

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In re:

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

Reorganized Debtors.

Chapter 11 Cases

14-40987-EDK
14-40988-EDK
14-40989-EDK

Substantively Consolidated

STEPHEN B. DARR, TRUSTEE
OF THE ESTATES OF TELEXFREE, LLC,
TELEXFREE, INC. and TELEXFREE
FINANCIAL, INC.,

Plaintiff,

v.
FRANZ BALAN, A REPRESENTATIVE OF A
CLASS OF DEFENDANT NET WINNERS,

Defendants.

Adversary Proceeding
No. 16-4006

STEPHEN B. DARR AS TRUSTEE
OF THE ESTATES OF TELEXFREE, LLC,
TELEXFREE, INC. and TELEXFREE
FINANCIAL, INC.,

Plaintiff,

v.
MARCO PUZZARINI AND SANDRO PAULO
FREITAS, REPRESENTATIVES OF A CLASS
OF DEFENDANT NET WINNERS,

Defendants.

Adversary Proceeding
No. 16-4007

**OPPOSITION BY TRUSTEE TO DOMESTIC & INTERNATIONAL CLASS
REPRESENTATIVES' MOTION FOR SUMMARY JUDGMENT AND CROSS-
MOTION BY TRUSTEE FOR SUMMARY JUDGMENT**

Stephen B. Darr, the Liquidating Trustee ("Trustee") under the confirmed plan of reorganization of TelexFree LLC, TelexFree Inc., and TelexFree Financial Inc. (collectively, "TelexFree" or the "Debtor"), respectfully submits this opposition to the Motion by the Domestic



and International Class Representatives (the “Class Representatives”) for Summary Judgment and Cross-Motion by the Trustee for Summary Judgment.

There are no genuine issues of material fact in dispute, and the Trustee is entitled to judgment as a matter of law pursuant to Federal Rule of Bankruptcy Procedure (“FRBP”) 7056, incorporating Rule 56 of the Federal Rules of Civil Procedure.

INTRODUCTION

These adversary proceedings were commenced by the Trustee as defendant class actions, which is atypical in the field of class action litigation. The Trustee commenced Adv. Proc. No. 16-4006 against a defendant class of Net Winners located within the United States and commenced Adv. Proc. No. 4007 against a defendant class of Net Winners located outside of the United States. Each action seeks to recover from Net Winners those amounts received by such Net Winner in excess of amounts paid. The purpose of the defendant class action litigation is to resolve questions of law and fact that are common to the defendant classes, while preserving each individual defendant’s unique defenses relating to the amount of their liability.

Pursuant to the *Scheduling Order Respecting Supplementation of Expert Reports and Related Matters* [A.P. No. 16-4006, Doc 421, “Scheduling Order”] as amended, the litigation was divided into two phases for administrative convenience. Phase I pertains principally to: (i) the admissibility of the expert opinion of Dr. Cameron E. Freer (“Freer”) of Borelian Corporation (“Borelian”) in connection with the aggregation of Participant accounts to establish the Net Winnings of each Participant, including (ii) the integrity and reliability of the TelexFree [SIG] database used by Freer; and (iii) the reasonableness of assumptions made by Freer in computing the amount of Net Winnings of each Participant which, in turn, includes a determination of whether: (x) the Trustee properly excluded payments made in transactions

solely between Participants and not involving TelexFree for the transfer of credits in computing Net Winnings; and (y) the Trustee is entitled to a presumption that cash was paid by recruited Participants in connection with Triangular Transactions in an amount equal to the cost of the membership plan and the credits redeemed by the recruiting Participant.

Simultaneously herewith, the Trustee has filed an Opposition to the *Domestic & International Class Representatives' Motion to Exclude Testimony of Dr. Cameron E. Freer as Inadmissible under Daubert* (the "Daubert Motion"). In the Opposition to the Daubert Motion, the Trustee requests a determination that: (i) the data in the TelexFree [SIG] database is sufficiently reliable to perform the aggregation of Participant accounts; and (ii) Freer made appropriate usage of the data fields in the TelexFree database, including the use of the name field, in establishing the aggregations.

Presuming that the Court finds in the Trustee's favor as to matters (i) and (ii) in the Opposition to the Daubert Motion, pursuant to this cross-motion the Trustee seeks the following further determinations:

- (i) That the Trustee's usage of the initial, or first, account in each Participant aggregation was an appropriate methodology to establish the identity of the Participant whose accounts were aggregated;
- (ii) That monies paid in connection with the transfer of credits between Participants are to be excluded in computing Net Winnings;
- (iii) That in computing the Net Winnings in a Triangular Transaction, it is reasonable to presume that a recruited Participant paid cash to a recruiting Participant to obtain a membership plan from TelexFree.

If the Court grants summary judgment with respect to Phase I, the Trustee would request that the Court establish a schedule to resolve the issues identified in the Scheduling Order as Phase II, many of which are issues of law that may be suitable for adjudication on summary judgment. Phase II also contemplates the establishment of a procedure to determine the damages assessed against each defendant. In this regard, the Trustee seeks at this stage only a finding that the Net Winnings for each Participant as set forth in the Trustee's aggregation of User Accounts presumptively establishes the damages for each defendant. After the class action phases of the litigation are concluded, individual defendants will have the opportunity to contest the amount of the damages asserted and to rebut the presumptions established by the Court.

I. BACKGROUND

TelexFree purported to be a multi-level marketing company selling voice over internet protocol ("VOIP") subscriptions, which could be used to make international telephone calls over the internet. *See Memorandum of Decision on Class Defendants' Motion to Exclude Expert Witness Testimony of Timothy Martin* ("Decision", Adv. Proc. No. 16-4006, docket no. 385, at p.3). On October 7, 2015, the Trustee filed a *Motion by Chapter 11 Trustee for Entry of Order Finding that Debtors Engaged in Ponzi and Pyramid Scheme and Related Relief* (the "Ponzi Motion") [docket entry 623]. On November 22, 2015, the Court, on motion by the Trustee and after notice and hearing, entered an Order, as amended on December 21, 2015, approving the Ponzi Motion and finding that:

Each of the Debtors in these jointly administered cases operated a Ponzi and pyramid scheme. This ruling is the law of the case in each of these jointly administered cases. [Docket entries no. 654, 668].

The Ponzi Motion also sought a determination that, in accordance with longstanding practice in Ponzi scheme cases, claims be calculated and allowed based upon a Net Equity determination, that is, the difference between amounts that a participant (“Participant”) paid into the scheme and amounts that the Participant received. On January 26, 2016, the Bankruptcy Court entered a supplemental order respecting the Ponzi Motion [docket entry no. 687]. The supplemental order provided that:

The claims amounts of Participants shall be determined on a Net Equity basis, which shall be defined as follows: the amount invested by the Participant into the Debtors’ scheme, including amounts paid pursuant to Triangular Transactions, less amounts received by the Participants from the Debtors’ scheme, including amounts received pursuant to Triangular Transactions...

In determining the amount of a claim of a Participant who has more than one User Account, the activity in all of the Participants’ User Accounts shall be aggregated and netted against one another...

(“Net Equity”).

TelexFree derived most of its revenue not from the sale of VOIP plans but from membership fees paid when a Participant purchased a membership plan. Decision, at p. 3. Members, or Participants, ‘earned’ credits by selling VOIP plans, publishing internet advertisements, and recruiting other Participants into the plan. *Id.* Credits could be redeemed for cash, used to purchase additional memberships for that Participant or another Participant, or transferred to other Participants. *Id.* In essence, the credits served as a currency and, for much of the term of the TelexFree Ponzi scheme, TelexFree recorded credits as denominated in United States currency, with one credit being equal to \$1. *See Affidavit of Jean Louis Sorondo*, “Sorondo Affidavit”, at ¶9, filed separately.

Each time that a Participant purchased a VOIP plan or a membership plan, the Participant created an account (“User Account”). It was common for an individual Participant to

have numerous User Accounts. The TelexFree database did not have a mechanism to link User Accounts attributable to a single Participant. Therefore, the Trustee had to establish a process for aggregating User Accounts for each Participant. The transactional data for the aggregated User Accounts could then be used to compute the Net Winnings or Net Losses for a Participant. *Decision, at p.3.*

On November 23, 2020 and November 24, 2020, the Court held an evidentiary hearing on Timothy Martin's expert opinion respecting the methodology for aggregating the User Accounts of Net Winners. By decision dated June 22, 2021, the Court determined that the Trustee had not shown by a preponderance of the evidence the reliability of the expert opinion as to the selection and application of the method for aggregating User Accounts to determine the identity and Net Winnings of the Net Winners. *Decision, at p. 39.*

The Trustee thereafter retained Freer of the firm Borelian, an esteemed "big data" consulting firm, to provide expert testimony on the appropriate method of aggregating the User Accounts of Participants.

A. Types of Participant Transactions.

In order to administer the case, the Trustee needed to compute Net Losses of Participants (to establish the pool of claimants entitled to a distribution) and Net Winnings of Participants (to identify those Participants subject to estate claims for recovery of amounts received in excess of amounts paid). The resolution of claims of asserted Net Losers is substantially complete.

In computing Net Equity, the Trustee considered the various types of transactions in which a Participant could engage. Participants could:

- purchase membership plans and pay membership fees directly to TelexFree

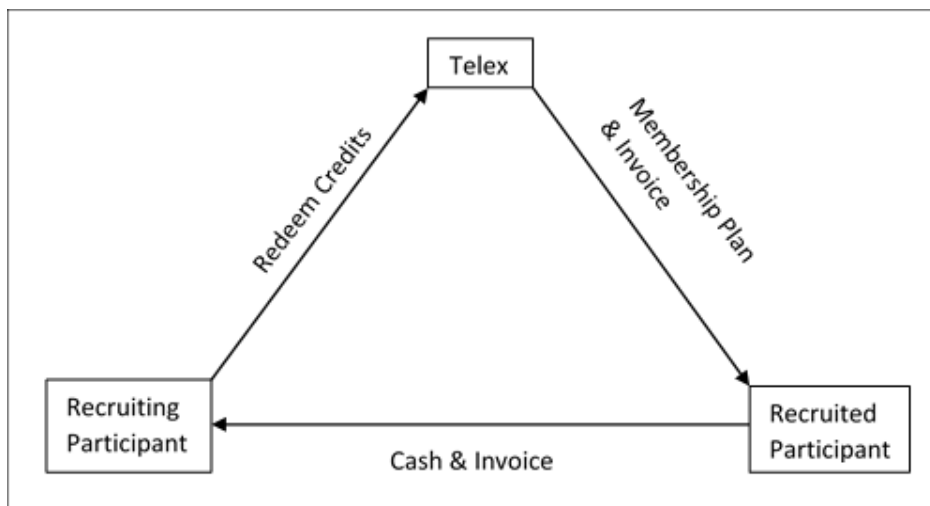
- purchase credits directly from TelexFree
- redeem credits directly with TelexFree.

These are collectively referred to as “direct” transactions. *See Affidavit of Stephen B.*

Darr, “Darr Affidavit”, at ¶10, filed separately.

In many instances, Participants purchased membership plans and opened User Accounts through a three-way transaction involving: (a) TelexFree, (b) the Participant purchasing the User Account (the Recruited Participant), and (c) the Participant who facilitated the transaction (the Recruiting Participant).¹ This transaction, which has been referred to throughout the case as a “Triangular Transaction”, operated as follows: (i) a new, or Recruited, Participant purchased a TelexFree membership plan from TelexFree; (ii) TelexFree issued the membership fee invoice to the Recruited Participant; (iii) the Recruited Participant paid the membership fee directly to the Recruiting Participant, and the Recruiting Participant then used accumulated credits in the TelexFree system to satisfy the invoice of the Recruited Participant. *See Darr Affidavit*, at ¶11.

Set forth below is a schematic of the Triangular Transaction:



¹ Occasionally, a Participant would open up additional User Accounts for himself/herself, in which case the Participant would, in effect, be both the Recruiting and Recruited Participant.

The Trustee concluded that it was reasonable to assume that a Recruiting Participant received cash from a Recruited Participant in a Triangular Transaction in an amount equal to the credits redeemed by the Recruiting Participant. *See* Darr Affidavit, at ¶12. This conclusion was based upon discussions with TelexFree employees, discussions with, and testimony from, Participants, representations made by the Office of Homeland Security who had investigated TelexFree, and an analysis of the economics of the TelexFree scheme and the Triangular Transactions. *Id.* Moreover, a Recruited Participant would not pay more than the membership invoice and, similarly, the Recruiting Participant would not access less than the redemption value of the credits. Therefore, amounts received by a Recruiting Participant in a Triangular Transaction increased that Participant's Net Winnings, and amounts paid by a Recruited Participant in a Triangular Transaction decreased that Participant's Net Winnings.

As referenced above, Participants could also transfer credits between and among themselves (referred to as "Credit Transfers"). *See* Darr Affidavit, at ¶13. The Credit Transfer was a two-party transaction between Participants. Unlike the three-party Triangular Transaction which involved the purchase of a TelexFree membership plan and payment of a membership invoice, TelexFree was not a party to the Credit Transfers. TelexFree merely recorded the transfer of credits in its records and charged an administrative fee of three (3) credits for the bookkeeping entry. The Trustee excluded the Credit Transfers from the computation of Net Equity. *See* Darr Affidavit, at ¶13.

II. STANDARDS FOR SUMMARY JUDGMENT

Summary judgment is appropriate when the record reveals "no genuine dispute as to any material fact and the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a); Fed. R. Bank. P. 7056. "The role of summary judgment is to pierce the boilerplate of the

pleadings and to provide a means for prompt disposition of cases where no trial-worthy issue exists.” *Quinn v. City of Boston*, 325 F.3d 18, 28 (1st Cir. 2003) (citing *Suarez v. Pueblo Int’l, Inc.*, 229 F.3d 49, 53 (1st Cir. 2000)). “A ‘genuine’ issue is one that could be resolved in favor of either party, and a ‘material fact’ is one that has a potential of affecting the outcome of the case.” *Calero-Cerezo v. U.S. Dept. of Justice*, 355 F.3d 6, 19 (1st Cir. 2004) (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248-250 (1986)).

“To be considered ‘genuine’ for Rule 56 purposes a material issue must be established by ‘sufficient evidence supporting the claimed factual dispute...to require a jury or judge to resolve the parties’ differing versions of the truth at trial.’” *Hahn v. Sargent*, 523 F.2d 461, 464 (1st Cir. 1975) (quoting *First National Bank of Arizona v. Cities Service Co., Inc.*, 391 U.S. 253, 289 (1968)). “Once the movant has served a properly supported motion asserting entitlement to summary judgment, the burden is on the non-moving party to present evidence showing the existence of a trial worthy issue.” *Gulf Coast Bank & Trust Co. v. Reder*, 355 F.3d 35, 39 (1st Cir. 2004) (citing *Anderson*, 477 U.S. at 248); *Garside v. Osco Drug, Inc.*, 895 F.2d 46, 48 (1st Cir. 1990). To meet that burden, the non-moving party may not rely on “bare allegations” but must come forward with substantive evidence to rebut the evidence that has been offered by the moving party. *Gulf Coast*, 355 F.3d at 39 (citing *Rogan v. City of Boston*, 267 F.3d. 24, 29 (1st Cir. 2001)).

The Trustee submits that all of the factual allegations are supported by the docket, the affidavits of the Trustee and Jean Louis Sorondo, and the deposition testimony of Participants. The facts are uncontroverted, and the Trustee is entitled to a judgment as a matter of law.

III. ARGUMENT

As set forth above, in the Opposition to the Daubert Motion, the Trustee seeks a determination that the TelexFree database provides sufficiently reliable information to perform the Net Winner aggregation of User Accounts, and that Freer made appropriate usage of the data fields in the TelexFree database. Having established in the Opposition to the Daubert Motion that the aggregation of User Accounts was performed in a reliable manner, the Trustee now seeks a determination through this cross-motion that (a) the method of identifying the Participant in each aggregation of User Accounts is reasonable and appropriate; and (b) the methodology for calculating the Net Winnings of each Participant is reasonable and, therefore, the Trustee is entitled to a presumption that the damages assessed against each Net Winner Participant is accurate.

A. The use of the “Lowest Rep ID” is appropriate to determine the identity of each Participant in an aggregation of User Accounts.

After the aggregation of User Accounts had been completed, the Trustee needed to select a method to identify the Participants who were the owners of the aggregated accounts. As set forth in his attached affidavit, Jean Louis Sorondo performed a series of mechanical steps to confirm the Trustee’s selection of the “Lowest Rep ID” as the basis for identifying the Participant who owned the aggregated accounts.

Sorondo downloaded data files included in the expert report of Freer, which included 10,987,618 unique rows of data (reflecting the 10,987,618 User Accounts) and 1,566,383 unique clusters, or User Account aggregations. Sorondo then segregated the aggregations to account for the 81,681 Net Winner aggregations. *See Sorondo Affidavit*, at ¶3.

The first-created User Account in an aggregation is referred to as the “Lowest Rep ID”. The rep ID field is a unique record identifier for each User Account. The rep ID is increased to a higher number as new User Accounts are created. Therefore, by definition, the Lowest Rep ID is the first account in an aggregation, and the highest rep ID is the last account in an aggregation. After conducting certain basic data formatting techniques, Sorondo then performed a series of steps to aid in assessing whether the Lowest Rep ID would be an accurate indicator of Participant identity of the User Account aggregation. As a result, Sorondo found as follows:

- (i) Using Freer’s standards for a “clean” name (i.e., a string containing five or more characters that only included alphabetical characters, periods, commas, hyphens, spaces, or apostrophes), 98.09% of Net Winner names met Freer’s standards, indicating a high likelihood that the name field in the Lowest Rep ID contained the name of an actual person;
- (ii) The name field in the Lowest Rep ID matched, identically, the most frequent name used in the User Account aggregation approximately eighty percent (80%) of the time;
- (iii) After making minor “cleaning” changes in the name field, the name field in the Lowest Rep ID matched the most frequent name used in the User Account aggregation approximately eighty-nine percent (89%) of the time;
- (iv) For the remaining eleven percent (11%) of User Account aggregations, Sorondo sorted the list of Lowest Rep ID name field and most frequent name field in the aggregation and assigned a numerical value, calculated in Excel, that indicates how close or far apart the two names are in value. A visual inspection of this list

reveals no significant differences between the name field in the Lowest Rep ID and the most frequent name field used in the aggregation;

- (v) Out of the forty-seven (47) alleged celebrity and fictitious names cited by counsel to the Class Representatives in challenging the value of the name field, only one such name appeared in the Lowest Rep ID. That name was Princess Rosario, who was confirmed to be an individual whose address matched that contained in the TelexFree records.

See Sorondo Affidavit, at ¶3; Affidavit of Ilyas Rona, Adv. Proc. No. 16-4006, Doc. 443, at ¶25.

Based upon the calculations included in the Affidavit of Jean Louis Sorondo, the Trustee concluded that the Lowest Rep ID provided an appropriate basis for determining the identity of the Participant in each User Account aggregation.

B. Credit Transfers are properly excluded in the computation of Net Equity.

The Net Equity formula does not contemplate the inclusion of monies paid or received in Credit Transfers. Such inclusion would be legally unsupportable, would be inconsistent with the computation of the claims of Net Losers and would impair the rights of individual Participants to pursue their direct claims against other Participants.

The Credit Transfers are different in substance from the Triangular Transactions. In a Credit Transfer, no invoice was issued by TelexFree. No membership plan was provided by TelexFree, and no membership fee was due to TelexFree. The transaction was strictly a purchase, sale, and transfer or credits between two private participants, in which TelexFree had no economic stake. TelexFree had no right to receive, and no obligation to pay, funds in a Credit Transfer. TelexFree's only role in connection with a Credit Transfer was merely as a bookkeeper – to record the reduction in credits for one Participant and increase in credits for

another. TelexFree charged three (3) credits to the transferring Participant for the bookkeeping services, which was *de minimus* in that most transfers involved hundreds, or thousands, of credits.

The Net Equity formula approved by the Court distinguishes between Triangular Transactions and Credit Transfers because they are different in-kind. The Net Equity formula expressly references and includes monies paid or received pursuant to Triangular Transactions, but no such reference is made to Credit Transfers. The maxim *expressio unius est exclusio alterius* mandates that when parties identify specific items in a document, any items not so listed are appropriately excluded. *Lohnes v. Level 3 Communs., Inc.*, 272 F.3d 49, 61 (1st Cir. 2001).

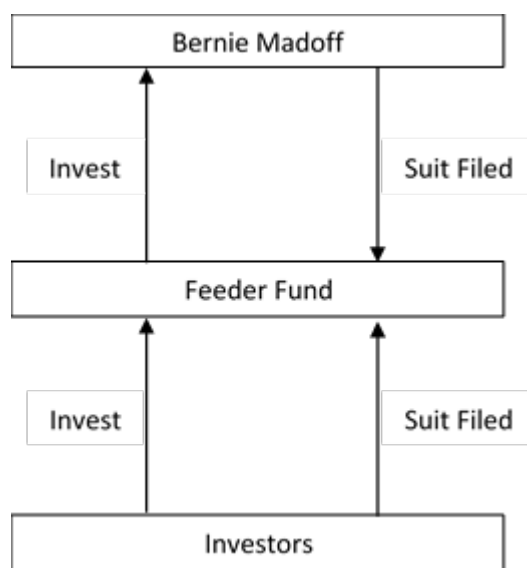
The exclusion of amounts paid or received in Credit Transfers was applied in computing the Net Losses of individual Participants in the claims resolution process. The continued implementation of this formula in the computation of Net Winnings would be consistent with, and complementary to, the process already employed in the claims resolution process.

Inclusion of the Credit Transfers in computing Net Winners and Net Losers would also be inconsistent with established Ponzi scheme case law and the individual rights of Participants to pursue their own direct, as opposed to derivative, claims against third parties. Where a transaction is between two non-debtors, and the non-debtors then separately transact with the debtor, the solely participant-to-participant transaction does not involve a claim of, or against, the bankruptcy estate. *Picard v. Fairfield Greenwich Ltd.*, 762 F.3d 199 (2nd Cir. 2014) (“*Madoff P*”).

In the Bernie Madoff Ponzi scheme, the trustee occasionally found himself competing with victims in the pursuit of recoveries against third parties who had benefited from the scheme. In those instances, the Madoff trustee sought to enjoin the victim from interfering in the trustee’s

collection efforts. The rulings on these injunction requests varied depending upon whether the victims had “direct” claims against the third party or whether such claims were, in actuality, derivative of the claims held by the Madoff estate and were properly asserted by the trustee.

In *Madoff I*, investors in feeder funds, which took investor money and in turn invested those funds into the Bernie Madoff Ponzi scheme, sued the feeder funds in connection with the scheme. The Madoff entities were not a party to the transaction between the investors and the feeder funds. The Madoff trustee brought a separate suit against the feeder funds to recover net winnings paid by the Madoff entities to the feeder funds. A schematic of the circumstances is set forth below:



The Madoff trustee commenced an action to enjoin the investors’ litigation against the feeder funds, as the trustee was concerned that any recovery by the investors from the feeder funds could diminish the potential recovery by the trustee against the feeder funds. The Madoff trustee’s injunction action was unsuccessful. The court concluded that the investors had “direct” or “particularized” claims against the feeder funds because the investors had contracted directly with the feeder funds in transactions to which the Madoff entities were not a party. The trustee

therefore had no basis to enjoin the pursuit of a direct claim by a third party (the investor) against another third party (the feeder fund).

