engagement until such jurisdiction is relinquished, and (ii) the engagement shall be governed by the laws of the Commonwealth of Massachusetts without regard to its conflict of laws provisions; and it is further

ORDERED that during the pendency of the Chapter 11 cases, this Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the implementation of this Order.

Dated: \_\_\_\_\_, 2015

\_\_\_\_\_  
HONORABLE MELVIN S. HOFFMAN  
CHIEF UNITED STATES BANKRUPTCY JUDGE

692706



UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION

In re:

TELEXFREE, LLC,  
TELEXFREE, INC.  
TELEXFREE FINANCIAL, INC.

Debtors.

Chapter 11 Cases

14-40987-MSH

14-40988-MSH

14-40989-MSH

Jointly Administered

**DECLARATION REGARDING ELECTRONIC FILING**

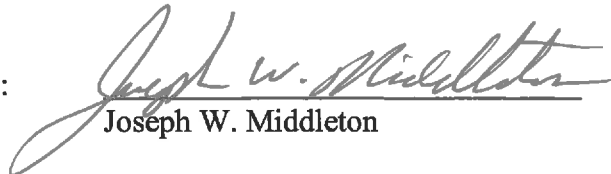
**PART I - DECLARATION OF PETITIONER**

I, Joseph W. Middleton, hereby declare under penalty of perjury that the information contained in the *Declaration of Joseph W. Middleton in Support of the Application for Entry of an Order Authorizing the Retention and Employment of KPMG, LLP as Tax Compliance Accountant and Tax Consultant to the Chapter 11 Trustee* (the "Document"), filed electronically and contemporaneously with this declaration, is true and correct. I understand that this DECLARATION is to be filed with the Clerk of Court electronically concurrently with the electronic filing of the Document. I understand that failure to file this DECLARATION may cause the Document to be struck and any request contained or relying thereon to be denied, without further notice.

I further understand that pursuant to the Massachusetts Electronic Filing Local Rule (MEFLR)-7(a) all paper documents containing original signatures executed under the penalties of perjury and filed electronically with the Court are the property of the bankruptcy estate and shall be maintained by the authorized CM/ECF Registered User for a period of five (5) years after the closing of this case.

Dated: September 10, 2015

Signed:

  
Joseph W. Middleton

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
	)	

CERTIFICATE OF SERVICE

I, Andrew G. Lizotte, hereby certify that on September 10, 2015, I caused to be served a copy of the following document via operation of this Court's CM/ECF System, by electronic mail and/or by first class mail, postage prepaid to the attached service list:

- Application of Chapter 11 Trustee for Entry of an Order Authorizing the Retention and Employment of KPMG LLP as Tax Compliance Accountant and Tax Consultant to the Chapter 11 Trustee

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**Exhibit F**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION

In re:

TELEXFREE, LLC,  
TELEXFREE, INC.  
TELEXFREE FINANCIAL, INC.,  
Debtors.

Chapter 11 Cases

14-40987-MSH  
14-40988-MSH  
14-40989-MSH

**ORDER AUTHORIZING THE CHAPTER 11 TRUSTEE  
TO RETAIN AND EMPLOY KPMG LLP AS  
TAX COMPLIANCE ACCOUNTANT AND TAX CONSULTANT**

Upon the application (the "Application") of the Chapter 11 Trustee, in the above-captioned Chapter 11 cases (the "Trustee"), for the entry of an order pursuant to sections 327(a) and 1107(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Massachusetts (the "Local Rules"), authorizing the Trustee to employ and retain KPMG LLP ("KPMG") as tax compliance accountant and tax consultants to the Trustee in the above-captioned chapter 11 cases;<sup>1</sup> and upon the Declaration of Joseph W. Middleton, a CPA and partner at KPMG (the "Declaration") in support thereof; and the Court being satisfied based on the representations made in the Application and in the Declaration that KPMG represents no interest adverse to the Debtors' estates with respect to the matters upon which they are to be engaged, that they are disinterested persons as that term is defined under section 101(14) of the Bankruptcy Code, as modified by section 1107(b) of the Bankruptcy Code, and that their employment is necessary and in the best interests of the Trustee, the Debtors'

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the definitions ascribed to them in the Application.



estates and their creditors; the terms of the Engagement Letter are reasonable terms for the purposes of section 327 of the Bankruptcy Code; and consideration of the Application and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Application having been provided; and it appearing that no other or further notice need be provided; and after due deliberation and sufficient cause appearing therefore, it is hereby:

