

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:

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

Debtors.

Chapter 11

Case No. 14-40987-MSH

Case No. 14-40988-MSH

Case No. 14-40989-MSH

Jointly Administered

TENTH OMNIBUS OBJECTION TO GENERAL UNSECURED CLAIMS

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

Stephen B. Darr, the duly appointed Chapter 11 trustee (the "Trustee") of the bankruptcy estates (the "Estates") of TelexFree, LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, the "Debtors" or "TelexFree"), respectfully submits this Tenth Omnibus Objection (the "Objection") by Chapter 11 Trustee to General Unsecured Claims set forth on Exhibit "A" hereto, in accordance with Federal Rule of Bankruptcy Procedure 3007 and the Claims Order.

The Trustee is requesting that each claim identified on Exhibit "A" be disallowed for the reasons set forth in this Objection. Disputed Claimants receiving this Objection should locate their name and claim number on Exhibit "A" and review the proposed treatment of their claims. If the Disputed Claimant disputes the Trustee's proposed treatment of his/her claim, such claimant must file a response with the Court, and serve a copy upon the Trustee within the time prescribed, all as set forth in the Notice attached hereto.



BACKGROUND

1. On April 13, 2014 (the “Petition Date”), the Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code (“Bankruptcy Code”).

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

3. 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 motion for joint administration was approved.

4. On May 30, 2014, the Court allowed the motion by the Office of the United States Trustee to appoint a Chapter 11 trustee, and the Trustee was appointed on June 6, 2014.

5. TelexFree operated one of the largest Ponzi and pyramid schemes in United States history in terms of the number of persons involved. TelexFree used the sale of voice over internet protocol (“VoIP”) plans as a disguise for its real business, which was the recruitment of persons buying membership plans (“Participants”) through a multi-level marketing format and the use of membership fees paid by new Participants to pay the credits redeemed by existing Participants.

6. On October 7, 2015, the Trustee filed his *Motion by Chapter 11 Trustee for Entry of Order Finding that Debtors Engaged in Ponzi and Pyramid Scheme and Related Relief* (the “Ponzi Motion”), requesting a finding that the Debtors were engaged in a Ponzi and pyramid scheme and that claims of Participants who lost money from their involvement in TelexFree should be determined using the “Net Equity” formula.

7. By order dated November 25, 2015, as amended on December 21, 2015, the Court found the Debtors to have engaged in a Ponzi and pyramid scheme and that this finding was the

law of the case. By supplemental order dated January 26, 2016, the Court approved the Net Equity formula for determining the allowed claims of Participants.

8. Pursuant to the order dated January 26, 2016 (the “Claims Order”), the Trustee established an online portal (the “Portal”) for claimants to file electronic proofs of claim (an “ePOC”). Claimants were provided the option of filing one of two documents, a Participant claim (“Participant ePOC”) or a general claim (“Standard ePOC”).

9. The Participant ePOC provided Participants with the opportunity to input personally identifiable information that was used in opening user accounts with TelexFree, including name, user account number, address, and phone information and passcodes. This information was then matched against the Debtors’ records to ascribe user accounts to a Participant pursuant to an aggregation methodology developed by the Trustee. After the user account identification process was completed, Participants were provided the detailed transaction activity associated with each user account. The Participant could then add, delete, or modify transactions, or add additional claims, and provide supporting documentation for any modifications.

10. The process of accessing TelexFree records based upon Participant’s personal information was essential to aggregating a Participant’s account information and for determining claims based upon Net Equity. It was therefore critical to the claims determination process that Participants file claims using the Participant ePOC.

11. Creditors who were not Participants were instructed to complete and submit the Standard ePOC, which allowed for input of claim information much like a conventional proof of claim. The Standard ePOC did not contain any of the interactive provisions of the Participant ePOC.

12. The Claims Order further provided that any claims filed that did not comply with the ePOC process shall be disallowed without further order of the Court.