Madoff I is analogous to the circumstances arising under the Credit Transfers. TelexFree was not a party to the Credit Transfers, and the bankruptcy estate was neither augmented nor diminished as a result of the transaction. The transaction was strictly between non-debtors. The Trustee has no basis to recover monies paid as a result of the Credit Transfers, as these claims are direct claims that may be brought by individual Participants against other Participants. If the trustee were to include amounts paid for Credit Transfers in the computation of Net Equity, the recipient Participant could potentially be liable twice for the same Credit Transfer (once to the Trustee as a Net Winner and then again to the counter-Participant who paid to receive the Credit Transfer).

The results in *Madoff I* can be contrasted with the results of a second action commenced by the Madoff trustee to enjoin claims asserted by third parties. *See Marshall v. Picard*, 740 F.3d 81 (2nd Cir. 2014) (“*Madoff II*”). In *Madoff II*, the Madoff trustee sued the Picower defendants for excess withdrawals made by the Picower defendants from the Bernie Madoff funds that allowed them to become net winners. Certain creditors, including Marshall, also sued the Picower defendants on account of their involvement in the Madoff scheme. The creditor claims were based upon civil conspiracy and conversion. The Second Circuit Court of Appeals concluded that the claims asserted by Marshall against the Picower defendants were actually derivative of the claims held by the Madoff trustee – that is, the claims arose from harm done by the Picower defendants to the bankruptcy estate and the Marshall creditors were simply repackaging estate claims under another theory. Because the Marshall creditors were in essence seeking to recover estate property, the Court granted the Madoff trustee’s injunction request.

Madoff II is more analogous to the Triangular Transactions. In fact, the First Circuit Court of Appeals previously determined that payment made by a Recruited Participant to a Recruiting Participant in a Triangular Transaction constituted property of the TelexFree estate. *See Darr v. Dos Santos (In re TelexFree, LLC)*, 941 F.3d 576 (1st Cir. 2019). The membership fee was a payment otherwise due to TelexFree for the membership invoice, and such fee was diverted to the Recruiting Participant in exchange for the redemption of the credits of the Recruiting Participant. As a result, recovery of the amounts paid was the sole province of the Trustee, and claims by a Recruited Participant against the Recruiting Participant were derivative of the claims of the TelexFree estate and therefore could not be pursued. *Id.*

Because an individual Participant had no direct claim against another Participant in a Triangular Transaction but only a claim derivative of that held by TelexFree, the Net Equity formula includes amounts paid in a Triangular Transaction. Amounts deemed received by a Recruiting Participant in a Triangular Transaction results in an increase in Net Winnings, and amounts deemed paid by a Recruited Participant in a Triangular Transaction results in a decrease in Net Winnings.

C. There is ample basis for a presumption that cash payments were made in Triangular Transactions and that such payments should be included for purposes of computing Net Equity.

The Trustee has administered the case, including the resolution of claims, distribution of funds, and computation of Net Winnings, based upon the presumption that a Recruited Participant paid cash to a Recruiting Participant, on the basis of \$1 for each credit redeemed, when purchasing a membership plan through a Triangular Transaction. This presumption was based upon the Trustee's initial interviews with employees of, and Participants in, TelexFree and upon discussions with the Department of Homeland Security which had investigated TelexFree.

The Trustee also relied upon the simple economics of the Ponzi scheme – since credits could be redeemed for cash, it would be logical to presume that Recruiting Participants would not redeem their credits unless they received cash in the same amount from the Recruited Participants.

In February and March 2023, the Trustee conducted depositions of numerous Participants to inquire further as to the mechanics of the Triangular Transactions. In numerous instances, the Participants confirmed that it was customary for a Recruited Participant to pay cash to a Recruiting participant when acquiring a membership plan through a Triangular Transaction. Excerpts from many of those depositions are provided below:

(i) Deposition of Ingrid Laplanche, February 15, 2023 (attached as Exhibit “A”):

Q. So our records show that he opened the accounts

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1 for you --

2 A. Mm-hmm.

3 Q. -- using his credits. Is that accurate?

4 A. That's accurate.

5 Q. And he opened four accounts for you with his
6 credits?

7 A. Correct.

8 Q. And then you transferred money over Zelle in
9 exchange for that membership?

10 A. Yes.

11 Q. And you transferred that money over Zelle to
12 your brother?

13 A. Correct.

14 Q. And do you remember the amount that you
15 transferred him for each one of those four
16 transactions?

17 A. It was -- I don't remember exactly, but the
18 amount that I claimed was basically what I paid him.
19 I did not have the accounts for that long before it
20 was closed or whatever.

21 Q. I understand. So the claim amount -- the claim
22 that you put in equals the money that you paid to your
23 brother?

24 A. Yes.

(ii) Deposition of Ivan Alvarenga, February 15, 2023 (attached as Exhibit "B"):

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Q. It was common practice to use credits to open up accounts for others. In those situations, was your understanding that the original member of TelexFree who would use their credits to set up an account for someone else received payment for those credits?

MR. RONA: Objection.

A. Sometimes. Sometimes someone would exchange their credits for cash to make it more efficient to sign someone up.

Q. Okay. When you say exchange for cash, you mean exchange among two different people?

A. Correct. Yeah. I can explain it in more detail. So Person A, who is already signed up with Telex, would have credits in their portal. And rather than having the Person B sign up with money, which maybe they didn't have on a credit card, they just had

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1 in cash, Person A would set up, transfer the credits
2 to sign up Person B with their credits, and then
3 Person B would pay Person A in cash for the credits in
4 exchange, equal dollar for dollar. No money was made
5 in those exchanges, because it was already an obvious
6 benefit to having someone sign up with a new account.

(iii) Deposition of Rudeidamia A. Calcano, February 15, 2023 (attached as Exhibit "C"):

Q. So just to make sure that I understand, you gave

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**1 Jose Lopez, Framin Alvarado Paulino, and someone named
2 Juan that you don't remember the last name about
3 \$5,000 to open the accounts for you?**

A. Yes.

Q. Is that correct? Okay. And how did you transfer the money to them?

A. I gave them cash.

Q. Do you remember which one of them you handed cash to or did you disperse?

A. I know the three of them were in charge and, you know, they were there, you know, selling that, selling the whole TelexFree thing to us. So, you know, it seemed legitimate. It seemed right. We saw a contract. And I just gave them -- we gave them the

15 money. And, you know, they did say that they were,
16 you know, going to open an account and they were going
17 to give us the username and things, which they did
18 after. But it never worked.

(iv) Deposition of Arismendy Alexandry Disla, February 21, 2023 (attached as Exhibit
"D"):

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**Q. Do you recall any situations where someone would
7 have been opening an account for you where they used
8 their credits to open the account for you?**

9 A. Like -- yeah. Like, okay, they say, "Let me
10 open an account for you. Here is a credit, and then
11 you pay me." Kind of like that?

12 Q. Yeah.

13 A. Yeah, yeah. There were a couple guys that would
14 use it, and they even doing it in front of the
15 community meetings. In the meetings. Like, "I got --
16 I have a credit. I have a balance, so who wants to
17 open a credit? Give me 1300 or 1400." And they used
18 to do it right in front of the people in those little
19 meetings, 20, 40, 50, even 100. Even in the big
20 meetings. So uh-huh. They get like, "Give me cash,
21 and I open it for you," and then, like, they do the
22 rest for you.

(v) Deposition of Martiza Elizabeth Garcia, February 21, 2023 (attached as Exhibit "E"):

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11 Q. Okay. And so you had to pay to get in?

12 A. Correct. You had to invest some type of -- I
13 honestly don't recall if it was, like, \$500 or, like,
14 \$1,000 or something like that.

15 Q. Do you remember who you paid?

16 A. I gave the money to Jose and I believe -- you
17 know, it seems like the money went from one hand to
18 another hand to another hand. I don't know where it
19 ended up.

**20 Q. Do you remember how you paid him? Did you pay
21 him by cash or by, like, a credit card, or how did
22 that work?**

23 A. No, I believe it was cash.

- (vi) Deposition of Selvi Vanessa Lewis Reynaga, February 22, 2023 (attached as Exhibit "F"):

Q. And when you opened that account, I think we

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**1 went over that it cost the \$1,425. I think I might
2 have said 420 before; sorry. Do you remember how you
3 paid to open that account?**

4 A. So what I remember is while I was in Bolivia --
5 in La Paz, Bolivia. So I don't think I could have --
6 I knew I wasn't able to make the transfer through
7 Bolivia, so we actually -- this is why it's fuzzy. I
8 sent the money to my brother-in-law, who has no
9 recollection of TelexFree or anything. Just sent him
10 the money, I think, through Western Union. And I
11 think he was able to give it to Francisco to do the
12 transaction part for TelexFree. That part was kind of
13 fuzzy for me even back then.

**14 Q. Okay. So I understand that you sent money
15 through Western Union to your brother, who gave it to
16 Francisco in order to have the account set up. Is
17 that correct?**

18 A. Yes.

**19 Q. Do you remember how much money you would have
20 sent?**

21 A. Well, I remember it was around -- like, it was
22 over \$7,000, because I also sent money for 10 -- I
23 think it was 10 of the cards, those calling cards that
24 were \$50 each or \$49.99, I think you mentioned. So I

Page 13

1 think it was for five accounts that were \$1,425.

2 Right.

- (vii) Deposition of Andrew Tranjano De Costa Silveira, February 23, 2023 (attached as Exhibit "G"):

**Q. So every time you opened an account, you paid
24 Michael for the account?**

Page 14

1 A. It was two times. First, he came. I opened up
2 with him. And then, like, after the week after or two
3 weeks after, he came down again to my friend's house
4 and he opened up for a lot of people. I was one of
5 the people. He opened for my friend and some other

6 people around the room, and he explained it and he
7 answered questions, and this and that.

8 He drove from Connecticut. I think he lived in
9 Bridgeport.

10 **Q. And he opened up accounts for some of your**
11 **friends, you said. Is that correct?**

12 A. I think so. Some people that were in the room,
13 yeah.

14 **Q. When he opened up accounts for them, did they**
15 **also pay him money for those accounts?**

16 A. I think it was all cash.

(viii) Deposition of Suellen Schmidt, February 24, 2023 (attached as Exhibit "H"):

Page 9

Q. When you opened your first account, did you
3 **personally go on and fill out all the information on**
4 **the Telex website to open it, or did someone help you?**

5 A. I believe I had somebody help me.

6 **Q. Do you know who helped you open it?**

7 A. Her name is Isabella. She is a friend of a
8 friend who convinced me to join.

9 **Q. When Isabella helped you open the account, do**
10 **you remember how you paid for the account?**

11 A. So, honestly, my friend -- because I told my
12 friend I didn't want to join. I didn't have any money
13 to join at the time. And she convinced me to accept
14 an offer from another friend, so I had to borrow money
15 from this other friend. She borrowed the money and
16 invested the money, and then I ended up having to pay,
17 of course.

(ix) Deposition of Bruno Graziani, March 16, 2023 (attached as Exhibit "I"):

Page 7

Q. Okay. Thank you. And when he brought you into
18 **Telex, do you remember if he opened an account for**
19 **you?**

20 A. I believe he did. Yeah, he did at the time.

21 **Q. When he opened that account for you, did you pay**
22 **him back for opening that account?**

23 A. Yes. So I wasn't able to go to the bank to get
24 my statements yet for that period of time, but I

Page 8

1 remember that, going to the bank, I took out -- I made

2 a withdrawal of money in order to make that payment.

3 **Q. So did you withdraw cash?**

4 A. Yes, because -- I don't know -- at the time,
5 like, you had to buy, like, credits. I don't know if
6 it was -- if you bought credits from him or something
7 like that.

As earlier discussed, the credits were a form of currency in the TelexFree Ponzi scheme. The credits could be, and were often, redeemed with TelexFree for par (one dollar in exchange for one credit). *See Sorondo Affidavit*, at ¶5, 7. It would therefore logically follow that if a Recruiting participant were to use 1,000 credits to open a User Account for a Recruited Participant, that the Recruiting Participant would expect to receive \$1,000. As set forth in the *Supplemental Rebuttal Expert Report of Joshua W. Dennis*, the proposed expert for the Defendant Class Representatives:

174. It defies economic logic that one Participant would simply give Credits to another Participant without financial consideration in return (particularly in these large sums) given that Credits could be converted into cash through Direct Receipts or, much more frequently, Triangular Transactions.

In fact, TelexFree Participants saw, upon logging into the TelexFree portal, that their credits were denominated as U.S. dollars (USD) on the basis of \$1 per 1 credit). *See Sorondo Affidavit*, at ¶9.

While there may have been circumstances where Recruiting Participants in a Triangular Transaction redeemed their credits for less than par, or as a gift, there is sufficient evidence to establish a pervasive course of conduct whereby the Recruited Participant paid cash to the Recruiting Participant in an amount equal to the membership plan purchased, and that the Recruiting Participant redeemed credits in a like amount to satisfy the membership invoice. Thus, the Court should establish a *prime facie* presumption of the use of cash to purchase

membership plans through a Triangular Transaction on a dollar-for-credit basis, which individual Participants can seek to rebut in the context of assessment of damages against such Participants.

D. Participants should bear the responsibility for failure to maintain records.

To the extent that Net Winners failed to document their Triangular Transactions, the Class Representatives seek to hold the Trustee responsible for the lack of recordkeeping by Participants to establish their Net Losses or Net Winnings:

Moreover, individual Participants likely do not have comprehensive receipts or records to prove just how much money they put into or received from the Telexfree system. Many transactions were done using cash, and Participants usually did not keep detailed records.

Defendants' motion for summary judgment, at p. 23

The class defendants should not be able to escape liability to the Trustee based upon a failure to maintain adequate books and records. As set forth by the United States Supreme Court in permitting proof by inference in an antitrust case:

In such a case, even where the defendant by his own wrong has prevented a more precise computation, the jury may not render a verdict based on speculation or guesswork. But the jury may make a just and reasonable estimate of the damage based on relevant data, and render its verdict accordingly. In such circumstances "juries are allowed to act upon probable and inferential, as well as direct and positive proof." *Story Parchment Co. v. Paterson Co.*, *supra*, 561-4; *Eastman Kodak Co. v. Southern Phot Co.*, *supra*, 377-9. Any other rule would enable the wrongdoer to profit by his wrongdoing at the expense of his victim. It would be an inducement to make wrongdoing so effective and complete in every case as to preclude any recovery, by rendering the measure of damages uncertain. Failure to apply it would mean that the more grievous the wrong done, the less likelihood there would be of a recovery.

The most elementary conceptions of justice and public policy require that the wrongdoer shall bear the risk of the uncertainty which his own wrong has created.

See Bigelow v. RKO Radio Pictures, Inc., 327 U.S. 251, 264-65 (1946)

See also Home Placement Service, Inc. v. Providence Journal Co., 819 F.2d 1199, 1206 (1st Cir. 1987)(trier of fact can calculate damages based upon reasonable inferences drawn from the evidence and the defendant, whose wrongful conduct caused or contributed to the uncertainty

of damages sustained, cannot protest that such measurement of damages is too imprecise); *In re Solodyn (Minocycline Hydrochloride) Antitrust Litig.*, 2017 U.S. Dist. LEXIS 170676 (D. Mass. 2017)(uncertainties regarding damages should be resolved against the wrongdoer and not those injured); *Gesualdi v. RRZ Trucking Co.*, 2011 U.S. Dist. LEXIS 54751 (E.D.N.Y. 2011)(failure by employer to maintain records required under ERISA shifted burden to employer to either come forward with evidence or to negate the reasonableness of the inferences to be drawn from the plaintiff's evidence).

Individual defendants can seek to rebut the amount of damages assessed against them after the class action component of the litigation has concluded. Defendants, however, have been on notice of the litigation since it was commenced and should not be able to use the failure to keep records as a sword to evade liability.

E. The computation of Net Winnings is a mathematical exercise and does not require expert testimony.

Freer performed the aggregation of the User Accounts attributable to each Participant. After completing the aggregations, Freer relied upon the Net Equity calculations performed by Huron as to each User Account to establish the Net Winnings of the respective Participants. As set forth below, Huron's computation of Net Equity was a mathematical exercise not requiring expert testimony, and the suggestions by the Class Representatives that Huron's computation of Net Equity was previously excluded are inaccurate and misleading. The Court never reached the issue of the Net Equity computation in the first *Daubert* hearing, as earlier discussed.²

² As set forth in the Decision:

The defendants also raise arguments beyond simply addressing the reliability of Mr. Martin's selection and application of an aggregation methodology, including arguments that relate to Mr. Martin's assumptions and decisions after the aggregation process was complete, when he set out

In calculating the Net Winnings of each Participant, Huron merely assembled the relevant data fields and implemented the instructions of the Trustee. As set forth above, the exclusion of Credit Transfers was a matter of law, and the assumptions made with respect to monies paid by Recruited Participants to Recruiting Participants pursuant to Triangular Transactions was based upon factual evidence and conclusions made by the Trustee. Huron's computations of Net Equity were merely a mathematical exercise, for which an expert witness is not required. *Allscripts Healthcare, LLC v. Andor Health, LLC*, 2022 U.S. Dist. LEXIS 134924 (D. Del. 2022) at *55; *Foraker v. Schauer*, 2005 U.S. Dist. LEXIS 46071 (D. Col. 2005) at *24; *New York v. UPS*, 942 F.3d 554, 596 (2nd Cir. 2019), *cert den.*, 141 S. Ct. 242 (2020)(arithmetic calculations performed using Excel, even as to spreadsheets that are large and unwieldy, does not require expert testimony); *Qwest Corp. v. Elephant Butte Irrigation Dist.*, 616 F. Supp. 2d 1110 (D.N.M. 2008)(witness estimate was a mathematical exercise based upon information known and reasonably available; the case was tried to the bench and the Court understood the calculation; accordingly, declarant was not an expert witness). Therefore, there is no need for a second expert with respect to the computation of Net Winnings, and the Class Representatives' assertions in this regard are without merit.

F. The Trustee requests rulings that will establish a rebuttable presumption as to the Net Winnings of each class defendant.

Based upon the facts and law provided, the Trustee has offered sufficient evidence for a finding that the Freer aggregation of User Accounts, and the computation of Net Winnings by

to calculate the gains and losses (net equity) of each alleged participant. Having determined that the reliability of Mr. Martin's aggregation methodology has not been established and thus his expert opinion cannot be admitted, it is unnecessary to address the defendants' additional arguments, which they may choose to raise in the future, if appropriate. (Decision, at p. 40, n.32)

Huron as instructed by the Trustee, satisfies the Trustee's *prima facie* case and gives rise to a presumption in favor of the Trustee. In accordance with Federal Rule of Evidence 301, the establishment of the *prima facie* case by the Trustee imposes upon each defendant the burden of going forward with, or producing, evidence to rebut or meet this presumption. *See* FRE 301; *Zohbe v. Ameriquist Mortg. Co. (In re Zohbe)*, 2012 Bankr. LEXIS 1730 (Bankr. N.D. Ga. 2012) at *7 (articulating the “bursting bubble” theory whereby a party must introduce rebutting evidence sufficient to support a finding contrary to the presumed fact and, if the presumption is rebutted, the court may make its decision as any ordinary issue of fact); *see also Giza v. Amcap Mortg., Inc. (In re Giza)*, 458 B.R. 16 (Bankr. D. Mass. 2011)(*id.*); *Keydata Corp. v. Boston Edison Co.*, 37 B.R. 324 (Bankr. D. Mass. 1983)(*id.*).

The Court may then weigh all of the evidence to determine if: a) the defendant has produced sufficient evidence to rebut any presumption; and b) if so, whether the Trustee has satisfied his ultimate burden to establish the amount of the damages to be entered in favor of the Trustee. While an individual defendant may submit evidence to rebut the *prima facie* case establishing the amount of their Net Winnings, such evidence should be limited to rebutting factual presumptions. In this regard, the Trustee will provide defendants with the details of the User Account activity attributable to them to facilitate any rebuttal. The defendant should not, however, be permitted to challenge the methodology of aggregating User Accounts, nor the methodology for computing Net Winnings.

IV. CONCLUSION

There is no genuine issue of material fact, and the Trustee is entitled to summary judgment as a matter of law. The Trustee accordingly requests that the Court find that:

- (i) That the Trustee's usage of the Lowest Rep ID in each Participant aggregation of User Accounts was an appropriate methodology to establish the identity of the Participant whose User Accounts were aggregated;
- (ii) That monies paid in connection with the transfer of credits between Participants was properly excluded in computing Net Winnings;
- (iii) That in computing the Net Winnings arising in a Triangular Transaction, it is presumed that a Recruited Participant paid cash to a Recruiting Participant to obtain a TelexFree membership plan;
- (iv) that the aggregation of Net Winners as performed by Freer, coupled with the other factual and legal evidence, establishes *prima facie* evidence of the Participant identity of the Net Winners and the amount of the Net Winnings of such Net Winners, subject to the resolution of any issues in Phase II of the litigation and subject to the right of individual Net Winners to seek to rebut the amount of Net Winnings asserted by the Trustee on the limited grounds provided herein; and
- (v) summary judgment should be granted to the Trustee and the Class Representatives' motion for summary judgment should be denied.

Respectfully submitted,

STEPHEN B. DARR, LIQUIDATING
TRUSTEE,
By his counsel:

Dated: September 11, 2023

/s/ Andrew G. Lizotte
Charles R. Bennett, Jr. (BBO #037380)
Andrew G. Lizotte (BBO #559609)
MURPHY & KING,
Professional Corporation
28 State Street, 31st Floor
Boston, MA 02109
Telephone: (617) 423-0400
ALizotte@murphyking.com

823858

CERTIFICATE OF SERVICE

I, Andrew G. Lizotte, hereby certify that on September 11, 2023, I caused a copy of the foregoing document to be served electronically through the Court's ECF System upon the registered participants as identified on the Notice of Electronic Filing.

/s/ Andrew G. Lizotte
Andrew G. Lizotte

Dated: September 11, 2023

EXHIBIT A

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Ingrid Laplanche
February 15, 2023

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1 UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
2
3 In Re TELEXFREE, LLC, et al.,)
Debtor,)
4)
) Case no.
5 STEPHEN B. DARR, TRUSTEE OF THE) 14-40987-EDK
6 ESTATES OF TELEXFREE LLC, et al.,)
Plaintiff,) Chapter 11
7)
v.) Adv. Proc. No.
8) 16-4006
FRANZ BALAN, A REPRESENTATIVE OF A)
9 CLASS OF DEFENDANT NET WINNERS,)
Defendant.)
10
11
12
13 DEPOSITION OF INGRID LAPLANCHE
Appearing remotely from
14 2056 Lanier Terrace
Norcross, Georgia
15 February 15, 2023
Commencing at 12:15 p.m.
16
17
18 Reported by: Genevieve Y.J. Van de Merghel
Notary Public and Stenographer
19 Appearing remotely from
Hampshire County, Massachusetts
20
21
22
O'Brien & Levine Court Reporting Solutions
23 68 Commercial Wharf
Boston, Massachusetts 02110
24 617-399-0130

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10 (No exhibits marked.)
11
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1 APPEARANCES
2
3 ALEXANDRA M. PAPAS, ESQUIRE
ANDREW G. LIZOTTE, ESQUIRE
4 Murphy & King, PC
28 State Street, Suite 3101
5 Boston, Massachusetts 02109
617-423-0400
6 apapas@murphyking.com
alizotte@murphyking.com
7 Counsel for the Plaintiff
(Appearing remotely)
8
9 MICHAEL J. DURAN, ESQUIRE
LEA KRAEMER, ESQUIRE
10 Milligan Rona Duran & King LLC
28 State Street, Suite 802
11 Boston, Massachusetts 02109
617-395-9570
12 mjd@mrdklaw.com
lk@mrdklaw.com
13 Counsel for the Defendant
(Appearing remotely)
14
15
16
17
18
19
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23
24

1 PROCEEDINGS
2
3 Counsel present agree to conducting today's
deposition remotely via videoconference.
4
5 INGRID LAPLANCHE, having first been
6 identified by the production of her
7 Georgia driver's license and duly sworn
8 Pursuant to Executive Order 144,
9 testified as follows:
10 EXAMINATION
11 BY MS. PAPAS:
12 Q. Thank you for coming in or appearing today via
13 Zoom.
14 A. Mm-hmm.
15 Q. Can you just state your full name and your
16 residential address?
17 A. Ingrid Guadalupe Laplanche. So the G on my
18 license is for Guadalupe. And you said my address?
19 Q. Yes. Your residential address, please.
20 A. Okay. It's 2056 Lanier Terrace, Norcross,
21 Georgia 30071.
22 Q. Thank you. And is the email -- the best email
23 address your name, ingridlaplanche@gmail.com?
24 A. Correct.