ORDERED that the Application is granted as modified herein; and it is further

ORDERED that in accordance with sections 327(a) and 1107(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rule 2014-1, the Trustee is authorized to employ and retain KPMG as tax compliance accountant and tax consultants to the Trustee on the terms set forth in the Application and the Engagement Letter, as modified by this Order; and it is further

ORDERED that KPMG shall be compensated in accordance with sections 330 and 331 of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, this Order and any other applicable orders of this Court; and it is further

ORDERED that the terms and conditions of the Engagement Letter, as modified by this Order, are approved; and it is further

ORDERED that to the extent the Trustee and KPMG enter into any additional engagement letter(s), the Trustee will file such engagement letter(s) with the Bankruptcy Court and serve such engagement letter(s) upon the applicable notice parties. All additional services will be subject to the provisions of this Order and any subsequent orders that may be entered; and it is further

ORDERED that the following terms apply during the pendency of the Chapter 11 cases:

- (a) KPMG shall not be entitled to indemnification, contribution or reimbursement for services other than those described in the Engagement

Letter and the Application, unless such services and indemnification therefor are approved by the Court;

- (b) The Debtors shall have no obligation to indemnify KPMG, or provide contribution or reimbursement to KPMG, for any claim or expense that is either: (i) judicially determined (the determination having become final) to have arisen from KPMG's bad faith, self-dealing, breach of fiduciary duty (if any such duty exists), gross negligence or willful misconduct; or (ii) judicially determined (the determination having become final), based on a breach of KPMG's contractual obligations to the Debtor; or (iii) settled prior to a judicial determination as to the exclusions set forth in clauses (i) and (ii) immediately above, but determined by the Court, after notice and a hearing to be a claim or expense for which KPMG should not receive indemnity, contribution or reimbursement under the terms of KPMG's retention by the Debtors pursuant to the terms of the Engagement Letter and Application, as modified by this Order; and
- (c) If, before the later of: (i) the entry of an order confirming a chapter 11 plan in this case (that order having become a final order no longer subject to appeal); and (ii) the entry of an order closing these chapter 11 cases, KPMG believes that it is entitled to the payment of any amounts by the Debtors on account of the Debtors' indemnification, contribution and/or reimbursement obligations under the Engagement Letter (as modified by this Order) and Application, including without limitation the advancement of defense costs, KPMG must file an application therefor in this Court, and the Debtors may not pay any such amounts to KPMG before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court shall have jurisdiction over any request for fees and expenses by KPMG for indemnification, contribution or reimbursement, and not a provision limiting the duration of the Debtors' obligation to indemnify KPMG. All parties in interest shall retain the right to object to any demand by KPMG for indemnification, contribution or reimbursement; and it is further

ORDERED that during the pendency of the Chapter 11 cases, the first sentence of paragraph 6 and all of paragraph 8(b) of the Standard Terms and Conditions are deleted; and it is further

ORDERED that notwithstanding anything in the Application or the Engagement Letter or Standard Terms and Conditions attached hereto to the contrary, (i) during the pendency of the Chapter 11 cases, this Court retains exclusive jurisdiction over all matters arising out of and/or

pertaining to KPMG's engagement until such jurisdiction is relinquished, and (ii) the engagement shall be governed by the laws of the Commonwealth of Massachusetts without regard to its conflict of laws provisions; and it is further

ORDERED that during the pendency of the Chapter 11 cases, this Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the implementation of this Order.

Dated: October 1, 2015



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HONORABLE MELVIN S. HOFFMAN  
CHIEF UNITED STATES BANKRUPTCY JUDGE

692706

**Exhibit G**

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MASSACHUSETTS  
CENTRAL DIVISION**

In re:

TELEXFREE, LLC,  
TELEXFREE, INC.,  
TELEXFREE FINANCIAL, INC.,

Debtors.

Chapter 11 Cases

Case No. 14-40987 - MSH

Case No. 14-40988 - MSH

Case No. 14-40989 - MSH

Jointly Administered

**VERIFICATION**

I, Joseph W. Middleton, after being duly sworn according to law, deposes and says:

a) I am a Certified Public Accountant and a Partner with the applicant firm, KPMG LLP ("KPMG").

b) I am familiar with the work performed on behalf of the Debtors by KPMG.

c) I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information, and belief. Moreover, I have reviewed Local Rule 2016-1, and submit that the Application substantially complies with such order.

Dated: April 17, 2018



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Joseph W. Middleton