13. On May 27, 2016, after the Portal became operational, the Trustee filed a *Notice of Deadline for Filing Electronic Proofs of Claim and Claims Procedures* (the “Bar Date Notice”). The Bar Date Notice established an initial bar date of September 26, 2016 (the “First Bar Date”) for the filing of electronic claims. The First Bar Date was extended to December 31, 2016 and again to March 15, 2017. In each instance, notice of the bar date was served in accordance with the terms of the Claims Order.

14. More than 135,000 claims were submitted through the Portal. Of this amount, approximately 3,500 claims were filed using the Standard ePOC (the “Standard ePOC Filers”) and the remaining 132,000 claims were filed using the Participant ePOC. The Trustee reviewed the claims filed using the Standard ePOC and concluded that most of the Standard ePOC’s were likely misfiled claims of Participants.

15. On December 26, 2017, the Court entered an order establishing procedures for the resolution of disputed Participant claims (the “Participant Claims Order”). In accordance with the Participant Claims Order, the Trustee provided Participants who filed a Standard ePOC with thirty (30) days to correct any misfiled claims by submitting a Participant ePOC, failing which the Participant’s claim that was filed using the Standard ePOC would be disallowed without further order (the “30 Day Notice”). *Claims Procedure Order*, at ¶15.

16. On or about March 18, 2018, the Trustee sent the 30 Day Notice to the Standard ePOC Filers, and established a deadline of April 19, 2018 in which Participants who erroneously filed Standard ePOC’s could correct their filing by submitting a Participant ePOC.

17. The Trustee has concluded that, except for four Standard ePOC Filers, all remaining Standard ePOC's appear to have been filed by Participants (the "Disputed Claimants"). In each case, the Trustee has reviewed the TelexFree records and has found no basis to establish that any of the Disputed Claimants are vendors or otherwise provided goods and services to TelexFree which would permit the allowance of a Standard ePOC.

18. The Standard ePOC claims filed by Participants have been disallowed pursuant to the Participant Claims Order. The Trustee now seeks an order disallowing these claims as general unsecured claims, as the Disputed Claimants listed on Exhibit "A" have provided insufficient information to establish the basis for an allowed general unsecured claim, and the TelexFree books and records do not indicate a basis for such claims.

Objection to Claims

19. By this Objection, the Trustee seeks entry of an order disallowing the claims indicated on Exhibit "A".

20. If any Disputed Claimant listed on Exhibit "A" filed a Participant ePOC, this Objection will not affect the determination of that claim. This Objection is only intended to address the disallowance of the Standard ePOC filed by the Disputed Claimant.

21. Exhibit "A" includes, for each Disputed Claimant: (i) the claim number assigned to the Disputed Claimant; (ii) the name provided by the Disputed Claimant; (iii) the amount of the disputed claim; and (iv) the proposed treatment of the disputed claim.

Notice

22. The Trustee intends to provide Notice to Disputed Claimants respecting the deadline to respond to this Objection, the information to be provided in any response, and the initial, nonevidentiary hearing on the motion. As set forth in the Notice, responses must be sent

to ClaimResponse@telexfreeclaims.com. The form of the Notice was previously approved by the Court.

23. In accordance with the Claims Order, the Trustee intends to have this Objection and the Notice translated into Spanish and Portuguese and served upon all Disputed Claimants.

24. Nothing in this objection constitutes a waiver of any right of the Trustee to assert claims or causes of action against any creditor or any other party. Nothing in this objection shall constitute a waiver of any right of the Trustee to object to any other claim asserted that is not included in the Objection, or to supplement, amend, or assert additional bases for objection to the Exhibit "A" claims.

Wherefore, the Trustee prays that the Court:

1. Enter an order disallowing each of the claims identified on Exhibit "A" hereto;
and
2. Granting such other relief as is just and proper.