Page 5

1 Q. Thank you. I am not sure if you have been
2 deposited before, so I just want to go over a few basics
3 with you. I am going to ask you a series of
4 questions. If you don't understand the question,
5 please let me know. I will try to rephrase it so that
6 you do understand.
7 A. Okay.
8 Q. If you do answer the question, I will assume
9 that you understood the question and that you answered
10 truthfully.
11 A. Okay.
12 Q. Can you follow those instructions?
13 A. Yes.
14 Q. I also ask that you give verbal answers for the
15 court reporter, so please say "yes" or "no" instead of
16 nodding your head. Can you do that?
17 A. Yes.
18 Q. And, also, for the court reporter, I will try
19 not to talk over you and you try not to talk over me
20 so that when I finish my question, I will wait and
21 give you time.
22 A. Okay.
23 Q. Can you do at that?
24 A. Yes.

Page 6

1 Q. And do you want an opportunity to review the
2 written transcript of everything that's said today for
3 accuracy, to make sure it's accurate?
4 A. Yes. That would be fine.
5 Q. Okay. In that event, we will send you a copy
6 once we receive it. Then you will have 14 days to
7 review and sign under oath to say it's accurate or
8 identify any errors. Can you do that?
9 A. Yes.
10 Q. I understand that you invested in the TelexFree
11 program. Is that correct?
12 A. Yes.
13 Q. You submitted a claim for the amount you lost?
14 A. Yes.
15 Q. Do you remember the amount for that claim?
16 A. Not exactly, but I think it was around \$3,600.
17 Q. Okay. Yes. Our records show \$3,983.50. Does
18 that sound correct?
19 A. Yes.
20 Q. You agree that when you submitted that claim, it
21 was a true and accurate representation of your
22 involvement in Telex. Is that true?
23 A. Correct. Yes.
24 Q. So in your claim, you had four accounts with

Page 7

1 Telex. Is that true?
2 A. Yes.
3 Q. You understand how the Telex program worked in
4 that you could earn credits for various activities.
5 Is that accurate?
6 A. Well, it was my understanding that it was one
7 activity, which was kind of like reposting ads, I
8 guess, on a website.
9 Q. Okay.
10 A. That's the only way -- I'm sorry. You are
11 correct. Besides that one, you could also purchase, I
12 think, like, calling cards. So those were the only
13 two ways that I know that you could do it.
14 Q. Okay. So I understand that the two ways that
15 you are aware of to earn credits was posting ads or
16 purchasing calling cards. Correct?
17 A. Correct.
18 Q. And could you use these credits to buy accounts?
19 A. I did not. I only bought my accounts one time,
20 and then I started posting and buying calling cards
21 after that.
22 Q. Did you ever sell credits or buy credits?
23 A. No. I bought mine, but I did not sell them.
24 Q. So I understand that you did buy credits?

Page 8

1 A. Yes. I bought mine, yeah.
2 Q. Who did you buy them from?
3 A. So I bought them through my brother.
4 Q. What is your brother's name?
5 A. Miguel.
6 Q. Okay.
7 A. And the last name is M-O-N-G-E.
8 Q. I just want to clarify. When we are talking
9 about buying credits, do you mean actually purchasing
10 the credits from your brother and transferring them?
11 A. So I purchased it from them, so he owned them.
12 From what I understood, he had the accounts and then
13 he sold them to me. So I paid the amount that he paid
14 before, and then they were transferred to me.
15 Q. I understand. And did you -- you paid him cash
16 for those credits?
17 A. No. I think I did more, like, kind of like
18 Zelle.
19 Q. Sorry. What was that?
20 A. Zelle through the bank.
21 Q. Oh, you did Zelle, so you transferred money to
22 him for credits?
23 A. Yes.
24 Q. So our records show that he opened the accounts

<p style="text-align: right;">Page 9</p> <p>1 for you -- 2 A. Mm-hmm. 3 Q. -- using his credits. Is that accurate? 4 A. That's accurate. 5 Q. And he opened four accounts for you with his 6 credits? 7 A. Correct. 8 Q. And then you transferred money over Zelle in 9 exchange for that membership? 10 A. Yes. 11 Q. And you transferred that money over Zelle to 12 your brother? 13 A. Correct. 14 Q. And do you remember the amount that you 15 transferred him for each one of those four 16 transactions? 17 A. It was -- I don't remember exactly, but the 18 amount that I claimed was basically what I paid him. 19 I did not have the accounts for that long before it 20 was closed or whatever. 21 Q. I understand. So the claim amount -- the claim 22 that you put in equals the money that you paid to your 23 brother? 24 A. Yes.</p>	<p style="text-align: right;">Page 11</p> <p>1 roughly -- 2 A. Yes, roughly. 3 Q. Roughly. 4 A. Yes. 5 Q. And then you transferred \$1,425 to your brother 6 on Zelle -- 7 A. Correct. 8 Q. -- for the account? 9 A. Mm-hmm. 10 Q. And that occurred each time you opened an 11 account? 12 A. Correct. 13 MS. PAPAS: Thank you. I have no further 14 questions. 15 MR. DURAN: This is Attorney Duran for the 16 defendant classes. I just have a few questions. 17 EXAMINATION 18 BY MR. DURAN: 19 Q. So you said that every time you opened an 20 account, you transferred \$1,425 to your brother via 21 Zelle. Was it an exact amount like that every time? 22 A. Yes. 23 Q. Or was it -- was it multiple transfers or was it 24 just \$1,425 each time?</p>
<p style="text-align: right;">Page 10</p> <p>1 Q. Okay. And I believe each one -- 2 A. A little -- sorry. It was probably a little bit 3 less, because I also requested credit for some calling 4 cards that I purchased. So the amount is just a 5 little bit less than what I requested. 6 Q. So the amount that you paid your brother is a 7 little bit less than what you -- 8 A. Correct. 9 Q. -- requested on the claim? Okay. I understand. 10 So you purchased one calling card outright from 11 TelexFree. Is that correct? 12 A. Well, yeah. The calling card, I don't remember 13 if it was one or how many. But I did purchase one 14 directly with them, and then the other ones are the 15 ones that came in from my brother. There's a 16 difference between the two, though. From my 17 understanding, I purchased the accounts from my 18 brother. And then once I had my own account, through 19 my account I actually purchased a calling card. 20 Q. I understand. And so for those accounts, was 21 each account about \$1,425? 22 A. Yes, ma'am. Mm-hmm. 23 Q. So your brother transferred \$1,425 credits to 24 Telex for one account. Is that correct? Or</p>	<p style="text-align: right;">Page 12</p> <p>1 A. Okay. So I purchased my first account with him, 2 and then I think after that I purchased the other 3 three. So I had a total of two transactions done: 4 one that has only one account and one that had the 5 other three accounts. 6 Q. Okay. So I guess my question is: Is the amount 7 that you put in in your claim, right, does that amount 8 equal the exact amount of cash that you spent -- 9 A. Yes. 10 Q. -- in TelexFree? 11 A. Correct. Yes. 12 Q. It does? 13 A. Yes. 14 Q. Okay. You also mentioned that you purchased a 15 calling card, and that calling card was not included? 16 A. No, no. It was included. I don't remember if 17 it was one calling card or two, but the calling cards 18 were very small amounts. I am not sure exactly how 19 much, but I know that it wasn't a lot. 20 Q. Okay. So at the time of your participation in 21 TelexFree, where were you living at that time? 22 A. 152 Kia Drive in Alpharetta, Georgia. So we 23 were still in Georgia. 24 Q. Okay. And were you living with anyone at that</p>

Page 13

1 time?

2 A. Yeah, my husband.

3 Q. What was his name?

4 A. It's Franklin Laplanche. But he didn't have any
5 transaction or anything at all.

**6 Q. So he wasn't -- are you saying he was not
7 involved in TelexFree?**

8 A. No, sir.

**9 Q. Is this -- I'm sorry. Is your husband's name
10 Franklin?**

11 A. Yes. Franklin Laplanche.

**12 Q. Okay. Did you use any -- well, let me back up.
13 Do you remember what email addresses you used while
14 you were participating in TelexFree?**

15 A. Yes. I have two. One is my full name,
16 ingridlaplanche@gmail, and the other is
17 ingrid466@gmail. And ingrid466 was the one that I
18 used to purchase the calling card, if I remember
19 correctly.

**20 Q. Okay. That was the email that was associated
21 with your account?**

22 A. The calling card.

**23 Q. I see. I see. And do you still use those two
24 email addresses now?**

Page 14

1 A. Yes, I do.

**2 Q. When you filed a claim in TelexFree, did you
3 file your own claim?**

4 A. Yes.

**5 Q. You did. So you went in and you entered your
6 own information and you selected or confirmed accounts
7 that you owned?**

8 A. Correct.

9 Q. Okay. And did your brother help you with that?

10 A. No. I don't even know if he actually filed a
11 claim, though.

**12 Q. Do you know if he was a net winner or a net
13 loser?**

14 A. I have no idea.

**15 Q. Do you know -- did he ever mention to you if he
16 lost money in TelexFree or whether he made money in
17 TelexFree?**

18 A. He did not. I did not ask him. I actually sent
19 him the information and I told him that I was filing a
20 claim and I forwarded him a link, and I told him that
21 he could file a claim, too, if he needed to. But I
22 did not ask him if he made money or lost money.

**23 Q. Okay. When you purchased accounts or one
24 account from your brother, did he set that up for you**

Page 15

**1 or did you enter your information and set up the
2 account?**

3 A. No. He set that up for me.

**4 Q. Then did he -- how did that work after he set it
5 up for you?**

6 A. All I know is that he did it through his phone.
7 He had accounts. So he told me he had a few accounts,
8 and then he told me how much it cost and then I
9 purchased it from him. So I transferred him the money
10 and then he opened the account for me. And I think
11 all he asked me was my email address.

**12 Q. So when you were working with TelexFree, did you
13 recruit anyone else --**

14 A. No.

15 Q. -- to become part of it?

16 A. No.

**17 Q. So let's talk about the money that you may or
18 may not have made from TelexFree. Did you -- how much
19 money did you make from TelexFree?**

20 A. I only had one transaction of money that I
21 transferred to my bank account, and I disclosed that
22 on the paperwork. And if I remember correctly, it
23 was, like, 300-and-some-odd dollars. And that was the
24 only money that I transferred before the whole thing

Page 16

1 was closed.

**2 Q. I see. So based on your recollection, that's
3 all the money that you made as part of TelexFree?**

4 A. Yes. Mm-hmm.

**5 Q. And the sole source of that money was through
6 what activity?**

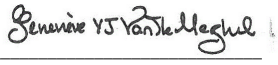
7 A. So, like I explained before, there were two
8 types of transactions that you can do. One was
9 reposting ads. And every time you reposted ads, it
10 gave you credits, and then those credits will
11 accumulate into your account. And then from that, you
12 can transfer into your bank account. Now, that's what
13 I essentially did for, like, a few days or a few
14 weeks. I am not sure. And I did that for that period
15 of time. The funds accumulated into an account that
16 TelexFree provided. And then, from that account, you
17 could transfer it to your own personal bank account.

**18 Q. And the amounts that you received, I guess, as
19 reflected on your claim --**

20 A. Yes, sir.

**21 Q. -- profit, that total amount of cash that you
22 actually received to your account was what, again?**

23 A. It was 300-and-some-odd dollars. I don't
24 remember correctly the exact amount.

<p style="text-align: right;">Page 17</p> <p>1 MR. DURAN: I have no further questions 2 for this witness. Thank you. 3 MS. PAPAS: I have no further questions. 4 (Deposition concluded at 12:35 p.m.) 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 19</p> <p>1 PLEASE ATTACH TO THE DEPOSITION OF WITNESS 2 CASE: NO. 14-40987-EDK 3 DATE TAKEN: February 15, 2023 4 ERRATA SHEET 5 Please refer to Page 18 for Errata Sheet instructions 6 and distribution instructions. 7 PAGE LINE CHANGE REASON 8 _____ 9 _____ 10 _____ 11 _____ 12 _____ 13 _____ 14 _____ 15 I have read the foregoing transcript of my 16 deposition, and except for any corrections or changes 17 noted above, I hereby subscribe to the transcript as 18 an accurate record of the statements made by me. 19 20 Executed this ____ day of _____, 2023. 21 22 _____ 23 Ingrid Laplanche 24</p>
<p style="text-align: right;">Page 18</p> <p>1 ERRATA SHEET DISTRIBUTION INFORMATION 2 DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS 3 4 5 ERRATA SHEET DISTRIBUTION INFORMATION 6 7 The original of the Errata Sheet has been 8 delivered to Alexandra M. Papas, Esquire. 9 When the Errata Sheet has been completed by 10 the deponent and signed, a copy thereof should be 11 delivered to each party of record and the ORIGINAL 12 forwarded to Alexandra M. Papas, Esquire, to whom the 13 original deposition transcript was delivered. 14 15 INSTRUCTIONS TO DEPONENT 16 17 After reading this volume of your deposition, 18 please indicate any corrections or changes to your 19 testimony and the reasons therefor on the Errata Sheet 20 supplied to you and sign it. DO NOT make marks or 21 notations on the transcript volume itself. Add 22 additional sheets if necessary. Please refer to the 23 above instructions for Errata Sheet distribution 24 information.</p>	<p style="text-align: right;">Page 20</p> <p>1 CERTIFICATE 2 3 COMMONWEALTH OF MASSACHUSETTS 4 HAMPSHIRE, SS. 5 I, Genevieve Y.J. Van de Merghel, 6 Stenographer, hereby certify: 7 That Ingrid Laplanche, the witness whose 8 testimony is hereinbefore set forth, was duly sworn by 9 me, pursuant to Mass. R. Civ. P. 27, 29, 30, 30A, and 10 31, and that such testimony is a true and accurate 11 record of my stenotype notes taken in the foregoing 12 matter, to the best of my knowledge, skill, and 13 ability. 14 I further certify that I am not related to 15 any parties to this action by blood or marriage; and 16 that I am in no way interested in the outcome of this 17 matter. 18 IN WITNESS WHEREOF, I have hereunto set my 19 hand this 27th day of February, 2023. 20 21  22 23 Genevieve Y.J. Van de Merghel 24 My Commission Expires: 12/16/27</p>

<p>\$</p> <p>\$1,425 10:21,23 11:5,20,24</p> <p>\$3,600 6:16</p> <p>\$3,983.50 6:17</p> <p>1</p> <p>12:35 17:4</p> <p>14 6:6</p> <p>144 4:8</p> <p>152 12:22</p> <p>2</p> <p>2056 4:20</p> <p>3</p> <p>300-and-some-odd 15:23 16:23</p> <p>30071 4:21</p> <p>A</p> <p>account 10:18,19,21,24 11:8, 11,20 12:1,4 13:21 14:24 15:2,10,21 16:11,12,15,16,17, 22</p> <p>accounts 6:24 7:18,19 8:12,24 9:5,19 10:17,20 12:5 14:6,23 15:7</p> <p>accumulate 16:11</p> <p>accumulated 16:15</p> <p>accuracy 6:3</p> <p>accurate 6:3,7,21 7:5 9:3,4</p> <p>activities</p>	<p>7:4</p> <p>activity 7:7 16:6</p> <p>address 4:16,18,19,23 15:11</p> <p>addresses 13:13,24</p> <p>ads 7:7,15 16:9</p> <p>agree 4:3 6:20</p> <p>Alpharetta 12:22</p> <p>amount 6:13,15 8:13 9:14, 18,21 10:4,6 11:21 12:6,7,8 16:21,24</p> <p>amounts 12:18 16:18</p> <p>answers 5:14</p> <p>appearing 4:12</p> <p>assume 5:8</p> <p>Attorney 11:15</p> <p>aware 7:15</p> <p>B</p> <p>back 13:12</p> <p>bank 8:20 15:21 16:12,17</p> <p>based 16:2</p> <p>basically 9:18</p> <p>basics 5:2</p> <p>bit 10:2,5,7</p> <p>bought 7:19,23 8:1,3</p> <p>brother 8:3,10 9:12,23 10:6, 15,18,23 11:5,20 14:9,24</p> <p>brother's 8:4</p>	<p>buy 7:18,22,24 8:2</p> <p>buying 7:20 8:9</p> <p>C</p> <p>calling 7:12,16,20 10:3,10, 12,19 12:15,17 13:18,22</p> <p>card 10:10,12,19 12:15, 17 13:18,22</p> <p>cards 7:12,16,20 10:4 12:17</p> <p>cash 8:15 12:8 16:21</p> <p>claim 6:13,15,20,24 9:21 10:9 12:7 14:2,3,11, 20,21 16:19</p> <p>claimed 9:18</p> <p>clarify 8:8</p> <p>classes 11:16</p> <p>closed 9:20 16:1</p> <p>concluded 17:4</p> <p>conducting 4:3</p> <p>confirmed 14:6</p> <p>copy 6:5</p> <p>correct 4:24 6:11,18,23 7:11,16,17 9:7,13 10:8,11,24 11:7,12 12:11 14:8</p> <p>correctly 13:19 15:22 16:24</p> <p>cost 15:8</p> <p>Counsel 4:3</p> <p>court 5:15,18</p>	<p>credit 10:3</p> <p>credits 7:4,15,18,22,24 8:9, 10,16,22 9:3,6 10:23 16:10</p> <p>D</p> <p>days 6:6 16:13</p> <p>defendant 11:16</p> <p>deposed 5:2</p> <p>deposition 4:3 17:4</p> <p>difference 10:16</p> <p>directly 10:14</p> <p>disclosed 15:21</p> <p>dollars 15:23 16:23</p> <p>Drive 12:22</p> <p>driver's 4:7</p> <p>duly 4:7</p> <p>Duran 11:15,18 17:1</p> <p>E</p> <p>earn 7:4,15</p> <p>email 4:22 13:13,20,24 15:11</p> <p>enter 15:1</p> <p>entered 14:5</p> <p>equal 12:8</p> <p>equals 9:22</p> <p>errors 6:8</p> <p>essentially 16:13</p>
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EXHIBIT B

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Ivan Alvarenga
February 15, 2023

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1 UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
2
3 In Re TELEXFREE, LLC, et al.,)
Debtor,)
4)
5) Case no.
STEPHEN B. DARR, TRUSTEE OF THE) 14-40987-EDK
6 ESTATES OF TELEXFREE LLC, et al.,)
Plaintiff,) Chapter 11
7)
v.) Adv. Proc. No.
8) 16-4006
FRANZ BALAN, A REPRESENTATIVE OF A)
9 CLASS OF DEFENDANT NET WINNERS,)
Defendant.)
10
11
12
13 DEPOSITION OF IVAN ALVARENGA
Appearing remotely from
14 22725 SW 66th Avenue, Apartment 207
Boca Raton, Florida
15 February 15, 2023
Commencing at 10:18 a.m.
16
17
18 Reported by: Genevieve Y.J. Van de Merghel
Notary Public and Stenographer
19 Appearing remotely from
Hampshire County, Massachusetts
20
21
22
O'Brien & Levine Court Reporting Solutions
23 68 Commercial Wharf
Boston, Massachusetts 02110
24 617-399-0130

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1 APPEARANCES
2
3 ALEXANDRA M. PAPAS, ESQUIRE
ANDREW G. LIZOTTE, ESQUIRE
4 Murphy & King, PC
28 State Street, Suite 3101
5 Boston, Massachusetts 02109
617-423-0400
6 apapas@murphyking.com
alizotte@murphyking.com
7 Counsel for the Plaintiff
(Appearing remotely)
8
9 ILYAS J. RONA, ESQUIRE
LEA KRAEMER, ESQUIRE
10 Milligan Rona Duran & King LLC
28 State Street, Suite 802
11 Boston, Massachusetts 02109
617-395-9570
12 ijr@mrklaw.com
lk@mrklaw.com
13 Counsel for the Defendant
(Appearing remotely)
14
15
16
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24

1 PROCEEDINGS
2
3 Counsel present agree to conducting today's
deposition remotely via videoconference.
4
5 IVAN ALVARENGA, having first been
6 identified by the production of his
7 Florida driver's license and duly sworn
8 Pursuant to Executive Order 144,
9 testified as follows:
10 EXAMINATION
11 BY MS. PAPAS:
12 Q. Hello, Mr. Alvarenga. Thank you for joining us
13 today. My name is Alexandra Papas. I represent the
14 plaintiffs in the TelexFree -- trustee for TelexFree.
15 And can you just state your full name for the record?
16 A. Ivan Alvarenga.
17 Q. Thank you. I am not sure if you have been
18 deposed before, but I just want to go over a few
19 basics. I am going to ask a series of questions
20 today. If you don't understand my question, I ask
21 that you tell me. I will try to reword the question
22 so that you understand. If you do answer my question,
23 I am going to assume that you understand and that you
24 have answered truthfully. Can you follow these

