

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:

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

Reorganized Debtors.

Chapter 11

Case No. 14-40987-MSH

Case No. 14-40988-MSH

Case No. 14-40989-MSH

Substantively Consolidated

**SECOND MOTION BY LIQUIDATING TRUSTEE TO EXTEND TIME FOR HOLDERS
OF ALLOWED PARTICIPANT CLAIMS TO SUBMIT PAYMENT INFORMATION**

Stephen B. Darr, the duly appointed Liquidating Trustee (the "Liquidating Trustee") of TelexFree, LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, the "Reorganized Debtors" or "TelexFree") respectfully requests an extension of time from March 31, 2021 through July 12, 2021 in which holders of allowed Participant claims may submit Payment Information to the Liquidating Trustee in order to receive a distribution. In support of this motion, the Liquidating Trustee states as follows:

Background

1. On July 8, 2020, the Court held a hearing on the First Amended Liquidating Plan of Reorganization (the "Plan") of Stephen Darr, the Chapter 11 Trustee (the "Chapter 11 Trustee") of TelexFree.
2. On July 9, 2020, the Court entered an order confirming the Plan (the "Plan Order", docket no. 3432).
3. The Plan became effective on July 14, 2020 (the "Effective Date"). Upon the Effective Date, Mr. Darr was appointed Liquidating Trustee to implement the terms of the confirmed Plan.



4. The Plan provides for distribution to participants who purchased TelexFree VoIP or membership plans (“Participants”) and who hold allowed claims. Class 2 Convenience Participants consist of all Participants who hold allowed claims in the amount of \$4,250 or less. Class 3 consists of all other Participants holding allowed claims.

5. The Liquidating Trustee requires certain information from Participants in order to facilitate a distribution including:

- (i) identification of a method of payment;
- (ii) in the case of a Class 2 Convenience Participant holding an allowed claim of \$4,250 or less, whether such claimant elects to be treated as a Class 3 Participant; and
- (iii) in the case of a foreign Participant, certification of compliance with the Office of Foreign Asset Control, (collectively, the “Payment Information”).

6. Pursuant to the terms of the Plan Order, Participants had until January 13, 2021 to complete and return the Payment Information to the Liquidating Trustee and, absent such compliance, Participants would be barred from receiving a distribution. See Plan Order, ¶¶35-37. Thus, Participants were given six months from the Effective Date in which to complete the Payment Information.

7. Shortly after the Plan Order entered, the Liquidating Trustee sent those Participants holding allowed or unresolved claims an *Important Notice Regarding Payment Information*, which provided Participants with an opportunity to access the website **payment.telexfreeclaims.com** and complete the required Payment Information.

8. From the entry of Plan Order until mid-January 2021, the Liquidating Trustee, either directly or through his distribution agent BMC Group, sent at least five electronic notices to holders of allowed claims respecting the need to provide Payment Information, as well as two regular mailings to those Participants whose electronic mail messages were not delivered. In December 2020, the Liquidating Trustee updated the website **payment.telexfreeclaims.com** to provide further assistance and information to holders of allowed claims. The Liquidating Trustee and his agents have been responding to Participant inquiries on a continual basis, and the updated website provides an opportunity to submit a “ticket” for further assistance.

9. On January 12, 2021, the Liquidating Trustee filed a motion to extend time for Participants to complete their Payment Information through March 31, 2021 [docket no. 3672]. The motion was approved by order dated January 27, 2021 [docket no. 3676]. Upon entry of the order, the Liquidating Trustee sent the Court-approved notification of the extension of the deadline to complete Payment Information to the affected Participants. The Liquidating Trustee thereafter sent a text notification to affected Participants of the need to complete information on the aforementioned website.

10. There are approximately 100,000 allowed claims. Subject to validation of all claims for which Payment Information has been provided, the Liquidating Trustee may pay up to 71,000 claims, entailing \$107,000,000 in disbursements, by the end of March 2021.

11. While the initial extension did assist in resolving Payment Information for several thousand Participants, there remain approximately 29,000 Participants who have not yet completed the Payment Information.

Requested Relief

12. By this motion, the Liquidating Trustee seeks to further extend the deadline for Participants to complete their Payment Information through July 12, 2021. The Liquidating Trustee considers the extension appropriate given the number of Participants affected, their geographical location, language barriers and relative lack of business sophistication.

13. The Plan Order provided Participants a six-month period of time after the Effective Date to complete the Payment Information. The extension requested herein, coupled with the initial extension, will have doubled the post-confirmation time allocated (in addition to the two-month pre-confirmation balloting period wherein Participants could also have provided the Payment Information) so that Participants will have had one year from the Effective Date in which to provide the Payment Information.

14. The extension request is made after the Liquidating Trustee's consultation with several community groups who have been assisting Participants throughout the Chapter 11 process.

15. Upon entry of the order attached as Exhibit "A" hereto, the Liquidating Trustee proposes to send to the holders of allowed Participant claims who have not yet completed their Payment Information a copy of the notice attached as Exhibit "B" hereto, either electronically or, in the absence of a deliverable electronic address, by regular mail.

16. The Liquidating Trustee and his agents continue to receive messages and requests for information from Participants regarding the status of their claims and distributions and will continue to work with Participants to facilitate the distributions authorized by the Plan.

WHEREFORE, the Liquidating Trustee prays that the Court:

1. Enter an order in the form attached as Exhibit "A" extending the time through July 12, 2021 for Participants holding allowed claims to complete the Payment Information in accordance with the terms of the Plan Order;
2. Authorize the Liquidating Trustee to deliver to Participants by electronic mail (or by regular mail in the absence of a deliverable email address) a notice substantially in the form attached as Exhibit "B" hereto (in English, Spanish and Portuguese); and
3. Grant such other relief as is just and proper.