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

/s/ Andrew G. Lizotte
Andrew G. Lizotte (BBO #559609)
Murphy & King, Professional Corporation
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Boston, MA 02108
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Facsimile: (617) 423-0498
Email: ALizotte@murphyking.com

Dated: May 19, 2020
780458

Claim Number	Claimant Name	Country of Residence	Amount of Claim as Filed	Proposed Treatment of Claim
1275	Alexandr Yelsakov	Ukraine	\$ 1,800.00	Disallowed
1460	Kuts Aleksandr	Ukraine	4,500.00	Disallowed
1572	Valentin Svyatenko	Ukraine	1,425.00	Disallowed
1965	Sidenko Aleksey(Evgen Sidenko-Father)	Ukraine	4,500.00	Disallowed
2204	Бруско Вита Викторовна	Ukraine	10,000.00	Disallowed
2209	Makarenko Nikola Vitaliev	Ukraine	1,425.00	Disallowed
2221	Sopovskyy	Ukraine	3,600.00	Disallowed
2222	Asokina Oksana	Ukraine	3,000.00	Disallowed
2242	Asokina Oksana	Ukraine	4,200.00	Disallowed
2243	Asokina Oksana	Ukraine	4,200.00	Disallowed
2244	Asokina Oksana	Ukraine	4,200.00	Disallowed
2247	Kolesov Vladimir	Ukraine	1,425.00	Disallowed
2248	Asokina Oksana	Ukraine	4,200.00	Disallowed
2252	Chornenkyi Petro	Ukraine	1,400.00	Disallowed
2254	Chornenkyi Petro	Ukraine	1,400.00	Disallowed
2257	Chornenkyi Petro	Ukraine	1,400.00	Disallowed
2266	Sergei Michaylovich Artyuh	Ukraine	10,000.00	Disallowed
2385	Skohorieva	Ukraine	5,000.00	Disallowed
2386	Stepan Romaniuk	Ukraine	4,200.00	Disallowed
2471	Mishenko Viktor Vasilevitsh	Ukraine	10,000.00	Disallowed
2472	Viktor Trofimenko	Ukraine	5,700.00	Disallowed
2473	Trofimenko Viktor Aleksandrovitsh	Ukraine	5,700.00	Disallowed
2508	Mikhailo Havrilov	Ukraine	1,000.00	Disallowed
2613	Plechii	Ukraine	2,150.00	Disallowed
3430	Irina Korsacheva	Ukraine	1,375.00	Disallowed
451	Emilson Dos Anjos	United Kingdom	50,000.00	Disallowed
503	Orlando Alfredo Alvarado Burbano	United Kingdom	1,083.00	Disallowed
504	Orlando Alfredo Alvarado Burbano	United Kingdom	1,083.00	Disallowed
557	Dade Macassar Abubacar	United Kingdom	10,000.00	Disallowed
650	Maria Ivanir Dornelles	United Kingdom	13,500.00	Disallowed
1507	Sergio Silva	United Kingdom	51,967.00	Disallowed
1578	David Wilkinson	United Kingdom	13,000.00	Disallowed
1581	Christine Hall	United Kingdom	3,000.00	Disallowed
1582	Laura Wilkinson	United Kingdom	1,000.00	Disallowed
1610	Barbara Kyeza	United Kingdom	3,000.00	Disallowed
1701	Rosa Rodrigues De Souza	United Kingdom	2,750.00	Disallowed
1722	Camila Redins	United Kingdom	5,700.00	Disallowed
1805	Ramatoulie Aigbehinmua	United Kingdom	5,000.00	Disallowed
1806	Ramatoulie Aigbehinmua	United Kingdom	5,000.00	Disallowed
1847	Ramatoulie Aigbehinmua	United Kingdom	5,000.00	Disallowed
1849	Ibrahim	United Kingdom	20,000.00	Disallowed
1850	Mame	United Kingdom	7,000.00	Disallowed
1881	Michael Olubunmi Aigbehinmua	United Kingdom	3,500.00	Disallowed
2216	Richard Esprit	United Kingdom	1,200.00	Disallowed
2217	Richard Esprit	United Kingdom	1,200.00	Disallowed
2219	Richard Esprit	United Kingdom	1,200.00	Disallowed
2220	Richard Esprit	United Kingdom	1,200.00	Disallowed
2360	Andrea Andrene Morris	United Kingdom	2,288.20	Disallowed
2382	Antonio Francisco	United Kingdom	6,700.76	Disallowed
2405	Gelso Mauro	United Kingdom	4,000.00	Disallowed
2415	Natanael Apolinario Da Silva	United Kingdom	10,000.00	Disallowed
2461	Leonardo Paolini	United Kingdom	2,940.00	Disallowed
2673	Angel Monar	United Kingdom	1,600.00	Disallowed
3053	Marcelo Alves	United Kingdom	1,375.00	Disallowed
2981	Piotr Dzien	United Kingdom	4,800.00	Disallowed
3018	Nerci Almeida	United Kingdom	20,000.00	Disallowed
3019	Nerci Almeida	United Kingdom	20,000.00	Disallowed
3020	Nerci Almeida	United Kingdom	20,000.00	Disallowed
3021	Nerci Almeida	United Kingdom	20,000.00	Disallowed
3105	Paulo Sergio Diana	United Kingdom	10,000.00	Disallowed