<p style="text-align: right;">Page 5</p> <p>1 instructions?</p> <p>2 A. Yes.</p> <p>3 Q. Thank you. I am also going to ask that you give</p> <p>4 verbal answers, which you have been doing. So please</p> <p>5 say "yes" or "no" instead of nodding your head. Can</p> <p>6 you do that?</p> <p>7 A. Yes.</p> <p>8 Q. And do you want an opportunity to review the</p> <p>9 written transcript of everything that we say today to</p> <p>10 check to make sure it's accurate?</p> <p>11 A. No. That won't be necessary.</p> <p>12 Q. Okay. My understanding is that you invested in</p> <p>13 the TelexFree program. Is that correct?</p> <p>14 A. Correct.</p> <p>15 Q. And you submitted a claim for the amount that</p> <p>16 you lost from that investment. Is that correct?</p> <p>17 A. Yes. I believe so, yes.</p> <p>18 Q. Do you remember the amount of that claim?</p> <p>19 A. I don't. Everything takes so long. It was</p> <p>20 years ago already.</p> <p>21 Q. My records show that the claim was for</p> <p>22 \$23,264.90. Does that sound accurate?</p> <p>23 A. Yeah. That sounds about right.</p> <p>24 Q. Can you just tell me how you got involved in</p>	<p style="text-align: right;">Page 7</p> <p>1 TelexFree and investing?</p> <p>2 A. There were some local investors here who were</p> <p>3 more involved, more long-term, who knew the -- one of</p> <p>4 the original founders, a Brazilian founder. I forget</p> <p>5 his name. And he inspired my dad and got him involved</p> <p>6 in investing in TelexFree. And I went to some of</p> <p>7 their meetings at a local hotel, which subsequently</p> <p>8 led me to, you know, that whole situation: my father</p> <p>9 giving me the money to invest and TelexFree.</p> <p>10 Q. Okay. When you say the local investors, do you</p> <p>11 remember their names?</p> <p>12 A. I don't. I could have looked it up if I was</p> <p>13 told to, but I don't remember their names off the top</p> <p>14 of my head.</p> <p>15 Q. Do you have records with that information?</p> <p>16 A. I may have, yes.</p> <p>17 Q. Okay. To the extent you do have it, we will</p> <p>18 just ask you to preserve it, and we will try to get</p> <p>19 that from you.</p> <p>20 A. All right. No problem.</p> <p>21 Q. So your father gave you money, and then how did</p> <p>22 you go about joining Telex? Did you buy a membership?</p> <p>23 Did you open an account?</p> <p>24 A. Well, you had to pay to join. You had to buy</p>
<p style="text-align: right;">Page 6</p> <p>1 TelexFree?</p> <p>2 A. Yes. My father actually got involved first. He</p> <p>3 sold some investment property in Brazil. And he was</p> <p>4 watching the TelexFree through some friends he knew</p> <p>5 here in Boca Raton, in Pompano, since probably the</p> <p>6 summer of 2012. And around August, he said, "It looks</p> <p>7 good. It looks like people are making money with this</p> <p>8 investment. Just have to put some ads and they pay</p> <p>9 you out on time." And then around September of 2012,</p> <p>10 he invested.</p> <p>11 And soon after that, I moved down to Florida</p> <p>12 following the separation from my ex, and I think it</p> <p>13 was around November or December that I got involved.</p> <p>14 My father started to get a return from his investment,</p> <p>15 and he took some of the money, too, from the</p> <p>16 investment he had sold in Brazil, and he invested for</p> <p>17 me. He gave me the money to invest. And that's how I</p> <p>18 got started.</p> <p>19 Q. When you say invested for you, what did that</p> <p>20 involve?</p> <p>21 A. Well, I guess I shouldn't say -- I guess I</p> <p>22 misspoke. He gave me the money for me to invest in</p> <p>23 TelexFree.</p> <p>24 Q. Okay. And how did you go about joining</p>	<p style="text-align: right;">Page 8</p> <p>1 a -- I forget what they called it, but you had to pay</p> <p>2 a certain amount to buy an investment portion; I don't</p> <p>3 know what they called it in English. A lot of it was</p> <p>4 done in Portuguese through the local Brazilian</p> <p>5 community here. So I don't recall the words in</p> <p>6 Portuguese that they used to describe how you get</p> <p>7 involved, and I don't even know how to translate it to</p> <p>8 English. But basically, you would sign up through a</p> <p>9 website portal, fill out some application, and submit</p> <p>10 your money via credit card, I believe, or debit card.</p> <p>11 Then they would issue you some kind of ID, and that</p> <p>12 was pretty much it. They had certain requirements</p> <p>13 that you had to post ads every day, and I believe that</p> <p>14 was it. It was for a set term, I think, maybe</p> <p>15 10 months or a year, and you were supposed to get paid</p> <p>16 for posting these ads every week.</p> <p>17 Q. Okay. And someone brought you in when you</p> <p>18 created your first account. Is that accurate?</p> <p>19 A. Yes.</p> <p>20 Q. Okay.</p> <p>21 A. My father introduced me to it, but since he was</p> <p>22 older and didn't understand, exactly, the process,</p> <p>23 this other gentleman came and showed how to sign me</p> <p>24 up. And that happened for a while until I learned the</p>

<p style="text-align: right;">Page 9</p> <p>1 process myself.</p> <p>2 Q. Okay. And you created multiple accounts. Is</p> <p>3 that correct?</p> <p>4 A. That's correct. Yes.</p> <p>5 Q. Did you go through the same process of going</p> <p>6 through the portal and signing up with all your</p> <p>7 information for each account?</p> <p>8 A. Yes. That's the only way to sign up, yeah.</p> <p>9 Q. How did you pay for those accounts?</p> <p>10 A. Through the money my father had given me. It</p> <p>11 was deposited in my bank account, and I used by debit</p> <p>12 card or credit card to sign up.</p> <p>13 Q. Okay.</p> <p>14 A. I don't know if they took bank transfers or ACH</p> <p>15 at that time. But I think it was just done through</p> <p>16 credit card and debit cards, if I recall.</p> <p>17 Q. You put your credit card information into the</p> <p>18 website?</p> <p>19 A. Yes, if that's how the payment was taken. I am</p> <p>20 pretty sure it was. If it was ACH, then I would have</p> <p>21 put my bank information. I would have to verify. I</p> <p>22 don't recall exactly. But I am pretty sure it was</p> <p>23 credit card or debit card.</p> <p>24 Q. Did you ever pay anyone else to set up an</p>	<p style="text-align: right;">Page 11</p> <p>1 for it, if it's necessary.</p> <p>2 Q. Yes, please, and we will be in contact about</p> <p>3 that.</p> <p>4 So I want to talk about -- do you remember there</p> <p>5 were different ways to use credits with TelexFree?</p> <p>6 A. I don't remember the different ways to use</p> <p>7 credits. I just remember that you could have the</p> <p>8 money deposited into some payment portal and then you</p> <p>9 could transfer it to your bank account. I don't</p> <p>10 remember about any other credits. If there were, it</p> <p>11 wouldn't have been of interest to me.</p> <p>12 Q. Okay. Was there ever a situation where someone</p> <p>13 opened up an account for you using credits?</p> <p>14 A. Oh, right. Right. If someone could? Yeah. I</p> <p>15 guess, essentially, they would transfer the money that</p> <p>16 was in that payment portal to pay for someone else's</p> <p>17 account, to set it up. Yeah, that's right.</p> <p>18 Q. Okay. And when that happened, so my</p> <p>19 understanding is the person that brought you in would</p> <p>20 transfer credits to TelexFree, and then TelexFree</p> <p>21 would give you an account. Is that correct?</p> <p>22 A. That's correct, yes. I had forgotten that</p> <p>23 detail. That's true. In fact, that's probably how my</p> <p>24 father really set up for my accounts, how he gave me</p>
<p style="text-align: right;">Page 10</p> <p>1 account for you?</p> <p>2 A. No.</p> <p>3 Q. Let me -- just give me one second. I am going</p> <p>4 to check my notes.</p> <p>5 A. Sure.</p> <p>6 Q. Sorry about that.</p> <p>7 A. No problem.</p> <p>8 Q. I just want to circle back. When you were</p> <p>9 putting in the money, who were you paying when you put</p> <p>10 that money -- when you put your information in?</p> <p>11 A. We were paying TelexFree or a parent company. I</p> <p>12 don't know. But it was to sign up to TelexFree, so,</p> <p>13 presumably, we were paying to TelexFree.</p> <p>14 Q. When you say parent company, was that sometimes</p> <p>15 there was a different name for the payment?</p> <p>16 A. I don't recall, but I know they had -- I think I</p> <p>17 remember they had different companies. But I don't</p> <p>18 know exactly which one took the payment, if it was in</p> <p>19 the name of TelexFree or some other name they set up</p> <p>20 doing business as or whatever with.</p> <p>21 Q. Do you have records that would show any of that</p> <p>22 information?</p> <p>23 A. I might. I might. I asked if I needed to have</p> <p>24 any documentation. I was told no. So I could look</p>	<p style="text-align: right;">Page 12</p> <p>1 the money to set it up.</p> <p>2 Q. Okay. And so when that account was created, I</p> <p>3 am assuming they didn't just give you credits for</p> <p>4 free. Correct? Did you pay them for those credits to</p> <p>5 create the account?</p> <p>6 A. Yeah. Those credits, either you could transfer</p> <p>7 it as cash to your bank account or you can use it as</p> <p>8 you've described, to transfer to someone else to help</p> <p>9 them get started.</p> <p>10 Q. Okay.</p> <p>11 A. So it was equivalent to cash.</p> <p>12 Q. I see. So the credits were equivalent to cash</p> <p>13 in setting up the accounts?</p> <p>14 A. Right.</p> <p>15 Q. Did it ever -- was it ever the reverse, where</p> <p>16 you used credits to set up an account for someone</p> <p>17 else?</p> <p>18 A. Me? I never set up an account for someone else.</p> <p>19 I may have set up a new account for myself but not for</p> <p>20 someone else.</p> <p>21 Q. Okay. So you just -- you were involved in the</p> <p>22 situation where someone else set it up for you. They</p> <p>23 used their credits --</p> <p>24 A. That's correct.</p>

<p style="text-align: right;">Page 13</p> <p>1 Q. -- and you paid them? Okay. I just want to 2 make sure I understand this correctly. We were just 3 discussing credits that someone -- when we talk about 4 someone else, was this someone else who was a member 5 of TelexFree? 6 A. Oh, yeah, absolutely. The only way they could 7 receive credits was because they were a member. 8 Q. Okay. 9 A. Someone off the streets could not receive 10 credits. 11 Q. And this was a person that you were in contact 12 with? 13 A. Yes. I would say it was my father. 14 Q. So the money that you paid, you paid to the 15 person who brought you in, who was a member of 16 TelexFree already? 17 A. No. I didn't pay any person. They used the 18 credits that they could have had transferred to their 19 bank account as cash to sign up a new account under my 20 name. I never paid. 21 Q. Why did they set that account up for you? 22 A. Because he was my father, and he loved me. 23 Q. And there was -- you didn't interact with any 24 other members of TelexFree to set up accounts?</p>	<p style="text-align: right;">Page 15</p> <p>1 in cash, Person A would set up, transfer the credits 2 to sign up Person B with their credits, and then 3 Person B would pay Person A in cash for the credits in 4 exchange, equal dollar for dollar. No money was made 5 in those exchanges, because it was already an obvious 6 benefit to having someone sign up with a new account. 7 Q. Thank you. I am just going to show you one 8 thing on the screen, and I want to confirm that this 9 is what you just described. Are you able to see the 10 screen that I am showing you? 11 A. Yes. 12 Q. Okay. And I believe you said -- you described 13 Person A would be at the top of this pyramid as the 14 person that brought you in -- 15 A. Correct. 16 Q. -- and so the way that these transactions would 17 work is that Person A, at the top of this triangle, 18 would transfer their credits to TelexFree. TelexFree 19 would then give Person B, described here as you, a 20 membership. And then Person B would give money to 21 Person A for that membership. Is that correct? 22 A. That's correct. 23 Q. And I believe you testified that the credits 24 were equivalent to cash, dollar for dollar. Is that</p>
<p style="text-align: right;">Page 14</p> <p>1 A. You mean, like, me transferring my credits to 2 someone? 3 Q. Correct. 4 A. No, I did not. 5 Q. Did you know of anyone else who did? 6 A. Yes. 7 Q. Okay. 8 A. It was common. It was common practice. 9 Q. It was common practice to use credits to open up 10 accounts for others. In those situations, was your 11 understanding that the original member of TelexFree 12 who would use their credits to set up an account for 13 someone else received payment for those credits? 14 MR. RONA: Objection. 15 A. Sometimes. Sometimes someone would exchange 16 their credits for cash to make it more efficient to 17 sign someone up. 18 Q. Okay. When you say exchange for cash, you mean 19 exchange among two different people? 20 A. Correct. Yeah. I can explain it in more 21 detail. So Person A, who is already signed up with 22 Telex, would have credits in their portal. And rather 23 than having the Person B sign up with money, which 24 maybe they didn't have on a credit card, they just had</p>	<p style="text-align: right;">Page 16</p> <p>1 correct? 2 A. That's correct. For example, if it cost \$1,000 3 to sign up for TelexFree, then they would transfer the 4 equivalent of \$1,000 in credits, which they could have 5 transferred directly to their bank account. They will 6 transfer that to the TelexFree account, and then 7 Person B would give \$1,000 to Person A. 8 MS. PAPAS: Okay. I understand. Thank 9 you. Let me stop sharing my screen now. 10 (Exhibit 1, Pyramid Graphics, marked for 11 identification.) 12 Thank you. That's all the questions that 13 I have for you. 14 THE WITNESS: Okay. You are welcome. 15 EXAMINATION 16 BY MR. RONA: 17 Q. Good morning, Mr. Alvarenga. My name is Ilyas 18 Rona. I represent individuals who the trustee is 19 bringing claims against in connection with their 20 participation in TelexFree. 21 A. Mm-hmm. 22 Q. I want to just go back on a couple of things. 23 Have you been residing at the Boca Raton address that 24 you referenced since at least 2013? I mean, were you</p>

<p style="text-align: right;">Page 17</p> <p>1 living there in 2013?</p> <p>2 A. Yeah. I moved down in September of 2013.</p> <p>3 Q. Okay. When you were involved in TelexFree, were</p> <p>4 you already living in Boca Raton?</p> <p>5 A. Yes, I was.</p> <p>6 Q. Do you live there alone?</p> <p>7 A. It's my parents' condo. My father passed away</p> <p>8 last April, so I live here with my mother, who is</p> <p>9 handicapped, and I have to take care of her.</p> <p>10 Q. Is it a unit within a building?</p> <p>11 A. Yeah. It's a condo unit, like an apartment.</p> <p>12 Q. Does your family occupy just a single unit in</p> <p>13 the building?</p> <p>14 A. Yes.</p> <p>15 Q. Does that unit have a number?</p> <p>16 A. Apartment 207.</p> <p>17 Q. Okay. That's the same unit you have been in</p> <p>18 since you moved to Boca Raton?</p> <p>19 A. That's correct, yes.</p> <p>20 Q. My condolences for your father's passing.</p> <p>21 A. Thank you.</p> <p>22 Q. What was his name?</p> <p>23 A. Abigaly Alvarenga.</p> <p>24 Q. Was your father involved in TelexFree? Did he</p>	<p style="text-align: right;">Page 19</p> <p>1 A. Yes. We were all born in Brazil, with the</p> <p>2 exception of my niece.</p> <p>3 Q. And that's how your father came to learn about</p> <p>4 TelexFree?</p> <p>5 A. Yes. He has friends in the Brazilian community</p> <p>6 here in South Florida.</p> <p>7 Q. You had mentioned that your father either knew,</p> <p>8 directly or indirectly, one of the founders of</p> <p>9 TelexFree. Is that right?</p> <p>10 A. My father didn't know him, but a friend or an</p> <p>11 associate he knew knows him.</p> <p>12 Q. Are you referring to Carlos Costa, the</p> <p>13 founder -- as the founder of TelexFree or somebody</p> <p>14 else?</p> <p>15 A. That name doesn't sound familiar.</p> <p>16 Q. Is there somebody else that you are thinking of?</p> <p>17 A. Yeah. There's another Brazilian who lived here</p> <p>18 in Pompano who was one of the defendants. I can't</p> <p>19 remember his name.</p> <p>20 Q. Was it Carlos Wanzeler?</p> <p>21 A. Say the last name again.</p> <p>22 Q. Carlos Wanzeler?</p> <p>23 A. How do you spell that?</p> <p>24 Q. That's a really great question. I think it's</p>
<p style="text-align: right;">Page 18</p> <p>1 participate?</p> <p>2 A. Yes.</p> <p>3 Q. Was he participating before you started</p> <p>4 participating?</p> <p>5 A. Yes.</p> <p>6 Q. And did anyone else in your family participate?</p> <p>7 A. Yes.</p> <p>8 Q. Who else participated?</p> <p>9 A. My mother, my two brothers, and my niece.</p> <p>10 Q. Is your niece over the age of 18?</p> <p>11 A. Yes.</p> <p>12 Q. What is your niece's name?</p> <p>13 A. Sasha Alvarenga.</p> <p>14 Q. Does she go by any other names?</p> <p>15 A. Maybe Sasha Marie Alvarenga.</p> <p>16 Q. And you mentioned -- I think you said two</p> <p>17 brothers. Is that right?</p> <p>18 A. That's correct.</p> <p>19 Q. What are their names?</p> <p>20 A. Jon, J-O-N, Alvarenga, and Roberto Alvarenga.</p> <p>21 Q. Is there also a Yara Alvarenga?</p> <p>22 A. Yes. That's my mother.</p> <p>23 Q. That's your mother. Okay. Does your family</p> <p>24 have any roots in Brazil?</p>	<p style="text-align: right;">Page 20</p> <p>1 W-A-N-Z-E-L-A-R.</p> <p>2 A. Yeah, that's him.</p> <p>3 Q. Okay.</p> <p>4 A. A German name, yeah.</p> <p>5 Q. Sort of a young guy?</p> <p>6 A. Yeah. Probably my age, maybe younger.</p> <p>7 Q. And you had mentioned that your father had money</p> <p>8 that he had received in Brazil that he gave to you to</p> <p>9 put into TelexFree. Is that a fair recap of your</p> <p>10 testimony?</p> <p>11 A. He sold some commercial real estate that the</p> <p>12 family owned down there.</p> <p>13 Q. Do you know how much money he gave you in</p> <p>14 connection with TelexFree?</p> <p>15 A. I would have to check, but I am thinking it was</p> <p>16 around 12- to \$16,000.</p> <p>17 Q. And how did he give it to you? Meaning did he</p> <p>18 give it to you directly in cash, did he transfer it</p> <p>19 via bank transfer, or did he give it to you via</p> <p>20 credits in TelexFree?</p> <p>21 A. I think it's a combination of cash and credits.</p> <p>22 Q. So meaning you didn't necessarily receive all of</p> <p>23 the money he gave you in the form of cash. Is that</p> <p>24 right?</p>

<p style="text-align: right;">Page 21</p> <p>1 A. I believe so. I would have to check my notes. 2 I can't recall off the top of my head to be 3 100 percent certain. But I am pretty sure that the 4 majority of the portion that he gave me was through 5 credits. 6 Q. Okay. Would it be fair to say that if he -- if 7 there had been no familial relationship and the person 8 wasn't in the spirit of giving you money, you would 9 have actually had to come up with that cash to get 10 involved in TelexFree. Is that fair to say? 11 A. Yes. That's true. 12 Q. Do you recall what email address or addresses 13 you used when you were involved with TelexFree? 14 A. I do not. I would have to check my -- check 15 notes, see if I have any documents on that. 16 Q. Do you recall having an email address 17 IV113@yahoo.com? 18 A. Yes. That's my main email address. 19 Q. Do you still use that? 20 A. Yes. 21 Q. Do you use any other -- did you or do you use 22 any other email addresses? 23 A. Yes, I do. 24 Q. What other email addresses --</p>	<p style="text-align: right;">Page 23</p> <p>1 Q. Do you recognize the name Diego Costa or -- 2 A. Yeah, it sounds familiar. 3 Q. -- or Diego da Costa? 4 A. Yeah. 5 Q. Do you know who that might be? 6 A. I don't recall. Diego da Costa, I don't recall. 7 Q. In connection with your involvement in 8 TelexFree, did you ever hand anyone an envelope of 9 cash? 10 A. No, I don't think so. Not that I am aware. 11 Q. In connection with your involvement in 12 TelexFree, did anyone ever hand you an envelope of 13 cash? 14 A. Other than my father's gift to get started, if 15 he gave me cash, no. 16 Q. And when I say envelope of cash, I am sort of 17 being euphemistic here. You don't recall, other than 18 any money your father may have given you in cash, you 19 don't recall any cash transactions that you were 20 personally involved in with respect to TelexFree. Is 21 that right? 22 A. That's right. No. 23 Q. Did you ever recruit anyone into TelexFree? 24 A. No, no. We weren't really interested in</p>
<p style="text-align: right;">Page 22</p> <p>1 A. And I did. 2 Q. I'm sorry? 3 A. I do and I did, yeah. 4 Q. Okay. Do you recall any email addresses besides 5 the one I just mentioned that you used at the time you 6 were involved in TelexFree? 7 A. At the time, I don't recall. I would have to 8 check my notes. 9 Q. Okay. Does your father -- excuse me. Did your 10 father have his own email address? 11 A. Yes, he did. 12 Q. Do you recognize galy12@comcast.net as an email 13 address that he used? 14 A. Yes. 15 Q. Do you know, did your niece work directly with 16 respect to TelexFree or do you know if her involvement 17 was through you or your father? 18 A. I believe her involvement was through my father. 19 Q. Meaning if someone wanted to -- if someone had 20 to open an account for her by sitting at a computer, 21 it would more likely be your father than her? 22 A. Yeah. He would open it, but she would be 23 involved in posting the ads and receiving the weekly 24 funds, weekly payment, for posting the ads.</p>	<p style="text-align: right;">Page 24</p> <p>1 recruiting, more taking advantage of the business 2 aspect of posting ads and getting paid for our 3 service. 4 Q. So your recollection of your involvement in 5 TelexFree is that you were more focused on the ad 6 portion of the compensation system, meaning that there 7 was compensation available for posting ads? 8 A. Yeah, exactly. We weren't interested in the 9 multi-level aspect of it. 10 Q. And do you recall how many accounts you created 11 or were created for you? 12 A. In the beginning, I think -- I don't recall. 13 Maybe six to ten in the beginning, and then I used 14 credits to purchase more accounts. That's when he 15 changed all the rules and screwed us over. 16 Q. Who is "he" in that? 17 A. Oh, I meant "they." When TelexFree, the two 18 guys in charge. 19 Q. You are referring to a change in the 20 compensation system that occurred around March of 21 2014? 22 A. That's correct. 23 Q. As a result of that change, were you forced to 24 create more accounts?</p>

<p style="text-align: right;">Page 25</p> <p>1 A. Yeah. We had no choice. We were backed into a 2 corner. It was either creating more accounts or you 3 lose all your money that you had invested. So they 4 made us invest more money right before they pulled the 5 rug out from under us. 6 Q. Did you, in fact, invest more money when they 7 changed the rules? 8 A. Yeah, via my credits that I was supposed to 9 receive. They said I couldn't receive it, so I had to 10 invest it. I had no choice. 11 Q. To your knowledge or recollection, did you, in 12 fact, sell phone plans or phone lines to any other 13 people in exchange for cash after -- as a result of 14 that change? 15 A. No. Things went too fast. As a result of that 16 change, they soon just shut down. We couldn't receive 17 any -- I had money due for me for weeks and weeks and 18 weeks. I couldn't -- I still placed ads per the 19 requirements, but there was nothing happening. They 20 just disappeared with the money, and everything just 21 fell apart like a house of cards. 22 Q. Prior to that very end, that final chapter, did 23 you withdraw money from TelexFree at any time? 24 A. Oh, yes, but not long enough to -- as per our</p>	<p style="text-align: right;">Page 27</p> <p>1 finding a job. 2 Q. So was part of your decision to get involved in 3 TelexFree that it could be a form of work for you? 4 A. Yes, definitely. 5 Q. Okay. And would -- 6 A. Not so much work, but more of an investment. 7 Q. Okay. Maybe I can redo my question so it's 8 better. Was part of your thinking of getting involved 9 in TelexFree so that you wouldn't have to seek some 10 other form of employment? 11 A. Yes. That's correct. 12 Q. After things started to go south, did you have 13 to get a part-time job or a full-time job? 14 A. Yes. Then I started to look for work, yeah. 15 Q. Are you working currently? 16 A. Right now, I am not. 17 Q. What form or forms of work did you end up 18 getting? 19 A. I worked in sales. I did moving sales. I did 20 car transport sales. Eventually, I got a license to 21 be a caregiver. I was a caregiver, so -- 22 Q. Okay. And in terms of claims, did anyone else 23 in your family submit a claim in connection with the 24 TelexFree bankruptcy?</p>
<p style="text-align: right;">Page 26</p> <p>1 agreement, no. 2 Q. Do you recall how much money, in total, you 3 withdrew? 4 A. Maybe, like, 4- to \$10,000, maybe. 5 Q. Okay. 6 A. It was probably a period of maybe two months, 7 maybe January and February. 8 Q. And did you receive -- in addition to having 9 your claim allowed, did you receive money, either in 10 the form of a check or a debit card in connection with 11 the TelexFree bankruptcy? 12 A. Yeah. I did receive two checks, or they were 13 actually direct deposited into my account. 14 Q. So by direct deposit. Do you recall how much, 15 in total, those two direct deposits were? 16 A. Just under 10, and the other one was, like, 17 1200. So I would say maybe \$10,500 or \$11,000, 18 something like that. \$11,500, maybe. 19 Q. At the time you were involved in TelexFree, were 20 you doing something else for work? 21 A. In the beginning, no. I had come here to retire 22 and was counting on TelexFree to tide me over until at 23 least my Social Security kicked in or I got a part- 24 time job. But then, soon after, I had to start</p>	<p style="text-align: right;">Page 28</p> <p>1 A. Yes. 2 Q. Do you know who -- did your father submit a 3 claim? 4 A. I believe he submitted a claim, yes. 5 Q. How about your niece, Yara, did she submit a 6 claim? 7 A. I don't know about my niece. And I think my 8 mother did. Yara did, yes. 9 Q. Okay. And how about your brother Jon? Did he 10 submit a claim? 11 A. Yes, he did. 12 Q. Did you -- have you done any -- well, let me 13 withdraw that. 14 Did your family do any form of reconciliation in 15 terms of when money was received from TelexFree -- how 16 that money was distributed -- or did everyone just 17 keep what they got? 18 A. Everyone kept what they got. 19 Q. I think we -- let me just -- let me review my -- 20 oh, I do have, I think, one more question. 21 Did you ever purchase credits from anyone in 22 connection with TelexFree? 23 A. I don't recall. 24 Q. Did you ever sell credits to anyone in</p>

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1 connection with TelexFree?