Respectfully Submitted,

STEPHEN B. DARR,
LIQUIDATING TRUSTEE OF TELEXFREE INC.,
TELEXFREE LLC, AND TELEXFREE
FINANCIAL, INC.,
By his attorneys,

/s/ Andrew G. Lizotte

Andrew G. Lizotte (BBO #559609)
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Dated: March 9, 2021
793643

CERTIFICATE OF SERVICE

I, Andrew G. Lizotte, hereby certify that on March 9, 2021, I caused a copy of the *Second Motion By Liquidating Trustee To Extend Time For Holders Of Allowed Participant Claims To Submit Payment Information* to be served electronically through the Court's ECF System to the registered participants as identified on the Notice of Electronic Filing.

/s/ Andrew G. Lizotte

Andrew G. Lizotte

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS**

In Re:

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

Reorganized Debtors.

Chapter 11

Case No. 14-40987-MSH

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**ORDER APPROVING SECOND MOTION BY LIQUIDATING TRUSTEE TO EXTEND
TIME FOR HOLDERS OF ALLOWED PARTICIPANT CLAIMS
TO SUBMIT PAYMENT INFORMATION**

A motion having been filed by Stephen B. Darr, the Liquidating Trustee (the "Trustee") of the bankruptcy estates ("Estates") of TelexFree LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, "TelexFree") to Extend the Time for Holders of Allowed Participant Claims to Submit Payment Information¹ (the "Motion"), all parties-in-interest being provided notice of the Motion and an opportunity to submit a response, and for good cause shown, the Court orders as follows with respect to the Motion:

1. The Motion is allowed.
2. The deadline for Participants holding allowed claims to submit Payment Information to the Trustee in accordance with the terms of the Plan Order is hereby extended from March 31, 2021 to July 12, 2021.
3. The Liquidating Trustee shall deliver to those Participants whose claims are allowed or not yet resolved and who have not yet provided their Payment Information a notice substantially in the form attached as Exhibit "B" to the Motion.

¹ Terms not otherwise defined herein shall have the meaning set forth in the Motion.

4. The provisions of the Plan Order shall otherwise remain in full force and effect.

Dated: _____

Hon. Melvin S. Hoffman
United States Bankruptcy Judge

793646

EXHIBIT B

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In Re:

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

Reorganized Debtors.

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NOTICE TO HOLDERS OF PARTICIPANT CLAIMS
OF EXTENSION OF TIME TO COMPLETE PAYMENT INFORMATION

The United States Bankruptcy Court for the District of Massachusetts confirmed the *TelexFree First Amended Liquidating Plan of Reorganization* (“Plan”) on July 9, 2020. Confirmation, or approval, of the Plan provides the Trustee with the authority to make distributions to holders of Allowed Claims against TelexFree.

You are receiving this Notice because you have participated in TelexFree (a “Participant”), you have timely filed a Claim in TelexFree’s bankruptcy cases which has been either allowed or is not yet resolved, and you have not yet provided all of the information required by you to receive payment. All Participants must complete and return the Request for Payment Information as described below.

Domestic Payment Information (for those Participants located within the United States):

- (i) You must let us know how you want to receive payment;
- (ii) If you have a Class 2 Claim (a Claim for \$4,250 or less), you must let us know if you want to receive a one-time payment equal to 43% of your Allowed Claim or if you want to elect to be treated as a Class 3 Claim and receive an initial payment of approximately 39% of your Allowed Claim and receive additional payments as they may become available.¹ There is no guarantee you will get more money or how much you will get.

Foreign Payment Information (for those Participants located outside the United States):

- (i) You must let us know how you want to receive payment;
- (ii) If you have a Class 2 Claim (a Claim for \$4,250 or less), you must let us know if you want to receive a one-time payment equal to 43% of your Allowed Claim or if you want to elect to be treated as a Class 3 Claim and receive an initial payment of approximately 39% of your Allowed Claim and receive additional payments as they may become available.² There is no guarantee you will get more money or how much you will get;

¹ On or about May 28, 2020, you should have received a document from the Trustee entitled “Important Notice Regarding Liquidating Plan” which described the treatment and payment of Allowed Participant Claims under the Plan. A copy of this Notice can be found on <https://payment.telexfreeclaims.com>.

² Please see footnote 1.

(iii) You must certify compliance with the Office of Foreign Assets Control.

I. HOW DO I PROVIDE THE PAYMENT INFORMATION

You can provide the Payment Information by visiting <https://payment.telexfreeclaims.com> and completing the Request for Payment Information.

II. HOW LONG DO I HAVE TO COMPLETE THE PAYMENT INFORMATION

The deadline to complete the Payment Information has been extended from March 31, 2021 through July 12, 2021. You are encouraged to complete the Request for Payment Information as soon as possible because you will not receive a distribution unless it is completed.

III. WHAT HAPPENS IF I DO NOT COMPLETE THE PAYMENT INFORMATION

If you do not complete the Request for Payment Information by July 12, 2021, you will not be entitled to a distribution in these Chapter 11 Cases. You are required to provide the Payment Information regardless of whether your claim has been allowed.

IV. WHO IS ENTITLED TO GET A DISTRIBUTION

Only holders of Allowed Claims who complete the Request for Payment Information will be entitled to a distribution. **If your claim has not yet been Allowed, it must be Allowed in order for you to receive a distribution.** If you do not know the status or the amount of your Participant Claim, you can go to <https://payment.telexfreeclaims.com> for further information.

Stephen B. Darr, Chapter 11 Trustee
By his attorneys,

Andrew G. Lizotte (BBO #559609)
Murphy & King, Professional Corporation
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Boston, MA 02108

March ___, 2021
793648