Claim Number	Claimant Name	Country of Residence	Amount of Claim as Filed	Proposed Treatment of Claim
3181	Md Golam Nijam	United Kingdom	\$ 7,500.00	Disallowed
3276	Virginia Manuela De Castro Carvalho	United Kingdom	1,200.00	Disallowed
3277	Virginia Manuela De Castro Carvalho	United Kingdom	1,200.00	Disallowed
3278	Virginia Manuela De Castro Carvalho	United Kingdom	1,200.00	Disallowed
3279	Virginia Manuela De Castro Carvalho	United Kingdom	1,200.00	Disallowed
3280	Virginia Manuela De Castro Carvalho	United Kingdom	1,200.00	Disallowed
3281	Virginia Manuela De Castro Carvalho	United Kingdom	1,200.00	Disallowed
3282	Virginia Manuela De Castro Carvalho	United Kingdom	1,200.00	Disallowed
3367	Brian Lock	United Kingdom	3,000.00	Disallowed
311	Ge Xiong	Unknown	1,500.00	Disallowed
339	Brenda Marks	Unknown	4,000.00	Disallowed
341	Clayton Santos De Souza	Unknown	4,000.00	Disallowed
440	Delma I. Meléndez Pagán	Unknown	1,100.00	Disallowed
441	Delma I. Meléndez Pagán	Unknown	1,100.00	Disallowed
442	Delma I. Meléndez Pagán	Unknown	1,100.00	Disallowed
547	Faustina Lopez Rodriguez	Unknown	3,525.00	Disallowed
600	Francisco Aparecido Paschoal	Unknown	10,000.00	Disallowed
923	Lenworth Nelson	Unknown	60,000.00	Disallowed
927	Fritz Cadiche	Unknown	180,000.00	Disallowed
978	Ronald B. Jones	Unknown	1,450.00	Disallowed
1051	Regina De Fatima Ferreira Pinho	Unknown	4,275.00	Disallowed
1052	Regina De Fatima Ferreira Pinho	Unknown	4,275.00	Disallowed
1133	Luísa Berta Clemente Cardoso	Unknown	5,000.00	Disallowed
1227	Miguel Navarro Lopez	Unknown	2,800.00	Disallowed
1230	Griselda De Jesus	Unknown	1,000.00	Disallowed
1321	Luis Alejandro Martinez	Unknown	1,450.00	Disallowed
1556	Larry E. King, Sr.	Unknown	20,000.00	Disallowed
1563	Hin Chung Wu	Unknown	3,500.00	Disallowed
1690	Susana Martín Cano	Unknown	14,250.00	Disallowed
2045	Job Davila Salas	Unknown	1,475.00	Disallowed
2150	Alivar Maurilio Pereira Nunes	Unknown	2,000.00	Disallowed
2160	Lai Ying Luk	Unknown	5,000.00	Disallowed
2228	Wilker Maciel	Unknown	1,580.00	Disallowed
2236	Jonatan Caba	Unknown	2,800.00	Disallowed
2286	Elaine Vilete	Unknown	1,000.00	Disallowed
2312	Barbara A Jones	Unknown	4,000.00	Disallowed
2333	Caroline Senkal	Unknown	1,077.97	Disallowed
2456	Zlobin Denis	Unknown	1,500.00	Disallowed
2457	Zlobin Denis	Unknown	1,500.00	Disallowed
2510	Ambrose Chineke	Unknown	1,440.00	Disallowed
2617	Mario Giraud	Unknown	1,739.00	Disallowed
2618	Mario Giraud	Unknown	1,739.00	Disallowed
2745	Hugo Libanio	Unknown	4,000,000.00	Disallowed
2843	Rosa Marta Landaverde	Unknown	1,425.00	Disallowed
2844	Rosa Marta Landaverde	Unknown	1,425.00	Disallowed
2865	Olga Christiansen	Unknown	4,500.00	Disallowed
2868	Enma Samira Attias Ramirez	Unknown	1,450.00	Disallowed
3026	Rosario Ocegueda	Unknown	2,153.50	Disallowed
3027	Rosario Ocegueda	Unknown	1,425.00	Disallowed
3123	Kevin Lee	Unknown	1,026.00	Disallowed
283	Jose Pablo Bailon Cabrera	Uruguay	2,500.00	Disallowed
387	Guadalupe Román	Uruguay	3,000.00	Disallowed
388	Guadalupe Román	Uruguay	3,000.00	Disallowed
389	Guadalupe Román	Uruguay	3,000.00	Disallowed
398	Federico Favaro	Uruguay	1,425.00	Disallowed
611	Maria Angelica Rodriguez	Uruguay	1,300.00	Disallowed
758	Bruno Roberto De Los Santos Maciel	Uruguay	100,000.00	Disallowed
1194	Pablo Araujo	Uruguay	10,000.00	Disallowed
1546	Washington Antonio Teexeira	Uruguay	1,000.00	Disallowed
1802	Alejandro Dimitri Ferraz Romero	Uruguay	3,000.00	Disallowed