2 A. I don't recall.

3 Q. Okay. Did you ever have any awareness of

4 whether participants in TelexFree could buy or sell

5 credits in transactions with other people?

6 A. Well, it's not that they could or couldn't.

7 There wasn't any explicit way to police it. It's

8 something that people did to facilitate a friend or

9 someone joining TelexFree.

10 Q. So --

11 A. So of course it happened.

12 Q. Do you have awareness of such transfers

13 happening?

14 A. Yes.

15 Q. Did you ever come to learn about whether those

16 transactions were on the dollar-for-dollar basis that

17 you described earlier?

18 A. Always.

19 MR. RONA: Okay. I think that's all I

20 have for the witness. Thank you, Mr. Alvarenga.

21 THE WITNESS: You are welcome.

22 MS. PAPAS: I have no additional

23 questions. We can close this deposition.

24 (Deposition concluded at 10:57 a.m.)

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1 CERTIFICATE

2

3 COMMONWEALTH OF MASSACHUSETTS

HAMPSHIRE, SS.

4

5 I, Genevieve Y.J. Van de Merghel,

6 Stenographer, hereby certify:

7 That IVAN ALVARENGA, the witness whose

8 testimony is hereinbefore set forth, was duly sworn by

9 me, pursuant to Mass. R. Civ. P. 27, 29, 30, 30A, and

10 31, and that such testimony is a true and accurate

11 record of my stenotype notes taken in the foregoing

12 matter, to the best of my knowledge, skill, and

13 ability.

14 I further certify that I am not related to

15 any parties to this action by blood or marriage; and

16 that I am in no way interested in the outcome of this

17 matter.

18 IN WITNESS WHEREOF, I have hereunto set my

19 hand this 27th day of February, 2023.

20

21 

22 Genevieve Y.J. Van de Merghel

My Commission Expires: 12/16/27

24

<div>Exhibits</div> <div>2023-02-15 Ivan Alvarenga Exh1</div> <div>3:11 16:10</div> <div>\$</div> <div>\$1,000</div> <div>16:2,4,7</div> <div>\$10,000</div> <div>26:4</div> <div>\$10,500</div> <div>26:17</div> <div>\$11,000</div> <div>26:17</div> <div>\$11,500</div> <div>26:18</div> <div>\$16,000</div> <div>20:16</div> <div>\$23,264.90</div> <div>5:22</div> <div>1</div> <div>1</div> <div>16:10</div> <div>10</div> <div>8:15 26:16</div> <div>100</div> <div>21:3</div> <div>10:57</div> <div>29:24</div> <div>12-</div> <div>20:16</div> <div>1200</div> <div>26:17</div> <div>144</div> <div>4:8</div> <div>18</div> <div>18:10</div> <div>2</div> <div>2012</div> <div>6:6,9</div> <div>2013</div> <div>16:24 17:1,2</div> <div>2014</div> <div>24:21</div> <div>207</div> <div>17:16</div>	<div>4</div> <div>4-</div> <div>26:4</div> <div>A</div> <div>a.m.</div> <div>29:24</div> <div>Abigaly</div> <div>17:23</div> <div>absolutely</div> <div>13:6</div> <div>account</div> <div>7:23 8:18 9:7,11</div> <div>10:1 11:9,13,17,21</div> <div>12:2,5,7,16,18,19</div> <div>13:19,21 14:12 15:6</div> <div>16:5,6 22:20 26:13</div> <div>accounts</div> <div>9:2,9 11:24 12:13</div> <div>13:24 14:10 24:10,</div> <div>14,24 25:2</div> <div>accurate</div> <div>5:10,22 8:18</div> <div>ACH</div> <div>9:14,20</div> <div>ad</div> <div>24:5</div> <div>addition</div> <div>26:8</div> <div>additional</div> <div>29:22</div> <div>address</div> <div>16:23 21:12,16,18</div> <div>22:10,13</div> <div>addresses</div> <div>21:12,22,24 22:4</div> <div>ads</div> <div>6:8 8:13,16 22:23,24</div> <div>24:2,7 25:18</div> <div>advantage</div> <div>24:1</div> <div>age</div> <div>18:10 20:6</div> <div>agree</div> <div>4:3</div> <div>agreement</div> <div>26:1</div> <div>Alexandra</div> <div>4:13</div>	<div>allowed</div> <div>26:9</div> <div>Alvarenga</div> <div>4:5,12,16 16:17</div> <div>17:23 18:13,15,20,</div> <div>21 29:20</div> <div>amount</div> <div>5:15,18 8:2</div> <div>answers</div> <div>5:4</div> <div>apartment</div> <div>17:11,16</div> <div>application</div> <div>8:9</div> <div>April</div> <div>17:8</div> <div>aspect</div> <div>24:2,9</div> <div>associate</div> <div>19:11</div> <div>assume</div> <div>4:23</div> <div>assuming</div> <div>12:3</div> <div>August</div> <div>6:6</div> <div>aware</div> <div>23:10</div> <div>awareness</div> <div>29:3,12</div> <div>B</div> <div>back</div> <div>10:8 16:22</div> <div>backed</div> <div>25:1</div> <div>bank</div> <div>9:11,14,21 11:9 12:7</div> <div>13:19 16:5 20:19</div> <div>bankruptcy</div> <div>26:11 27:24</div> <div>basically</div> <div>8:8</div> <div>basics</div> <div>4:19</div> <div>basis</div> <div>29:16</div> <div>beginning</div> <div>24:12,13 26:21</div> <div>benefit</div> <div>15:6</div>	<div>Boca</div> <div>6:5 16:23 17:4,18</div> <div>born</div> <div>19:1</div> <div>Brazil</div> <div>6:3,16 18:24 19:1</div> <div>20:8</div> <div>Brazilian</div> <div>7:4 8:4 19:5,17</div> <div>bringing</div> <div>16:19</div> <div>brother</div> <div>28:9</div> <div>brothers</div> <div>18:9,17</div> <div>brought</div> <div>8:17 11:19 13:15</div> <div>15:14</div> <div>building</div> <div>17:10,13</div> <div>business</div> <div>10:20 24:1</div> <div>buy</div> <div>7:22,24 8:2 29:4</div> <div>C</div> <div>called</div> <div>8:1,3</div> <div>car</div> <div>27:20</div> <div>card</div> <div>8:10 9:12,16,17,23</div> <div>14:24 26:10</div> <div>cards</div> <div>9:16 25:21</div> <div>care</div> <div>17:9</div> <div>caregiver</div> <div>27:21</div> <div>Carlos</div> <div>19:12,20,22</div> <div>cash</div> <div>12:7,11,12 13:19</div> <div>14:16,18 15:1,3,24</div> <div>20:18,21,23 21:9</div> <div>23:9,13,15,16,18,19</div> <div>25:13</div> <div>change</div> <div>24:19,23 25:14,16</div> <div>changed</div> <div>24:15 25:7</div>
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EXHIBIT C

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Rudeidamia A. Calcano
February 15, 2023

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Magnals.com



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1 UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
2
3 In Re TELEXFREE, LLC, et al.,)
Debtor,)
4)
5) Case no.
STEPHEN B. DARR, TRUSTEE OF THE) 14-40987-EDK
6 ESTATES OF TELEXFREE LLC, et al.,)
Plaintiff,) Chapter 11
7)
v.) Adv. Proc. No.
8) 16-4006
FRANZ BALAN, A REPRESENTATIVE OF A)
9 CLASS OF DEFENDANT NET WINNERS,)
Defendant.)
10
11
12
13
14 DEPOSITION OF RUDEIDAMIA A. CALCANO
Appearing remotely from
15 481 Hampshire Street
Lawrence, Massachusetts
16 February 15, 2023
Commencing at 3:05 p.m.
17
18 Reported by: Genevieve Y.J. Van de Merghel
Notary Public and Stenographer
19 Appearing remotely from
Hampshire County, Massachusetts
20
21
22
O'Brien & Levine Court Reporting Solutions
23 68 Commercial Wharf
Boston, Massachusetts 02110
24 617-399-0130

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1 APPEARANCES
2
3 ALEXANDRA M. PAPAS, ESQUIRE
ANDREW G. LIZOTTE, ESQUIRE
4 Murphy & King, PC
28 State Street, Suite 3101
5 Boston, Massachusetts 02109
617-423-0400
6 apapas@murphyking.com
alizotte@murphyking.com
7 Counsel for the Plaintiff
(Appearing remotely)
8
9 ILYAS J. RONA, ESQUIRE
LEA KRAEMER, ESQUIRE
10 Milligan Rona Duran & King LLC
28 State Street, Suite 802
11 Boston, Massachusetts 02109
617-395-9570
12 ijr@mrdklaw.com
lk@mrdklaw.com
13 Counsel for the Defendant
(Appearing remotely)
14
15 MELANIE PORTER, ESQUIRE
Bonsignore Trial Lawyers
16 23 Forest Street
Medford, Massachusetts 02155
17 781-350-0000
melanie@classactions.us
18 Counsel for the Deponent
(Appearing remotely)
19
20
21
22
23
24

Page 4

1 PROCEEDINGS
2
3 RUDEIDAMIA CALCANO, having first
4 been identified by the production of
5 her Massachusetts driver's license and
6 duly sworn Pursuant to Executive Order
7 144, testified as follows:
8 EXAMINATION
9 BY MS. PAPAS:
10 Q. Thank you for appearing today. My name is
11 Alexandra Papas. I am an attorney with Murphy & King
12 for the trustee of the Estates of Telex versus the
13 class action defendants of net winners. Can you just
14 state your full name for me?
15 A. Rudeidamia Calcano.
16 Q. Thank you. I am not sure if you have been
17 deposed before, but I just want to go through a few
18 set of instructions quickly.
19 The way this will go is I am going to ask you a
20 series of questions. If you don't understand the
21 question, please tell me, and I will try to reword it
22 in a way that you do understand. If you do answer my
23 question, I am going to assume that you understood the
24 question and that you have answered truthfully. Do

<p style="text-align: right;">Page 5</p> <p>1 you understand these instructions?</p> <p>2 A. Yes.</p> <p>3 Q. And the next instruction is that I am going to</p> <p>4 ask that you give verbal answers for the court</p> <p>5 reporter, so please say "yes" or "no" instead of</p> <p>6 nodding your head. Can you do that?</p> <p>7 A. Yes and no.</p> <p>8 Q. And do you want an opportunity to review the</p> <p>9 written transcript of everything that we say today to</p> <p>10 make sure it's accurate?</p> <p>11 A. If I want a written transcript --</p> <p>12 Q. Yes.</p> <p>13 A. -- after?</p> <p>14 Q. Sorry. Do you want a written copy, yes, to</p> <p>15 review to make sure it's accurate?</p> <p>16 A. After?</p> <p>17 Q. After. Yes.</p> <p>18 A. Yes.</p> <p>19 Q. Okay. So we will send that to you once we get</p> <p>20 it, and you will have 14 days to read through it and</p> <p>21 then sign under oath either that it's accurate or</p> <p>22 identifying any errors that you see. Can you return</p> <p>23 it to us within 14 days of receiving it?</p> <p>24 A. Of course, yes.</p>	<p style="text-align: right;">Page 7</p> <p>1 And you invested in the TelexFree program.</p> <p>2 Correct?</p> <p>3 A. Unfortunately, yes.</p> <p>4 Q. You submitted a claim for the amount that you</p> <p>5 lost?</p> <p>6 A. Yes.</p> <p>7 Q. Do you remember the amount of that claim?</p> <p>8 A. Mm-hmm. Yes.</p> <p>9 Q. What was the amount?</p> <p>10 A. Five and something -- like, 5,000-and-something</p> <p>11 dollars. Like, I think it was \$5,005 with something</p> <p>12 cents.</p> <p>13 Q. Yes. Our records show \$5,005.80. Does that</p> <p>14 sound accurate?</p> <p>15 A. Yes.</p> <p>16 Q. When you submitted that claim, you agree</p> <p>17 everything you submitted was true and accurate?</p> <p>18 A. Yeah. Yes.</p> <p>19 Q. So based on the information that we have</p> <p>20 reviewed, you had at least three accounts with Telex.</p> <p>21 Is that correct?</p> <p>22 A. Yes.</p> <p>23 Q. And with those accounts, you could earn credits.</p> <p>24 Is that correct?</p>
<p style="text-align: right;">Page 6</p> <p>1 Q. Thank you. And then a few other just background</p> <p>2 questions. Is there anyone in the room with you</p> <p>3 today?</p> <p>4 A. Yes.</p> <p>5 Q. Are they helping you with this deposition in any</p> <p>6 way?</p> <p>7 A. No.</p> <p>8 Q. Are they just in the background doing other</p> <p>9 stuff?</p> <p>10 A. Mm-hmm.</p> <p>11 Q. Thank you. And then did you talk to anyone</p> <p>12 about this deposition ahead of today?</p> <p>13 A. No. My lawyer.</p> <p>14 Q. Did you talk to a lawyer?</p> <p>15 A. Like, last week.</p> <p>16 Q. Are you represented by a lawyer in this case or</p> <p>17 is this --</p> <p>18 A. Well, he is the lawyer for, like, for the</p> <p>19 trustees. I think that's what it's called.</p> <p>20 Q. Oh, so you talked to -- I think it was actually</p> <p>21 our paralegals to schedule?</p> <p>22 A. Yeah. Mm-hmm.</p> <p>23 Q. Okay. I understand. Yes, that was the</p> <p>24 paralegal.</p>	<p style="text-align: right;">Page 8</p> <p>1 A. Yes.</p> <p>2 Q. One of the ways you could earn credits was</p> <p>3 posting ads?</p> <p>4 A. Posting ads.</p> <p>5 Q. Thank you. And is one of the ways you could use</p> <p>6 credits after you earned them to get cash or buy</p> <p>7 accounts. Is that correct?</p> <p>8 A. Yes, that's accurate.</p> <p>9 Q. Okay. And those three accounts that we talked</p> <p>10 about, how did you go about setting them up?</p> <p>11 A. We had someone that was in our home at that</p> <p>12 time, and he was the one in charge of it. I didn't</p> <p>13 actually, like, did the whole process, because it was</p> <p>14 just -- you know, we went to different meetings with</p> <p>15 them, like, a big event that they hold. That was the</p> <p>16 first thing we did. And then we did a couple -- we</p> <p>17 went to a couple of meetings that they used to host.</p> <p>18 So it seemed very legit. And then, you know,</p> <p>19 there was some banks investing on it. So, you know,</p> <p>20 he -- after he went to our home -- he was a friend of</p> <p>21 my husband's back then. So he did the whole</p> <p>22 enrollment; I guess that's what it's supposed to be</p> <p>23 called.</p> <p>24 And, yeah. And, like, we were given a password</p>

<p style="text-align: right;">Page 9</p> <p>1 and a username, and we were supposed to log in, but I 2 never was able to do any of that because it failed 3 shortly after. 4 Q. Okay. Do you know the name of the person who 5 helped you set up the accounts? 6 A. The full name, no. I think it was first name 7 Juan. He was Brazilian. I don't remember his last 8 name. 9 Q. So the Telex records show different -- three 10 different people opened accounts for you using 11 credits. So do you recognize the name Ramon Rosa? 12 A. Ramon Rosa? No. 13 Q. Do you recognize the name Jose Lopez? 14 A. Jose Lopez, yes. Mm-hmm. 15 Q. Okay. So when he set up an account using his 16 credits, it shows that the account cost \$1,425. Does 17 that sound accurate? 18 A. Yes. 19 Q. And did you pay him \$1,425 for opening that 20 account? 21 A. I gave them everything that they -- I gave them 22 \$5,000. It was more than five thousand. It was 23 probably, like, five-twenty or five-something. I 24 never got any cash back.</p>	<p style="text-align: right;">Page 11</p> <p>1 Jose Lopez, Framin Alvarado Paulino, and someone named 2 Juan that you don't remember the last name about 3 \$5,000 to open the accounts for you? 4 A. Yes. 5 Q. Is that correct? Okay. And how did you 6 transfer the money to them? 7 A. I gave them cash. 8 Q. Do you remember which one of them you handed 9 cash to or did you disperse? 10 A. I know the three of them were in charge and, you 11 know, they were there, you know, selling that, selling 12 the whole TelexFree thing to us. So, you know, it 13 seemed legitimate. It seemed right. We saw a 14 contract. And I just gave them -- we gave them the 15 money. And, you know, they did say that they were, 16 you know, going to open an account and they were going 17 to give us the username and things, which they did 18 after. But it never worked. 19 Q. Okay. So just to confirm, you gave them about 20 (inaudible) thousand dollars, and they gave you a 21 username and password for various accounts with 22 TelexFree? 23 A. Mm-hmm. Five thousand. \$5,000. I gave them 24 more than five thousand. It was five-twenty, I</p>
<p style="text-align: right;">Page 10</p> <p>1 Q. Okay. I think I understand. So you did one 2 lump sum payment for the accounts that they opened for 3 you? 4 A. Mm-hmm. Yes. 5 Q. And Jose Lopez was one of the people that opened 6 an account that you gave money to for doing that? 7 A. Mm-hmm. 8 Q. Does the name Alvarado Paulino Framin sound 9 familiar? 10 A. Mm-hmm. Yes. 11 Q. Was that another person who opened an account 12 for you? 13 A. No. They were, like -- those two guys were in 14 my house along with the Brazilian guy. And we just 15 gave them the lump sum and they said they were going 16 to open those accounts. But I didn't remember the 17 exact amount. 18 Q. Okay. It also shows that one of those accounts 19 was -- sorry; I mixed up the names. It was Framin 20 Alvarado Paulino used \$1,425 in credits to open an 21 account for you. Does that sound about what you 22 recollect based on the lump sum? 23 A. Yes. 24 Q. So just to make sure that I understand, you gave</p>	<p style="text-align: right;">Page 12</p> <p>1 remember, and I never got anything back. 2 Q. You gave them \$5,020 and, in exchange, they gave 3 you login and password names for Telex. Is that 4 correct? 5 A. Yes. Not the same day. Like, probably, like, 6 two, three weeks later. 7 Q. Okay. Two or three weeks later, they gave you 8 the login information? 9 A. Mm-hmm. Well, what I can remember -- because 10 this was a while ago -- yeah, he gave me a piece of 11 paper with the login and everything. And we tried to 12 log in. He even showed me how to log in, but it 13 wasn't going through. And then he said that it was 14 probably something going on in the new platform, that 15 he was going to get back at me. And then they 16 disappeared. 17 Q. Okay. I understand. So just to confirm, you 18 gave them the cash first and then -- 19 A. Mm-hmm. 20 Q. -- then two to three weeks later, you got a 21 login. Correct? 22 A. Mm-hmm. Yeah. 23 MS. PAPAS: Thank you. I have no further 24 questions.</p>

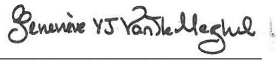
<p style="text-align: right;">Page 13</p> <p>1 EXAMINATION</p> <p>2 BY MR. RONA:</p> <p>3 Q. Good afternoon. My name is Ilyas Rona. I</p> <p>4 represent the individuals against whom the trustee for</p> <p>5 TelexFree is bringing claims. So I am representing</p> <p>6 that group of people.</p> <p>7 Are you involved in any other litigation besides</p> <p>8 the one that you are being deposed in right now?</p> <p>9 A. No.</p> <p>10 Q. To your knowledge, has your name been used in</p> <p>11 any other class actions?</p> <p>12 A. No.</p> <p>13 Q. Okay. To your knowledge -- sorry; go ahead.</p> <p>14 A. No, that I know of. I would know. Right? No,</p> <p>15 I haven't done anything.</p> <p>16 MS. PORTER: Counsel, I'm sorry. Can I</p> <p>17 just place an objection: Vague and ambiguous.</p> <p>18 Can you just clarify what you mean? Do you mean</p> <p>19 outside of the TelexFree litigation and the MDL</p> <p>20 case?</p> <p>21 MR. RONA: I am referring to, possibly,</p> <p>22 the MDL case, meaning this is a bankruptcy case</p> <p>23 that I understand this deposition is taking</p> <p>24 place in.</p>	<p style="text-align: right;">Page 15</p> <p>1 there's a little confusion there. So you know,</p> <p>2 I am here representing you.</p> <p>3 THE WITNESS: Okay. Yes.</p> <p>4 MS. PORTER: Okay.</p> <p>5 BY MR. RONA:</p> <p>6 Q. So who is Mr. Bonsignore?</p> <p>7 A. Who is him?</p> <p>8 Q. Yeah.</p> <p>9 A. Okay. He is a lawyer that represents, like, us.</p> <p>10 Like, me and the other rest of the people that were</p> <p>11 scammed by TelexFree.</p> <p>12 Q. And are you aware that Mr. Bonsignore has</p> <p>13 brought and is litigating cases relative to TelexFree?</p> <p>14 Are you aware --</p> <p>15 A. Yes.</p> <p>16 Q. Okay. And have you been -- to your knowledge,</p> <p>17 are you a plaintiff in any case being handled by</p> <p>18 Mr. Bonsignore?</p> <p>19 A. Yes.</p> <p>20 Q. Okay. Thank you. You had mentioned a meeting,</p> <p>21 and I want to turn back to that. How did you first</p> <p>22 come to learn about TelexFree? Who is the person or</p> <p>23 people that clued you in to TelexFree?</p> <p>24 A. So one of the reasons why I -- well, I got into</p>
<p style="text-align: right;">Page 14</p> <p>1 MS. PORTER: Correct.</p> <p>2 MR. RONA: Do you represent the witness in</p> <p>3 a separate MDL proceeding?</p> <p>4 MS. PORTER: Correct.</p> <p>5 MR. RONA: Okay. I'm sorry. I didn't</p> <p>6 hear you say you represent her. I apologize if</p> <p>7 you said that.</p> <p>8 MS. PORTER: Yes, that's okay. I just</p> <p>9 wanted to clarify and state that objection,</p> <p>10 because I think the question was unclear.</p> <p>11 MR. RONA: Okay.</p> <p>12 BY MR. RONA:</p> <p>13 Q. Ms. Calcano, are you aware of other litigation</p> <p>14 besides the bankruptcy case?</p> <p>15 A. I don't understand.</p> <p>16 Q. You have a lawyer present with you. Correct?</p> <p>17 A. No.</p> <p>18 Q. Okay. Are you being represented by anyone in</p> <p>19 this deposition?</p> <p>20 MS. PORTER: Counsel, for the record,</p> <p>21 because she has never personally met me -- Ruth,</p> <p>22 I work with Robert Bonsignore.</p> <p>23 THE WITNESS: Oh, hi.</p> <p>24 MS. PORTER: We haven't met, so I know</p>	<p style="text-align: right;">Page 16</p> <p>1 it because of my ex-husband. He worked at this</p> <p>2 company -- I don't remember the name right now -- and</p> <p>3 he was a machine operator. There was a big group of</p> <p>4 people there that worked there and, you know, they</p> <p>5 were talking about it. And it seemed very interesting</p> <p>6 because some people had quit work because they were</p> <p>7 getting money from TelexFree. And he was working</p> <p>8 there for more than five years and he had seen these</p> <p>9 people for five years and, apparently, they</p> <p>10 disappeared because they would be doing so good under</p> <p>11 this business. So, you know, word spread around at</p> <p>12 his job.</p> <p>13 And we had -- we just had our new -- had our</p> <p>14 baby born at that same time. Like I was, like, three</p> <p>15 months postpartum and I was at home. And I was, you</p> <p>16 know, not working. And he just brought up this thing</p> <p>17 that, "Hey, at work, these people, you know, they are</p> <p>18 doing this new thing. They are coming from Brazil and</p> <p>19 they are experimenting on this, you know, corporation</p> <p>20 that they just need to put ads. It's going to be,</p> <p>21 like, a big thing on the internet, like Candy Crush."</p> <p>22 And I was just like, "Okay, whatever. Just</p> <p>23 bring them to the house."</p> <p>24 And he was like, "No. No. No. We have to go</p>