Claim Number	Claimant Name	Country of Residence	Amount of Claim as Filed	Proposed Treatment of Claim
1878	Marcos Nery Fernandez	Uruguay	\$ 250,000.00	Disallowed
1879	Marcos Nery Fernandez	Uruguay	250,000.00	Disallowed
1976	Teodolinda Da Silva Cerqueira	Uruguay	2,850.00	Disallowed
2316	Federico Kauffman	Uruguay	10,000.00	Disallowed
2362	Diego Gasaniga	Uruguay	1,300.00	Disallowed
2597	Richard Dario Inzaurrealde Correa	Uruguay	150.00	Disallowed
3199	Matias Valerio	Uruguay	3,000.00	Disallowed
3442	Murodxan	Uzbekistan	1,350.00	Disallowed
91	Mayra Lidia Lazaga Pacheco	Venezuela	1,425.00	Disallowed
92	Mayra Lidia Lazaga Pacheco	Venezuela	1,425.00	Disallowed
461	Jhoan Rodriguez	Venezuela	16,874.00	Disallowed
664	Jose David Castillo	Venezuela	600.00	Disallowed
2089	Myrarbys Arrioja	Venezuela	2,850.00	Disallowed
2320	Elena Ruminesik	Venezuela	1,200.00	Disallowed
2418	Rosa Maria Roche Sanchez	Venezuela	1,300.00	Disallowed