<p style="text-align: right;">Page 17</p> <p>1 to a meeting. You have to pay \$20 and they are going 2 to speak." And that was the first meeting we attended 3 together. We went to a big meeting in Boston, 4 conference, whatever they want to call it. It was 5 big. It was an auditorium. I am talking about, like, 6 a lot of people there. 7 They did the presentation about what they were 8 going to do with the ads. It sounds very interesting 9 to me. And then we saw some stories about how they 10 were before, like they were, you know, like regular 11 people working at a -- 12 THE WITNESS: Sorry. That was a call that 13 came through. 14 A. They were regular people like us at that time, 15 and they just happened to retire because they were 16 doing so good. And, you know, that was bizarre. And 17 they showed proof of everything in there at the 18 meeting to everybody. 19 So I was just, like, "Yeah, I want to get into 20 this because it doesn't sound like you need to do a 21 lot. You're just posting ads." 22 So then this person from his job, the Brazilian 23 guy, connected us with these two Hispanic ones that 24 were here. And then I don't know how, we ended up</p>	<p style="text-align: right;">Page 19</p> <p>1 your ex-husband at the time? 2 A. Mm-hmm. Yes. He was the owner of the house. 3 Q. Okay. And a couple of times, you used the word 4 "we" to describe who went to the meetings and who was 5 listening to the sales pitch. Is "we" referring to 6 you and your ex-husband? 7 A. Mm-hmm. 8 Q. Was there anyone else that was part of the 9 meeting on the receiving end of the sales pitch that 10 was at your house? Did you have any other friends 11 over or anyone else besides you and your ex-husband? 12 A. No. Like, those people brought some more 13 people. So they basically used my house. 14 Q. Okay. And at that time, you had just had 15 your -- was that your first child? 16 A. Mm-hmm. 17 Q. Is it "yes"? 18 A. Yes. Yes. 19 Q. Okay. So there were no other adults in the 20 house living there besides you and your ex-husband? 21 A. Yes. Just me and my husband and the baby. 22 Q. Okay. And there were at least three people who 23 came to talk to you in your house? Were there more 24 than those three that came?</p>
<p style="text-align: right;">Page 18</p> <p>1 with one of -- like, a whole bunch of people in our 2 home who had a big meeting in my house, showing us 3 contracts of how it is, and that some famous banks 4 were in on it too. 5 So that was it for me. I am like, "Okay, this 6 is very real." I am -- you know. I am not -- you 7 know. "It seems like a good investment. Let's do 8 it." So that's how I did it. That's how we did it. 9 Q. Okay. And what is your ex-husband's name? 10 A. My ex-husband's name is Daury. 11 Q. Can you spell that, please? 12 A. D-A-U-R-Y. 13 Q. What is his last name? 14 A. Delacruz. 15 Q. Okay. Is that three separate words? 16 A. No. All together. 17 Q. All together. Okay. 18 And at the time you were involved in TelexFree, 19 were you living at the same place you are living now, 20 or were you living at a different address? 21 A. I was living at a different address. 22 Q. Is that the one on -- 23 A. Walnut Street. 24 Q. Walnut Street. Okay. And you were living with</p>	<p style="text-align: right;">Page 20</p> <p>1 A. They did the presentation in my house, the three 2 of them. And then there was other people that they 3 brought along. I can't remember their names. 4 Q. So there were three people, you said, in charge, 5 but there might have been other people that came with 6 them but they didn't talk much? 7 A. Mm-hmm. They were just listening. 8 Q. Okay. And you had mentioned one of the three 9 was the Brazilian gentleman that worked with your 10 ex-husband. Is that right? 11 A. Mm-hmm. 12 Q. Yes? 13 A. Yes. 14 Q. Yes. Okay. And then the other two, to your 15 recollection, were the names that were read to you, 16 the Jose Lopez and then there was another name which I 17 couldn't really write down. But in your mind, were 18 the two Hispanic -- 19 A. I don't know -- I don't think that was their 20 last name. I don't really know their last name. But 21 I recall the first names. 22 Q. Okay. What first names did you recall? 23 A. Jose and Juan. 24 Q. Okay. So you remember a Jose and Juan and then</p>

<p style="text-align: right;">Page 21</p> <p>1 a third, Brazilian gentleman whose name --</p> <p>2 A. Yes. Mm-hmm.</p> <p>3 Q. -- you are not sure of. Is that right?</p> <p>4 A. The Brazilian guy, I don't really remember --</p> <p>5 no, I don't really remember his name.</p> <p>6 Q. Okay. That's fine. And then you testified that</p> <p>7 you gave five thousand and, approximately, twenty</p> <p>8 dollars to them?</p> <p>9 A. Mm-hmm.</p> <p>10 Q. Is that right?</p> <p>11 A. Yeah. Yes.</p> <p>12 Q. Was that -- whose money was that? Was that your</p> <p>13 money or was it your ex-husband's or both?</p> <p>14 A. My money.</p> <p>15 Q. Did your ex-husband give any money?</p> <p>16 A. No.</p> <p>17 Q. Do you know why he didn't?</p> <p>18 A. He didn't have any money at the time.</p> <p>19 Q. Okay. And do you know how much each account</p> <p>20 cost? When you were paying that \$5,020,</p> <p>21 approximately, did you know how much a family plan</p> <p>22 cost?</p> <p>23 A. No.</p> <p>24 Q. Do you remember the number \$1,425?</p>	<p style="text-align: right;">Page 23</p> <p>1 they -- he never did.</p> <p>2 Q. Okay. Do you know why they were supposed to</p> <p>3 give you back change? I mean, if you -- you could</p> <p>4 have given them the exact amount. Did they explain</p> <p>5 why they were going to give you back change?</p> <p>6 A. No, they didn't explain why. I think it was</p> <p>7 just probably -- I don't even know. Probably they</p> <p>8 didn't have the exact change. But I remember giving</p> <p>9 them \$5,020.</p> <p>10 Q. And did you know, at the time, how that money</p> <p>11 was going to be divided up by the people that were at</p> <p>12 your house?</p> <p>13 A. No.</p> <p>14 Q. So you don't -- did they say they were going to</p> <p>15 divide it up equally?</p> <p>16 A. No, I don't remember that.</p> <p>17 Q. Okay. Did you believe, at the time that they</p> <p>18 were there, that they worked together as a team?</p> <p>19 A. Yeah. Yeah. Yeah.</p> <p>20 Q. Did part of their sales pitch explain how people</p> <p>21 in TelexFree could work together as teams?</p> <p>22 A. Yes.</p> <p>23 Q. Do you remember what they said about teams, even</p> <p>24 if it's very general?</p>
<p style="text-align: right;">Page 22</p> <p>1 A. I don't know. No. I mean, there was some money</p> <p>2 that they were paying for every post. I don't know if</p> <p>3 it was that.</p> <p>4 Q. Okay.</p> <p>5 A. I am not so sure.</p> <p>6 Q. Okay. And if you -- I think you had been asked</p> <p>7 about how many accounts you had. Do you recall having</p> <p>8 three accounts?</p> <p>9 A. I don't recall how many accounts I had. I just</p> <p>10 know that I gave them money, the \$5,020.</p> <p>11 Q. Do you know if the money that you gave went to</p> <p>12 anything else besides opening an account?</p> <p>13 A. No.</p> <p>14 Q. Okay.</p> <p>15 A. It was for accounts only. I don't think it was</p> <p>16 for something else.</p> <p>17 Q. Okay.</p> <p>18 A. I mean, they didn't tell me it was for something</p> <p>19 else. It was just to open accounts.</p> <p>20 Q. And so you don't know -- do you know either way</p> <p>21 if there was money left over that was applied to</p> <p>22 something else besides accounts?</p> <p>23 A. No. They were supposed to give me back some</p> <p>24 change back. It was, like, little change. But</p>	<p style="text-align: right;">Page 24</p> <p>1 A. They pretty much worked together, and they were</p> <p>2 going to be with us, and everything was working for</p> <p>3 them. And you can see that, you know, life was</p> <p>4 changing for them. And, you know, we saw them at the</p> <p>5 meeting at the very beginning. So we were like, yeah,</p> <p>6 you know, they are together; they are a team.</p> <p>7 Q. Do you recall at that big meeting, the one I</p> <p>8 think you said was in Boston, how did you get in touch</p> <p>9 with those two gentlemen, Jose and Juan? Do you</p> <p>10 remember how you specifically came in touch with them?</p> <p>11 A. No. It was through my husband. Like, he met</p> <p>12 them. He met that guy at work and then, you know, he</p> <p>13 put them in contact with these other two people that</p> <p>14 spoke in Spanish, because we spoke -- we speak Spanish</p> <p>15 more, and they were Portuguese. So yeah.</p> <p>16 Q. So did you find it helpful to have people</p> <p>17 speaking in Spanish to explain to you TelexFree when</p> <p>18 they came to your house?</p> <p>19 A. Yeah. For my husband, yes. I know English, but</p> <p>20 my husband is more a Spanish speaker.</p> <p>21 Q. Okay. And at the time -- do you still use the</p> <p>22 same email address that you used back in 2013 and</p> <p>23 2014?</p> <p>24 A. Ruth1calcano@gmail.com.</p>

<p style="text-align: right;">Page 25</p> <p>1 Q. Do you use any other email addresses besides 2 that one? 3 A. No. 4 Q. Did your husband use that email address or did 5 he have his own? Your ex-husband, excuse me. 6 A. No. No, I don't think so. 7 Q. He didn't use yours? Is that what you're -- 8 A. Oh, no, no, no. He didn't, no, no. Everything 9 was done, like, me. I paid my money. I paid -- you 10 know, I put my credentials because it was me. 11 Q. Okay. And do you still have TelexFree emails? 12 A. No. No, I don't. No. I don't even have emails 13 from last year. 14 Q. Any particular reason why you don't have emails 15 relating to TelexFree? 16 A. I don't have -- like, my emails delete every 17 certain time because of my cloud storage. 18 Q. And then I think you testified that they, the 19 three people that were in your house, set up the 20 accounts for you. Is that right? 21 A. Mm-hmm. Yeah. 22 Q. So is it fair to say that you did not set up any 23 of your own accounts by sitting at a computer. Is 24 that right?</p>	<p style="text-align: right;">Page 27</p> <p>1 very hard that day. You know, he called. We were 2 there because, you know, I was like, "Why is it not 3 working?" And then he called somebody else. He was 4 doing a bunch of calling. He said he was going to 5 come, like, the next day or the day after, because it 6 was going to take some time. 7 And then he never answered our phone calls 8 again. 9 Q. Who is "he" that you were just referring to? 10 A. Juan, I believe. Juan? Jose? I think it was 11 Juan. 12 Q. Okay. One of those two? 13 A. Mm-hmm. The Spanish ones, yeah. 14 Q. Do you remember if, when the first -- you 15 mentioned that he came and it couldn't work, and he 16 was calling. Who was he calling? Do you know who he 17 was calling on the phone? 18 A. I don't know. But he even put somebody on 19 speaker that he tried to -- I mean, he did say, you 20 know, that we had to hit -- he did forget my username 21 or something like that, or forget my password, and it 22 was going to take a while. And then he just -- like, 23 we were there for probably an hour or so. And, you 24 know, he just said -- like, different colleagues to</p>
<p style="text-align: right;">Page 26</p> <p>1 A. No. They sat with me and they, like, you 2 know -- I saw what they were doing but, you know, it 3 was them. I didn't touch. I didn't touch the 4 computer to do anything. 5 Q. So meaning you didn't type in the name on the 6 account. Is that right? 7 A. No. I gave them my license, you know. I saw 8 the contract. I gave them my money. And -- yes. 9 Q. And did you get to pick what the username and 10 passwords were, or did they do that for you? 11 A. No, they did that for me. 12 Q. Okay. And you said that there was a three-week, 13 approximately, delay before the accounts were actually 14 set up from when you gave the money. Is that right? 15 A. I am thinking about from that time. It was a 16 long time ago. I think it was probably two, three 17 weeks but I wouldn't say it specifically two, three. 18 I think it was two or three. 19 Q. And then at some point, you recall going into a 20 computer to try to log in and it didn't work? 21 A. Mm-hmm. No. They came into my home again and, 22 you know, he was going to show me how to do it and how 23 to move things around, and it wouldn't work. 24 And he did some calling. He tried. He tried</p>	<p style="text-align: right;">Page 28</p> <p>1 different people, tried to resolve it. And it never 2 went through. And then I remember I had to go and do 3 something else, and he said he was going to come back. 4 And he didn't come back, and he never answered 5 our phone calls. Then, shortly after, the whole 6 thing, like, popped out that it was a big scam. 7 Q. Okay. So to your memory, the sequence of events 8 was you paid the money. They came. You tried to log 9 in. Things didn't work. You told them, and they came 10 to your house and tried to fix things. They were 11 supposed to come back and didn't. And then it hit the 12 news that there was a big problem with TelexFree. Is 13 that the sequence of events? 14 A. Yeah. Yes. 15 Q. Okay. And did you know -- do you know for a 16 fact that the person that was being called worked for 17 TelexFree or did you not have any idea who actually 18 was on the other end of the phone when he called to 19 try to fix your account? 20 A. Like, he did many callings to people. And in 21 one of them, there was the Brazilian guy that my 22 ex-husband had met at work. So that's why I thought 23 it was -- you know, it seemed to me, at the time, 24 because I was so young and I didn't know, it --</p>

<p style="text-align: right;">Page 29</p> <p>1 believed it, yes.</p> <p>2 Q. That process didn't raise any specific concerns</p> <p>3 in your mind?</p> <p>4 A. No. I didn't have any concerns, no.</p> <p>5 Q. You thought that this was just a technical</p> <p>6 problem?</p> <p>7 A. Yes. Mm-hmm.</p> <p>8 Q. Okay. At any point, did your ex-husband ever</p> <p>9 put any money into TelexFree?</p> <p>10 A. No. No. He wasn't ready.</p> <p>11 Q. Aside from the \$5,020 that you recall giving to</p> <p>12 those three people, did you recall putting in any</p> <p>13 additional money?</p> <p>14 A. No.</p> <p>15 Q. Did you ever collect any money from anyone?</p> <p>16 A. No. That's why I am here.</p> <p>17 Q. You had a -- you've received a payment from the</p> <p>18 trustee. Is that right?</p> <p>19 A. I received a gift card for 200-and-something</p> <p>20 dollars.</p> <p>21 Q. Did you receive another -- did you receive a</p> <p>22 different, separate gift card with a larger amount?</p> <p>23 A. No.</p> <p>24 Q. To your recollection or knowledge, you have only</p>	<p style="text-align: right;">Page 31</p> <p>1 they are or --</p> <p>2 A. I don't know where they are. I wish I could</p> <p>3 know, so I can talk to them face to face.</p> <p>4 Q. Okay. And you don't have any -- do you have any</p> <p>5 knowledge of how much money they made in connection</p> <p>6 with TelexFree?</p> <p>7 A. No, but they were doing very good at that time.</p> <p>8 Q. How did you know that?</p> <p>9 A. Because they were bragging about -- well, now it</p> <p>10 seems like a brag. But to me, at that time, it was</p> <p>11 like, "Oh, they are doing good." You know, their</p> <p>12 cars. New car, car of the year. Luxurious vacations.</p> <p>13 Mm-hmm.</p> <p>14 Q. So you were sort of sizing them up based on</p> <p>15 their car and things that they said to sort of measure</p> <p>16 how successful they were in TelexFree?</p> <p>17 A. Yeah. That's what they said at the meetings,</p> <p>18 you know, and that's what they showed us, that they</p> <p>19 went from being machine operators and, you know,</p> <p>20 people working at warehouses, you know, living a poor</p> <p>21 salary to making big money by doing this little thing</p> <p>22 of posting ads and investing.</p> <p>23 Q. Okay. I think I am near the end of my</p> <p>24 questions.</p>
<p style="text-align: right;">Page 30</p> <p>1 received one gift card for 200?</p> <p>2 A. 230-something dollars.</p> <p>3 Q. Do you have any understanding of why the</p> <p>4 trustees wanted to take your deposition? Was that</p> <p>5 discussed with you at all?</p> <p>6 A. Because they probably don't want this scam to</p> <p>7 be -- for people to do more scams like this. This is</p> <p>8 crazy.</p> <p>9 Like, that was -- at that time, that was my only</p> <p>10 savings, and I was jobless and I was with a newborn.</p> <p>11 That's why when this came back again, I am like I am</p> <p>12 going to fight these people because this needs to be</p> <p>13 heard. This was really bad.</p> <p>14 And throughout this time -- because I even</p> <p>15 forgot about this. Like, I did my life. Like, I am</p> <p>16 good now. I bought my house. I am good. But I heard</p> <p>17 many stories, like, after the years. Like, after five</p> <p>18 years, two, three, four, five years, I heard people</p> <p>19 lost their houses. This was very bad around here.</p> <p>20 Q. Do you know if -- I take it you haven't spoken</p> <p>21 to any of the three men that you described earlier --</p> <p>22 A. I would like to know where they are. I have</p> <p>23 never seen their faces.</p> <p>24 Q. Okay. I'm sorry. Did you say you know where</p>	<p style="text-align: right;">Page 32</p> <p>1 You mentioned that your ex-husband was a machine</p> <p>2 operator. What was the company that he was working</p> <p>3 for at the time, if you recall?</p> <p>4 A. I would have to call him and find out. I don't</p> <p>5 know.</p> <p>6 Q. It's okay if you don't remember. Do you know</p> <p>7 where it was located, where he went to work back in</p> <p>8 2014?</p> <p>9 A. He started at one at Haverhill. Haverhill,</p> <p>10 Massachusetts. And then they moved him to a different</p> <p>11 location near Salem, New Hampshire.</p> <p>12 MR. RONA: Okay. I think that's all the</p> <p>13 questions I have. Thank you.</p> <p>14 THE WITNESS: Okay. Thank you.</p> <p>15 EXAMINATION</p> <p>16 BY MS. PAPAS:</p> <p>17 Q. I have just one more follow-up question for you.</p> <p>18 You mentioned that these were your credentials,</p> <p>19 "because it was me." So that means -- I just want to</p> <p>20 make sure I understand. That means you gave them your</p> <p>21 information to create accounts for you with TelexFree?</p> <p>22 A. Oh, when I was with them doing the login and</p> <p>23 things like that? Yeah. They took my license</p> <p>24 information, I remember; and they took my checking</p>

<p style="text-align: right;">Page 33</p> <p>1 account at the time, the one that I had at the time; 2 and my passport; and I don't even remember what else. 3 I think my Social. Oh, my God, yes. My Social, my 4 license, my passport, and my bank account. 5 Q. Okay. And so you sat there while they created 6 an account for you with this information. Correct? 7 A. Mm-hmm. Yes. 8 Q. And by "they," you mean the three men that we 9 have been discussing: we think Jose, Juan, and maybe 10 Framin. 11 A. Mm-hmm. 12 Q. Is that correct? 13 A. Yes. 14 MS. PAPAS: That's all of my questions. 15 Thank you. We can go off the record. 16 (Deposition concluded at 3:44 p.m.) 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 35</p> <p>1 PLEASE ATTACH TO THE DEPOSITION OF WITNESS 2 CASE: NO. 14-40987-EDK 3 DATE TAKEN: February 15, 2023 4 ERRATA SHEET 5 Please refer to Page 34 for Errata Sheet instructions 6 and distribution instructions. 7 PAGE LINE CHANGE REASON 8 _____ 9 _____ 10 _____ 11 _____ 12 _____ 13 _____ 14 _____ 15 I have read the foregoing transcript of my 16 deposition, and except for any corrections or changes 17 noted above, I hereby subscribe to the transcript as 18 an accurate record of the statements made by me. 19 20 Executed this ____ day of _____, 2023. 21 22 _____ 23 Rudeidamia A. Calcano 24</p>
<p style="text-align: right;">Page 34</p> <p>1 ERRATA SHEET DISTRIBUTION INFORMATION 2 DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS 3 4 5 ERRATA SHEET DISTRIBUTION INFORMATION 6 7 The original of the Errata Sheet has been 8 delivered to Alexandra M. Papas, Esquire. 9 When the Errata Sheet has been completed by 10 the deponent and signed, a copy thereof should be 11 delivered to each party of record and the ORIGINAL 12 forwarded to Alexandra M. Papas, Esquire, to whom the 13 original deposition transcript was delivered. 14 15 INSTRUCTIONS TO DEPONENT 16 17 After reading this volume of your deposition, 18 please indicate any corrections or changes to your 19 testimony and the reasons therefor on the Errata Sheet 20 supplied to you and sign it. DO NOT make marks or 21 notations on the transcript volume itself. Add 22 additional sheets if necessary. Please refer to the 23 above instructions for Errata Sheet distribution 24 information.</p>	<p style="text-align: right;">Page 36</p> <p>1 CERTIFICATE 2 3 COMMONWEALTH OF MASSACHUSETTS 4 HAMPSHIRE, SS. 5 I, Genevieve Y.J. Van de Merghel, 6 Stenographer, hereby certify: 7 That Rudeidamia A. Calcano, the witness whose 8 testimony is hereinbefore set forth, was duly sworn by 9 me, pursuant to Mass. R. Civ. P. 27, 29, 30, 30A, and 10 31, and that such testimony is a true and accurate 11 record of my stenotype notes taken in the foregoing 12 matter, to the best of my knowledge, skill, and 13 ability. 14 I further certify that I am not related to 15 any parties to this action by blood or marriage; and 16 that I am in no way interested in the outcome of this 17 matter. 18 IN WITNESS WHEREOF, I have hereunto set my 19 hand this 27th day of February, 2023. 20 21  22 23 Genevieve Y.J. Van de Merghel 24 My Commission Expires: 12/16/27</p>

<hr/> <p>\$</p> <hr/> <p>\$1,425 9:16,19 10:20 21:24</p> <p>\$20 17:1</p> <p>\$5,000 9:22 11:3,23</p> <p>\$5,005 7:11</p> <p>\$5,005.80 7:13</p> <p>\$5,020 12:2 21:20 22:10 23:9 29:11</p> <hr/> <p>1</p> <hr/> <p>14 5:20,23</p> <p>144 4:7</p> <hr/> <p>2</p> <hr/> <p>200 30:1</p> <p>200-and-something 29:19</p> <p>2013 24:22</p> <p>2014 24:23 32:8</p> <p>230-something 30:2</p> <hr/> <p>3</p> <hr/> <p>3:44 33:16</p> <hr/> <p>5</p> <hr/> <p>5,000-and-something 7:10</p> <hr/> <p>A</p> <hr/> <p>account 9:15,16,20 10:6,11, 21 11:16 21:19 22:12 26:6 28:19 33:1,4,6</p>	<p>accounts 7:20,23 8:7,9 9:5,10 10:2,16,18 11:3,21 22:7,8,9,15,19,22 25:20,23 26:13 32:21</p> <p>accurate 5:10,15,21 7:14,17 8:8 9:17</p> <p>action 4:13</p> <p>actions 13:11</p> <p>additional 29:13</p> <p>address 18:20,21 24:22 25:4</p> <p>addresses 25:1</p> <p>ads 8:3,4 16:20 17:8,21 31:22</p> <p>adults 19:19</p> <p>afternoon 13:3</p> <p>agree 7:16</p> <p>ahead 6:12 13:13</p> <p>Alexandra 4:11</p> <p>Alvarado 10:8,20 11:1</p> <p>ambiguous 13:17</p> <p>amount 7:4,7,9 10:17 23:4 29:22</p> <p>answers 5:4</p> <p>apologize 14:6</p> <p>apparently 16:9</p> <p>appearing 4:10</p> <p>applied 22:21</p> <p>approximately 21:7,21 26:13</p>	<p>assume 4:23</p> <p>attended 17:2</p> <p>attorney 4:11</p> <p>auditorium 17:5</p> <p>aware 14:13 15:12,14</p> <hr/> <p>B</p> <hr/> <p>baby 16:14 19:21</p> <p>back 8:21 9:24 12:1,15 15:21 22:23,24 23:3, 5 24:22 28:3,4,11 30:11 32:7</p> <p>background 6:1,8</p> <p>bad 30:13,19</p> <p>bank 33:4</p> <p>bankruptcy 13:22 14:14</p> <p>banks 8:19 18:3</p> <p>based 7:19 10:22 31:14</p> <p>basically 19:13</p> <p>beginning 24:5</p> <p>believed 29:1</p> <p>big 8:15 16:3,21 17:3,5 18:2 24:7 28:6,12 31:21</p> <p>bizarre 17:16</p> <p>Bonsignore 14:22 15:6,12,18</p> <p>born 16:14</p> <p>Boston 17:3 24:8</p> <p>bought 30:16</p>	<p>brag 31:10</p> <p>bragging 31:9</p> <p>Brazil 16:18</p> <p>Brazilian 9:7 10:14 17:22 20:9 21:1,4 28:21</p> <p>bring 16:23</p> <p>bringing 13:5</p> <p>brought 15:13 16:16 19:12 20:3</p> <p>bunch 18:1 27:4</p> <p>business 16:11</p> <p>buy 8:6</p> <hr/> <p>C</p> <hr/> <p>Calcano 4:3,15 14:13</p> <p>call 17:4,12 32:4</p> <p>called 6:19 8:23 27:1,3 28:16,18</p> <p>calling 26:24 27:4,16,17</p> <p>callings 28:20</p> <p>calls 27:7 28:5</p> <p>Candy 16:21</p> <p>car 31:12,15</p> <p>card 29:19,22 30:1</p> <p>cars 31:12</p> <p>case 6:16 13:20,22 14:14 15:17</p> <p>cases 15:13</p> <p>cash</p>
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EXHIBIT D

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Arismendy Alexandry Disla
February 21, 2023

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1 UNITED STATES BANKRUPTCY COURT
2 DISTRICT OF MASSACHUSETTS
3 In Re TELEXFREE, LLC, et al.,)
4 Debtor,)
5) Case no.
6 STEPHEN B. DARR, TRUSTEE OF THE) 14-40987-EDK
7 ESTATES OF TELEXFREE LLC, et al.,)
8 Plaintiff,) Chapter 11
9 v.) Adv. Proc. No.
10) 16-4006
11 FRANZ BALAN, A REPRESENTATIVE OF A)
12 CLASS OF DEFENDANT NET WINNERS,)
13 Defendant.)
14
15 DEPOSITION OF ARISMENDY ALEXANDRY DISLA
16 Appearing remotely from
17 12596 Innovation Falls Drive
18 Orlando, Florida
19 February 21, 2023
20 Commencing at 2:00 p.m.
21
22 Reported by: Genevieve Y.J. Van de Merghel
23 Notary Public and Stenographer
24 Appearing remotely from
Hampshire County, Massachusetts
O'Brien & Levine Court Reporting Solutions
68 Commercial Wharf
Boston, Massachusetts 02110
617-399-0130

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1 APPEARANCES
2
3 ANDREW G. LIZOTTE, ESQUIRE
4 Murphy & King, PC
5 28 State Street, Suite 3101
6 Boston, Massachusetts 02109
7 617-423-0400
8 alizotte@murphyking.com
9 Counsel for the Plaintiff
10 (Appearing remotely)
11
12 ILYAS J. RONA, ESQUIRE
13 MICHAEL J. DURAN, ESQUIRE
14 LEA KRAEMER, ESQUIRE
15 Milligan Rona Duran & King LLC
16 28 State Street, Suite 802
17 Boston, Massachusetts 02109
18 617-395-9570
19 ijr@mrklaw.com
20 mjd@mrklaw.com
21 lk@mrklaw.com
22 Counsel for the Defendant
23 (Appearing remotely)
24

1 PROCEEDINGS
2
3 Counsel present agree to conducting today's
4 deposition remotely via videoconference.
5
6 ARISMENDY ALEXANDRY DISLA, having
7 first been identified by the production
8 of his Florida driver's license and duly
9 sworn Pursuant to Executive Order 144,
10 testified as follows:
11 EXAMINATION
12 BY MR. LIZOTTE:
13 Q. Arismendy, thanks for being here today. My name
14 is Andy Lizotte. I am one of the lawyers for Steve
15 Darr. He is the trustee in TelexFree. We have some
16 litigation going on with some other parties, and we
17 just need to get some additional information from you
18 about TelexFree.
19 A. Mm-hmm.
20 Q. If you have any questions about -- or you don't
21 understand a question that I have asked, just let me
22 know. As Genevieve just mentioned, when we are done,
23 she will prepare a written transcript. Would you like
24 to have an opportunity to review that when it's done?
A. Yes.

<p style="text-align: right;">Page 5</p> <p>1 Q. Okay. So I am looking at a proof of claim. Can 2 you confirm this is your claim that you filed in the 3 case? It's Claim Number 63394. Arismendy Alexandry 4 Disla. And the amount of the claim was \$124,312. 5 Does that sound correct? 6 A. Yeah. I remember, yeah. It was so many years. 7 Q. No, I understand. Okay. So how did you get 8 involved in TelexFree? 9 A. I got involved -- it was in the community, the 10 Spanish community, the Dominican Republic community. 11 I guess there was, like, leadership in Lawrence, 12 Massachusetts. I used to live in Providence. I 13 always listened to a guy, one of the top Dominican 14 guys. His name was Santiago Delarosa. Then everybody 15 was connected from other people. There was other, 16 more names in there. Those are, like, the top leader. 17 They got me involved. That month, my mother died and 18 I was in a situation, and then -- it was, like, a 19 network. There were, like, five of them -- I believe 20 there were, like, five or six them. 21 And they proposed me this business model. Copy 22 and paste and this package. I mean, like, oh, okay. 23 Everybody -- they was showing, you know, events and 24 making meetings and making money and -- you know.</p>	<p style="text-align: right;">Page 7</p> <p>1 Q. When you got started, can you explain to me how 2 you got started? How you opened an account to get 3 started? 4 A. Oh, how I opened an account? 5 Q. How did that all start? 6 A. Okay. So the first thing started, I give 7 official check. I put my proof to the trustee that 8 it's a check. And they took that amount, the check, 9 to the headquarter. And they, "Okay. We are going to 10 create you a login and username." Once that, they 11 activate it, then you put your username and they will 12 open the account for you. That's how. Once they got 13 the funds, I was waiting 24 hours -- about 24 hours, 14 40 hours. That how they say, "Okay. Your username 15 and account is open. Now you can do the copy and 16 paste." You know? 17 Q. So did they open the account on the computer for 18 you or did you do it? 19 A. They did it from -- I opened one myself, and 20 then all the accounts that I opened, they actually 21 have to do it from the headquarter in the 22 Massachusetts, because they saw there was a lot of 23 money involved. And they opened all the rest of the 24 accounts. And they said, "Okay. Because it is a</p>
<p style="text-align: right;">Page 6</p> <p>1 Everything was, like, "Oh, if you invest this much, 2 this much you get every daily or weekly." 3 Then, from there, they were saying, "Oh, you've 4 got to pay this package." I can't remember. I think 5 it was VIP. There was different packages. And then 6 after there was, "Oh, you've got to do this on the 7 computer, copy and paste, copy and paste." 8 And then I actually, you know, give checks, 9 official checks, because I work hard for my money. 10 And they took it to the headquarter, to the TelexFree, 11 because I run a business, a small business. So my 12 money was my task pay. I earned my money. 13 And then that's how they got me involved with 14 all these meetings, Zoom meetings, and communities. 15 It was all connected to the New England area. 16 Q. So do you remember the person who helped you get 17 started? Was it a person named Sandy Duran? Does 18 that sound familiar? 19 A. Sandy Duran? There were so many people. 20 Q. Let me -- 21 A. It sound familiar. It sound familiar. It sound 22 familiar. Like I said, there was a lot of -- there 23 was Brazilians and there was, like, Dominican 24 community.</p>	<p style="text-align: right;">Page 8</p> <p>1 large amount, we need to do it from the headquarter. 2 We need to type it manually." They need to do a 3 verification themselves. It was a large amount. So 4 the small amount you can do yourself, but when it's a 5 large amount, the headquarter have to do it. 6 Q. So did you pay via cash or a check or how did 7 you pay? 8 A. Check. Official bank check. 9 Q. Do you remember who you were paying the check 10 to? 11 A. The check was made to TelexFree. 12 Q. Okay. And so you gave a check to TelexFree. 13 You said they took the check? 14 A. They took the check, yes. 15 Q. Do you know, who is "they"? These are just -- 16 do you remember the names? 17 A. It was a guy with glasses, a bald guy with 18 glasses. Is it Steve? I think Steve -- I think I 19 remember his name was Steve. It was one of their 20 manager or COO, or it was one of the chief officers 21 running the offices. Yeah. 22 Q. Do you know if the people that were helping you 23 got any money when you were opening the accounts? 24 A. When I was, if they got any money? Oh, probably</p>

<p style="text-align: right;">Page 9</p> <p>1 they did, because it was like a network marketing. So 2 whoever signed me up, he probably got bonuses and -- 3 yeah, they probably got paid, you know, the 4 commission, the bonus. 5 Q. Do you know what happened to the check? You 6 gave them a check to TelexFree. 7 A. Mm-hmm. 8 Q. And after that, do you know what happened to the 9 check after that? 10 A. Well, the check got cleared. They cash it and 11 everything. Then, from there, it's over, you know. 12 Q. Do you have any of your old bank records or tax 13 records or anything that would show these payments 14 that you made? 15 A. I have to take a look for it and ask. It was at 16 bank Santander. I think I do. I have to look for it 17 because -- I have to check and research it. But I did 18 have, you know, a copy of -- you know that pink copy 19 they give you? The pink copy, the receipt, yeah. So 20 I have take a look for it because it was so many 21 years, you know, so I might, maybe, throw them. But I 22 have to find it, yeah. 23 Q. Okay. Did anyone help you open accounts 24 where -- do you know what the credits system was that </p>	<p style="text-align: right;">Page 11</p> <p>1 actually -- it's kind of, "Oh, give me cash. I give 2 you credit. Then you move forward." 3 Q. So was there a lot of that going on? 4 A. Yeah. Actually, when I came here to Florida 5 they did a lot in that meeting, that huge event. And 6 even in Massachusetts. There was, like, a lot of 7 money going on. I saw it and was like, oh, wow. I 8 mean, money going in and out. People doing stuff on 9 the computer like -- you know, but yeah. So they 10 were, like, 1300. Boom, boom, boom. Money. Boom. 11 1400. Boom. So there were a lot of people with 12 computer doing those transactions in front of the 13 meeting. Because people was looking like this is 14 real, you know, that this is how it works. 15 And that was -- they would conquer people. They 16 conquered me. Like, you know, hey, like -- kind of 17 like motivation. This is how it works. This is how 18 money is made, you know. And that's how it works. 19 And that's how they attract a lot of people 20 everywhere. 21 Q. Okay. Did you have situations where you were 22 using your own credits to open more accounts for 23 yourself? 24 A. Yeah. I was opening my own account my myself. </p>
<p style="text-align: right;">Page 10</p> <p>1 when you placed ads, you earned credits? When you got 2 commissions, you earned credits? 3 A. Mm-hmm. Mm-hmm. Mm-hmm. 4 Q. You could spend the credits. Right? 5 A. Mm-hmm. Mm-hmm. 6 Q. Do you recall any situations where someone would 7 have been opening an account for you where they used 8 their credits to open the account for you? 9 A. Like -- yeah. Like, okay, they say, "Let me 10 open an account for you. Here is a credit, and then 11 you pay me." Kind of like that? 12 Q. Yeah. 13 A. Yeah, yeah. There were a couple guys that would 14 use it, and they even doing it in front of the 15 community meetings. In the meetings. Like, "I got -- 16 I have a credit. I have a balance, so who wants to 17 open a credit? Give me 1300 or 1400." And they used 18 to do it right in front of the people in those little 19 meetings, 20, 40, 50, even 100. Even in the big 20 meetings. So uh-huh. They get like, "Give me cash, 21 and I open it for you," and then, like, they do the 22 rest for you. 23 Yeah, because they were looking, like, in the 24 database, looking how much money they have so they can </p>	<p style="text-align: right;">Page 12</p> <p>1 I never want to going forward and promote it to 2 people. 3 Q. Okay. 4 A. Mm-hmm. So that's why I had all my accounts my 5 own self. Like, okay, I use it myself. 6 But I lost a lot of money. I lost everything. 7 I lost my financial, my business, my life. My mother 8 died that same month. And then everybody, like, 9 disappeared. Some of them, they were going out of 10 Dominican Republic, taking money and invest it. It 11 really hurt when someone take your money and promote 12 these kind of scams. And then bad promoters, 13 leaderships out there, they rip you wide open and they 14 move on and they don't care. They leave you like 15 that. 16 And then from there, a lot of them, they were 17 probably taking those money under whatever the common 18 cash, investing it in something -- houses or cars or 19 maybe out there, they were showing it overseas and 20 maybe they try to live out of the country, you know. 21 And, you know, for me it really hurt me because 22 even they -- for me, they took advantage of my own 23 money. They took advantage of my work, my business. 24 They took advantage of my fund, my capital. And then, </p>

<p style="text-align: right;">Page 13</p> <p>1 from then, it's like you see them driving nice car, 2 nice house, luxury, going to restaurants and all that 3 coming from money from my own things. 4 And now, where they are? I don't know where 5 they are. They are all gone. All this money that 6 came, it was a scam, you know. So it hurt myself, my 7 family, all financially. 8 Q. Okay. I don't think I have any other questions. 9 There's another man here, Ilyas, who may want to ask 10 you a few questions. 11 But if you could, make a note to see if you have 12 any of those old records you were talking about, the 13 payments that you may have made. 14 A. Yeah. I have to look for it because it was -- 15 the bank was Santander Bank. But I have to check 16 emails and scanners from those checks. There was a 17 lot of -- you know, there was large amounts. It went 18 almost to -- close to 100. But more than that, I have 19 to give in cash and people give in credit, you know. 20 So I bought -- I have to search it, because I didn't 21 expect this meeting. If I had known I would have 22 grabbed it. But I have to search it real, real, real 23 well then. I found a few of them. 24 But I know there was a check that I given --</p>	<p style="text-align: right;">Page 15</p> <p>1 Q. Okay. And the money that you lost, you 2 mentioned -- well, how many checks do you think that 3 there were that -- official checks, as you called 4 them, that were payable to TelexFree? Do you remember 5 how many checks, in total? 6 A. Like I said, it's -- I know it's over \$75,000. 7 I can tell that. Because the first 75 have to be -- I 8 think it was \$14,500 separated in five individual 9 checks. I remember. They were all separated. And 10 then some of them -- because I did submit it. When I 11 made the claim, I did submit the proof to the trustee. 12 I am not sure if he has it, but I did put some 13 evidence and send it and everything, because it was -- 14 you know, it was a good amount. I have to look for 15 it. 16 Q. Okay. Other than the checks that you described, 17 did you put any other forms of cash into TelexFree? 18 A. Yeah. Like people selling credit, yeah, you 19 know. Yeah, some of the cash. Yeah. 20 Q. Did you buy credits for cash? 21 A. Yeah. Yeah. I had, like -- I had to sell a 22 few, my assets like cars and stuff. Yeah. They were 23 offering me, like, this package of 39,600, something 24 like that. Another one -- that was one package.</p>
<p style="text-align: right;">Page 14</p> <p>1 some of them was, like, they divide it. The first one 2 was, like, 75. The other one had been to divide in 3 19, 20, so it's different payments. Yeah. 4 MR. LIZOTTE: Okay. Thank you. Ilyas, go 5 ahead. 6 EXAMINATION 7 BY MR. RONA: 8 Q. Good afternoon, Mr. Disla. 9 A. Yes. Good afternoon. 10 Q. My name is Ilyas Rona. I represent individuals 11 against whom the trustee is bringing claims. 12 A. Mm-hmm. 13 Q. And I just have a few questions for you. 14 A. Yes. 15 Q. How much was the check that you described, the 16 one that you -- was drawn from -- 17 A. It was over than \$75,000. Over, more than that. 18 Q. Okay. 19 A. Yeah. Like I said, it was all different checks. 20 They were all different checks, separated. But I have 21 to search it, because it was so many years. I did not 22 know that this was going to come. But I have to 23 search and look at it. Some scanners -- I think I do 24 have it in the scanners, so I believe so.</p>	<p style="text-align: right;">Page 16</p> <p>1 There was a few packages, but yeah. 2 Q. Just to be clear, when you say "package," this 3 was to buy a block of credits not tied to any number 4 of user accounts. Is that right? 5 A. No, no. It's just like the packages and -- you 6 know, the more you grow an account, the more you make 7 money. Because mine was, like, an account by numbers 8 and by numbers. That's how, you know, they were 9 offering me the credit, yeah. 10 Q. Well, I just want to make sure we are using the 11 same language here. The 39,000 example that you gave, 12 was that that you give somebody \$39,000 and you get 13 \$39,000 in credits or are you getting accounts? 14 A. No, it's like when you're getting account. It's 15 like a bowl account. Like, you buy in and they use 16 that copy, paste, copy, paste and then you start 17 making money daily and weekly. 18 It's kind of they are selling to you, you know? 19 "Here's a packet, and then you are going to start 20 making money from today. And then copy and paste. 21 Copy this." That's the way -- the business model the 22 promoter was offering to the public, to everybody. 23 Q. Okay. And how much cash do you think you gave 24 to people?</p>

<p style="text-align: right;">Page 17</p> <p>1 A. Like, me giving to people or -- me giving to the 2 people? 3 Q. Yeah. 4 A. Oh, well, the first one, 75. It was more 5 than -- over 30- or \$50,000, because it was me. I got 6 my family, my dad, and I was -- they were actually 7 giving me cash and helping, because that's why I fed 8 them. We all got hurt. 9 Q. Okay. So your family was involved in TelexFree 10 along with you? 11 A. Yeah. My brother, my father, my sister, yeah. 12 Q. Do you know someone named Daisy Jimenez? 13 A. She is my mother. She died. 14 Q. Okay. I am sorry for that. 15 A. Yeah. 16 Q. Did she have any involvement in TelexFree 17 herself? 18 A. Yeah. Yeah, because I was the one who was 19 handling her account. 20 Q. And what do you mean by "handling her account"? 21 A. I was her son. I was the one who manages her 22 account. She gave me the money and then -- yeah, it 23 was all family together. 24 Q. And you used your email address probably or --</p>	<p style="text-align: right;">Page 19</p> <p>1 A. Yeah. The initial, yeah. Those are mine. 2 Q. But those are still your accounts? 3 A. Yeah, yeah, yeah. 4 Q. How about a Sergio Anibal Correto? Do you know 5 who that is? 6 A. Sergio what? 7 Q. Anibal Correto. Do you recognize that name? 8 A. No, no, no. 9 Q. Do you know why there would be an account in 10 that person's name but with your email address? 11 A. No, not sure. I don't remember. 12 Q. Okay. How about Jannie Arias? 13 A. That's -- Jannie Arias or Jannie Disla? 14 Q. Jannie Arias. 15 A. Not remember. Because there was leaders on top. 16 They were creating accounts, putting under me so they 17 can make money on top. That's how they used to do it. 18 Like, a guy I don't know, "Oh, I am going to put this 19 guy under him." Boom. And they would like to create 20 more network to make more money. People that I don't 21 even know who were coming from that system. 22 Q. So the people that were sort of above you that 23 were creating accounts would make an account that was 24 supposed to be your account?</p>
<p style="text-align: right;">Page 18</p> <p>1 A. No, I can't remember. 2 Q. Did she have an email address that she used? 3 A. No, no, no, because she didn't speak English at 4 all. She didn't. 5 Q. Okay. 6 A. Then it was like -- I think I remember, because 7 she actually -- no, I bought her account for her with 8 my own money. 9 Q. Okay. Meaning you gave money to somebody else 10 to open up accounts for her? 11 A. Exactly, yes. With my own money, exactly. 12 Somebody sold me that credit. 13 Q. And some of your accounts have "Daisy" in the 14 login name. 15 A. Mm-hmm. 16 Q. Are those accounts that you created for her or 17 were some of those also your accounts or do you 18 remember? 19 A. Those are mine. All of them are mine. Because 20 she has passed away, I put that as a remember. 21 Q. Okay. What about did you have accounts that 22 said "DJ" in the name, in the login name? 23 A. DJ? 24 Q. That would be back to your mom's initials?</p>	<p style="text-align: right;">Page 20</p> <p>1 A. There were leaders on top of me. They were 2 making account so they could put it under me so they 3 can make some money, because I wasn't even promoting. 4 "Let me put this guy under him so he can seem he is 5 making a network. He is making money." I'm like 6 where did these people come from? 7 Q. Meaning people above you would put accounts 8 underneath you? 9 A. Underneath me, yeah, without even myself not 10 signing. They were doing, like -- the top leaders, 11 because they're making money, they've got the cash, 12 they're putting people, putting people under me. 13 Like, who are these people coming? I don't even know 14 who they are. 15 Q. So is it fair to say in those situations, you 16 didn't collect money from those people? 17 A. No, no, because my money -- all my capital was 18 all there. They were the one who wanted to get more, 19 I guess, like -- they were trying to get more -- the 20 whole system, they were trying to get more money for 21 leaders on top, you know. Earning -- they could 22 collect, like, more in bonuses and other things. 23 Yeah. 24 Q. Okay. So just because someone might appear in</p>

<p style="text-align: right;">Page 21</p> <p>1 the computer to be underneath you doesn't mean that 2 you took money from them. Is that right? 3 A. No. No, I didn't took money from them. I never 4 offered them. I never told them about it. It was, 5 like I said, those leaders that were managing, 6 monopoly, those systems to put people, like, under and 7 put more people under. It's kind of like grading the 8 tree -- they were building their own tree. Like, 9 where are these people coming from? 10 Q. Did you ever collect cash from anybody in 11 TelexFree? 12 A. No, no. 13 Q. Okay. 14 A. I lose. They collect from me. 15 Q. Your claim -- what happened to your claim for 16 120-plus thousand dollars? Did it get allowed? 17 A. Some of them, I didn't get. No, I didn't get -- 18 I didn't get enough. 19 Q. Okay. Do you know, did some of your claim get 20 disallowed? 21 A. No, not at all. I remember it got allowed. 22 Q. How much did you receive in payments from 23 TelexFree? 24 A. From when they approved the first, I think,</p>	<p style="text-align: right;">Page 23</p> <p>1 Q. Okay. How about Julito Torres. Do you 2 recognize that name? 3 A. Julito Torres? 4 Q. Yes. 5 A. Those are people, like I said, they were coming 6 from network. I know a lot of them, they claim and 7 they got paid. 8 Q. Okay. And do you recall opening up your own 9 accounts using your own credits? 10 A. I think I remember, yeah. For some of them, I 11 had to come with my own cash. Yeah, I remember I had 12 to pay people something. Some people, "Hey, transfer 13 me the money here." "Pay me here," you know. And 14 they would, like, transfer the credit. I would 15 transfer the credit. 16 Q. Did you ever -- apart from opening an account, 17 did you ever buy yourself credits? 18 A. Buy myself? No, you have to buy credit from 19 another person. They can transfer it and then you can 20 buy it. You can't buy yourself. You have to, like -- 21 if you want it quick, like, right away, "Hey, who got 22 credit here?" And then somebody call another person, 23 another person, so they can cash out. And then they 24 pass the money and then transfer the credit.</p>
<p style="text-align: right;">Page 22</p> <p>1 like, \$150 million. Are you talking about that claim? 2 Q. Well, yeah, just in total, how much have you 3 received in the bankruptcy? 4 A. I can't remember. It was, like, in the 5 50-something. And I am not sure, but I didn't collect 6 enough. It was in the 50 -- I can't remember. Fifty- 7 two, fifty-three, something like that. 8 Q. And when you went to submit a claim, did you -- 9 do you remember sitting at a computer and going 10 through the process of having to identify accounts 11 that belonged to you? Do you remember that process? 12 A. A little bit. But I think the trustee did all 13 the work, whoever they identified, yeah. 14 Q. Okay. 15 A. But a little bit. 16 Q. Meaning that you went in and they showed you 17 accounts that they said were yours? 18 A. Yeah, "This is yours." I think they were going 19 through the system doing an audit and checking on the 20 audit. 21 Q. Do you remember changing or in any way 22 disagreeing with the accounts that the trustee -- 23 A. No. I didn't change anything. I was just like 24 it is what it is, you know.</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. Did you ever do that in either direction, 2 meaning did you ever buy credits or sell credits? 3 A. Not sell. Buy. You know, somebody like, oh, 4 they pass me the money into the bank account, and then 5 I would transfer it to you. 6 Q. Do you recall who you bought credits from? 7 A. There was so many name. It would come from a 8 whole network. I know there was Santiago. There was 9 another guy named Rudy. I don't remember the last 10 name. Those are the top guys that were making -- they 11 said they had millions. I don't know, a lot of 12 monies, you know. 13 Q. So if you wanted -- at the time, if you had 14 wanted to buy credits, you knew who you could contact 15 to buy credits? 16 A. You contact one person and the other person 17 would contact, "Oh, I've got the money from this guy." 18 I don't know how he got it, from where, but they said 19 they would come to the top guy. 20 Q. Do you recall -- on at least on one or more 21 occasions, you did that; you bought credits from 22 somebody? 23 A. Yeah. You have to call that person and they go, 24 "Okay. Let me call my people." But I don't know who</p>

<p style="text-align: right;">Page 25</p> <p>1 those people are.</p> <p>2 Q. Okay.</p> <p>3 A. They were calling, like, the top. The top. Who</p> <p>4 was the top? It was like it transferred and</p> <p>5 transferred and transferred.</p> <p>6 Q. I get it. And in that situation where you</p> <p>7 bought credits, was there any type of negotiation on</p> <p>8 the cost of those credits or was it just simply, "This</p> <p>9 is what the credits are worth and give us the money"?</p> <p>10 A. Yeah. They were just saying, "This is how much</p> <p>11 these are worth." Boom. Done. You know, "Deposit</p> <p>12 this amount."</p> <p>13 Q. Okay.</p> <p>14 A. Mm-hmm.</p> <p>15 Q. Just bear with me for a second. At the time</p> <p>16 that you were involved in TelexFree, do you remember</p> <p>17 what email address you were using?</p> <p>18 A. Not sure if it was in my email, my personal</p> <p>19 email. I can't remember.</p> <p>20 Q. Do you recall an email address for your</p> <p>21 TelexFree work called dislatelexfree?</p> <p>22 A. Yeah. This was my email. Yeah, that's my</p> <p>23 email. Yeah, that one. Yeah.</p> <p>24 Q. @gmail.com. Do you still use that email</p>	<p style="text-align: right;">Page 27</p> <p>1 remember -- what do you remember about Sandy Duran, if</p> <p>2 anything?</p> <p>3 A. Sandy Duran. I think it's -- I believe she</p> <p>4 is -- I don't know if she is the lady, dark person,</p> <p>5 black. She is black-colored, dark person. I am not</p> <p>6 sure if she is the one. Because I know they were --</p> <p>7 they were connected with other leaders like Santiago,</p> <p>8 Delarosa, all those top leaders in Boston,</p> <p>9 Massachusetts. All these leaders, they were, like,</p> <p>10 all friend and everybody connected there.</p> <p>11 Q. Okay. To your recollection, did you ever -- I'm</p> <p>12 not talking here about checks, but did you ever give</p> <p>13 Sandy Duran cash?</p> <p>14 A. Me, directly? Me giving cash to her? That I</p> <p>15 know, no. Well, it could be come from another person,</p> <p>16 because they were all connected. You can see the name</p> <p>17 on the top where like -- you know, like, oh, it's like</p> <p>18 maybe Sandy -- okay, she probably talked to Rosa and</p> <p>19 then Rosa finally sell the credits to me or they come</p> <p>20 from her. It was almost like a transfer, like, you</p> <p>21 know, one person giving another person. You know?</p> <p>22 Q. But my question, though, is just focusing on</p> <p>23 her. Do you remember ever giving her cash?</p> <p>24 A. Me giving her cash? No, I never gave any cash</p>
<p style="text-align: right;">Page 26</p> <p>1 address?</p> <p>2 A. What, that email? No. I don't still use it,</p> <p>3 because they were saying, "Oh, you have to open</p> <p>4 different accounts with different email." That was --</p> <p>5 they were telling me that, you know, the top leaders,</p> <p>6 you know, for you create -- you know, create accounts.</p> <p>7 Q. Okay. And, currently, you use an email that is,</p> <p>8 if I am not mistaken, disla1515@gmail.com. Is that</p> <p>9 right?</p> <p>10 A. No. I don't use that email.</p> <p>11 Q. Did you, at some point, use disla1 --</p> <p>12 A. Yeah, yeah. It was because, like I said,</p> <p>13 that's -- for you create an account. That was when I</p> <p>14 invest a bunch, a lot amount of money, you have to</p> <p>15 create emails. And they say, "Oh, you have to open</p> <p>16 different emails so you can get more accounts and more</p> <p>17 accounts." And that was from the people that were</p> <p>18 giving me credit.</p> <p>19 Q. Okay. And do you know 1515, the significance of</p> <p>20 that?</p> <p>21 A. That's my login.</p> <p>22 Q. That's your login? Okay.</p> <p>23 A. Just to remember the number.</p> <p>24 Q. And I think you were asked, but do you</p>	<p style="text-align: right;">Page 28</p> <p>1 to her.</p> <p>2 Q. Okay. I just want to go back over a couple of</p> <p>3 things that you said. You mentioned that you were a</p> <p>4 small business owner. What was the business that you</p> <p>5 had been running?</p> <p>6 A. I was doing -- I was a candy distributor. Candy</p> <p>7 distribution and food distribution.</p> <p>8 Q. Was that AAA?</p> <p>9 A. Yeah. Distribution.</p> <p>10 Q. That business is closed?</p> <p>11 A. That business is closed, yes.</p> <p>12 Q. Was that business the source of the funds that</p> <p>13 you put into TelexFree?</p> <p>14 A. Yeah. My person. Yes.</p> <p>15 Q. You had mentioned a guy named Steve that was</p> <p>16 involved in TelexFree. Was that Steve Labriola?</p> <p>17 A. Yeah, yeah. He was, like, one of the top</p> <p>18 manager of the headquarter he was at.</p> <p>19 Q. Did you give Steve Labriola a check?</p> <p>20 A. He got the check. He got the check from a</p> <p>21 person that he came to my house and he drove over</p> <p>22 there and then bring it to him and give it to him.</p> <p>23 Mm-hmm.</p> <p>24 Q. So you gave the check to somebody else who gave</p>

<p style="text-align: right;">Page 29</p> <p>1 it to Steve?</p> <p>2 A. Mm-hmm.</p> <p>3 Q. You have to say "yes" or "no" for the</p> <p>4 stenographer.</p> <p>5 A. Okay. Go ahead.</p> <p>6 Q. So the question was did you give the check to</p> <p>7 somebody else who then gave it to Steve Labriola?</p> <p>8 A. Yes. Yes.</p> <p>9 Q. Okay. Thank you. Just one more moment. Bear</p> <p>10 with me. Thank you. At some point, were you living</p> <p>11 in Arizona?</p> <p>12 A. Yes.</p> <p>13 Q. When you were involved in TelexFree, were you in</p> <p>14 Arizona or in Rhode Island?</p> <p>15 A. I was in Arizona and then left for Rhode Island.</p> <p>16 When I got to -- that's when they introduced me. Then</p> <p>17 when I got to Rhode Island, that's when they got me</p> <p>18 more involved. That's when the big guys came, like,</p> <p>19 the top leaders.</p> <p>20 MR. LIZOTTE: Okay. I am going to just</p> <p>21 check my notes, but I think I am done.</p> <p>22 Andy, I don't know if you have any more</p> <p>23 questions.</p> <p>24 MR. LIZOTTE: I think I'm all set.</p>	<p style="text-align: right;">Page 31</p> <p>1 ERRATA SHEET DISTRIBUTION INFORMATION</p> <p>2 DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS</p> <p>3</p> <p>4</p> <p>5 ERRATA SHEET DISTRIBUTION INFORMATION</p> <p>6</p> <p>7 The original of the Errata Sheet has been</p> <p>8 delivered to Andrew G. Lizotte, Esquire.</p> <p>9 When the Errata Sheet has been completed by</p> <p>10 the deponent and signed, a copy thereof should be</p> <p>11 delivered to each party of record and the ORIGINAL</p> <p>12 forwarded to Andrew G. Lizotte, Esquire, to whom the</p> <p>13 original deposition transcript was delivered.</p> <p>14</p> <p>15 INSTRUCTIONS TO DEPONENT</p> <p>16</p> <p>17 After reading this volume of your deposition,</p> <p>18 please indicate any corrections or changes to your</p> <p>19 testimony and the reasons therefor on the Errata Sheet</p> <p>20 supplied to you and sign it. DO NOT make marks or</p> <p>21 notations on the transcript volume itself. Add</p> <p>22 additional sheets if necessary. Please refer to the</p> <p>23 above instructions for Errata Sheet distribution</p> <p>24 information.</p>
<p style="text-align: right;">Page 30</p> <p>1 EXAMINATION</p> <p>2 BY MR. LIZOTTE:</p> <p>3 Q. The address that you mentioned in Orlando that</p> <p>4 you are at, Arismendy, is that where you live?</p> <p>5 A. Yes.</p> <p>6 MR. LIZOTTE: Mr. Disla, thank you.</p> <p>7 (Deposition concluded at 2:36 p.m.)</p> <p>8</p> <p>9</p> <p>10</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p style="text-align: right;">Page 32</p> <p>1 PLEASE ATTACH TO THE DEPOSITION OF WITNESS</p> <p>2 CASE: NO. 14-40987-EDK</p> <p>3 DATE TAKEN: February 21, 2023</p> <p>4 ERRATA SHEET</p> <p>5 Please refer to Page 31 for Errata Sheet instructions</p> <p>6 and distribution instructions.</p> <p>7 PAGE LINE CHANGE REASON</p> <p>8 _____</p> <p>9 _____</p> <p>10 _____</p> <p>11 _____</p> <p>12 _____</p> <p>13 _____</p> <p>14 _____</p> <p>15 I have read the foregoing transcript of my</p> <p>16 deposition, and except for any corrections or changes</p> <p>17 noted above, I hereby subscribe to the transcript as</p> <p>18 an accurate record of the statements made by me.</p> <p>19</p> <p>20 Executed this ____ day of _____, 2023.</p> <p>21</p> <p>22 _____</p> <p>23 ARISMENDY ALEXANDRY DISLA</p> <p>24</p>

Page 33

1 CERTIFICATE

2

3 COMMONWEALTH OF MASSACHUSETTS
4 HAMPSHIRE, SS.

5

6 I, Genevieve Y.J. Van de Merghel,

7 Stenographer, hereby certify:

8 That ARISMENDY ALEXANDRY DISLA, the witness

9 whose testimony is hereinbefore set forth, was duly

10 sworn by me, pursuant to Mass. R. Civ. P. 27, 29, 30,

11 30A, and 31, and that such testimony is a true and

12 accurate record of my stenotype notes taken in the

13 foregoing matter, to the best of my knowledge, skill,

14 and ability.

15 I further certify that I am not related to

16 any parties to this action by blood or marriage; and

17 that I am in no way interested in the outcome of this

18 matter.

19 IN WITNESS WHEREOF, I have hereunto set my

20 hand this 27th day of February, 2023.

21

22

23

24



Genevieve Y.J. Van de Merghel

My Commission Expires: 12/16/27

<hr/> <p>\$</p> <hr/> <p>\$124,312 5:4 \$14,500 15:8 \$150 22:1 \$39,000 16:12,13 \$50,000 17:5 \$75,000 14:17 15:6</p> <hr/> <p>1</p> <hr/> <p>100 10:19 13:18 120-plus 21:16 1300 10:17 11:10 1400 10:17 11:11 144 4:8 1515 26:19 19 14:3</p> <hr/> <p>2</p> <hr/> <p>20 10:19 14:3 24 7:13 2:36 30:7</p> <hr/> <p>3</p> <hr/> <p>30- 17:5 39,000 16:11 39,600 15:23</p>	<hr/> <p>4</p> <hr/> <p>40 7:14 10:19</p> <hr/> <p>5</p> <hr/> <p>50 10:19 22:6 50-something 22:5</p> <hr/> <p>6</p> <hr/> <p>63394 5:3</p> <hr/> <p>7</p> <hr/> <p>75 14:2 15:7 17:4</p> <hr/> <p>@</p> <hr/> <p>@gmail.com 25:24</p> <hr/> <p>A</p> <hr/> <p>AAA 28:8 account 7:2,4,12,15,17 10:7, 8,10 11:24 16:6,7, 14,15 17:19,20,22 18:7 19:9,23,24 20:2 23:16 24:4 26:13 accounts 7:20,24 8:23 9:23 11:22 12:4 16:4,13 18:10,13,16,17,21 19:2,16,23 20:7 22:10,17,22 23:9 26:4,6,16,17 activate 7:11 additional 4:16 address 17:24 18:2 19:10 25:17,20 26:1 30:3 ads 10:1</p>	<p>advantage 12:22,23,24 afternoon 14:8,9 agree 4:3 ahead 14:5 29:5 Alexandry 4:5 5:3 allowed 21:21 amount 5:4 7:8 8:1,3,4,5 15:14 25:12 26:14 amounts 13:17 Andy 4:13 29:22 Anibal 19:4,7 approved 21:24 area 6:15 Arias 19:12,13,14 Arismendy 4:5,12 5:3 30:4 Arizona 29:11,14,15 assets 15:22 attract 11:19 audit 22:19,20</p> <hr/> <p>B</p> <hr/> <p>back 18:24 28:2 bad 12:12 balance 10:16 bald 8:17 bank 8:8 9:12,16 13:15 24:4 bankruptcy</p>	<p>22:3 bear 25:15 29:9 belonged 22:11 big 10:19 29:18 bit 22:12,15 black 27:5 black-colored 27:5 block 16:3 bonus 9:4 bonuses 9:2 20:22 boom 11:10,11 19:19 25:11 Boston 27:8 bought 13:20 18:7 24:6,21 25:7 bowl 16:15 Brazilians 6:23 bring 28:22 bringing 14:11 brother 17:11 building 21:8 bunch 26:14 business 5:21 6:11 12:7,23 16:21 28:4,10,11,12 buy 15:20 16:3,15 23:17, 18,20 24:2,3,14,15</p> <hr/> <p>C</p> <hr/> <p>call 23:22 24:23,24</p>
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EXHIBIT E

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Martiza Elizabeth Garcia
February 21, 2023

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1 UNITED STATES BANKRUPTCY COURT
2 DISTRICT OF MASSACHUSETTS
3 In Re TELEXFREE, LLC, et al.,)
4 Debtor,)
5) Case no.
6 STEPHEN B. DARR, TRUSTEE OF THE) 14-40987-EDK
7 ESTATES OF TELEXFREE LLC, et al.,)
8 Plaintiff,) Chapter 11
9 v.)
10) Adv. Proc. No.
11) 16-4006
12 FRANZ BALAN, A REPRESENTATIVE OF A)
13 CLASS OF DEFENDANT NET WINNERS,)
14 Defendant.)
15
16 DEPOSITION OF MARITZA ELIZABETH GARCIA
17 Appearing remotely from
18 Clarksburg, Maryland
19 February 21, 2023
20 Commencing at 11:47 a.m.
21
22 Reported by: Genevieve Y.J. Van de Merghel
23 Notary Public and Stenographer
24 Appearing remotely from
Hampshire County, Massachusetts
O'Brien & Levine Court Reporting Solutions
68 Commercial Wharf
Boston, Massachusetts 02110
617-399-0130

1 I N D E X
2
3 WITNESS EXAMINATION
4 MARITZA ELIZABETH GARCIA
5 BY MR. LIZOTTE 4
6 BY MR. RONA 8
7
8 E X H I B I T S
9
10 (No exhibits marked.)
11
12
13
14
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1 A P P E A R A N C E S
2
3 ANDREW G. LIZOTTE, ESQUIRE
4 Murphy & King, PC
5 28 State Street, Suite 3101
6 Boston, Massachusetts 02109
7 617-423-0400
8 alizotte@murphyking.com
9 Counsel for the Plaintiff
10 (Appearing remotely)
11
12 ILYAS J. RONA, ESQUIRE
13 MICHAEL J. DURAN, ESQUIRE
14 LEA KRAEMER, ESQUIRE
15 Milligan Rona Duran & King LLC
16 28 State Street, Suite 802
17 Boston, Massachusetts 02109
18 617-395-9570
19 ijr@mrklaw.com
20 mjd@mrklaw.com
21 lk@mrklaw.com
22 Counsel for the Defendant
23 (Appearing remotely)
24

Page 4

1 P R O C E E D I N G S
2
3 Counsel present agree to conducting today's
4 deposition remotely via videoconference.
5
6 MR. LIZOTTE: This is Andrew Lizotte,
7 counsel to Stephen Darr, the trustee of
8 TelexFree. We had a deposition scheduled for
9 11:00 on February 21 for Maritza Garcia. The
10 deponent has not appeared. I have attempted to
11 make contact with the deponent. If we reach
12 her, we will try to reschedule the deposition.
13 Otherwise, we are going to suspend the
14 deposition for now.
15 (Deposition suspended at 11:15 a.m.)
16 MARITZA ELIZABETH GARCIA was sworn
17 and testified as follows:
18 EXAMINATION
19 BY MR. LIZOTTE:
20 Q. So my name is Andy Lizotte. I am one of the
21 lawyers for Steve Darr. He is the TelexFree
22 bankruptcy trustee. He has a lawsuit going on against
23 various other parties in Telex, and this is a
24 deposition that we scheduled for you, Maritza Garcia,
just to get some additional information about

<p style="text-align: right;">Page 5</p> <p>1 TelexFree.</p> <p>2 So I believe -- did we get your name -- can you</p> <p>3 provide your name and address just for the record?</p> <p>4 A. Maritza Garcia. 2215 Six Fire Drive,</p> <p>5 Clarksburg, Maryland 20871.</p> <p>6 Q. Okay. So you participated in TelexFree.</p> <p>7 Correct?</p> <p>8 A. Correct.</p> <p>9 Q. Okay. And you filed a claim in the case. Tell</p> <p>10 me if this is correct. The claim was number 95076,</p> <p>11 and your claim was allowed, I believe, in the amount</p> <p>12 of \$2,750. Does that sound accurate?</p> <p>13 A. No, that does not sound accurate. I think what</p> <p>14 I received as a payoff, it was, like, a thousand and</p> <p>15 something.</p> <p>16 Q. Okay. So just to explain to you how that works.</p> <p>17 Your claim gets approved in a certain amount, but you</p> <p>18 only get a percent of the claim, depending on how much</p> <p>19 money the trustee has. So if your claim is approved</p> <p>20 for, say, \$1,000 and the trustee only has enough money</p> <p>21 to pay people, say, half, then you would get \$500,</p> <p>22 even though your claim is for \$1,000. Okay?</p> <p>23 A. Okay. The exact amount, I do not have a</p> <p>24 recollection of that.</p>	<p style="text-align: right;">Page 7</p> <p>1 Q. Okay. So I only have a few other questions. So</p> <p>2 you say you opened an account. Do you remember how</p> <p>3 the account was opened?</p> <p>4 A. No.</p> <p>5 Q. You don't remember?</p> <p>6 A. No.</p> <p>7 Q. Did you open the account or did Jose open the</p> <p>8 account?</p> <p>9 A. It wasn't even Jose. It was somebody else that</p> <p>10 was kind of like helping Jose.</p> <p>11 Q. Okay. And so you had to pay to get in?</p> <p>12 A. Correct. You had to invest some type of -- I</p> <p>13 honestly don't recall if it was, like, \$500 or, like,</p> <p>14 \$1,000 or something like that.</p> <p>15 Q. Do you remember who you paid?</p> <p>16 A. I gave the money to Jose and I believe -- you</p> <p>17 know, it seems like the money went from one hand to</p> <p>18 another hand to another hand. I don't know where it</p> <p>19 ended up.</p> <p>20 Q. Do you remember how you paid him? Did you pay</p> <p>21 him by cash or by, like, a credit card, or how did</p> <p>22 that work?</p> <p>23 A. No, I believe it was cash.</p> <p>24 Q. Did you deal with anybody else trying to help</p>
<p style="text-align: right;">Page 6</p> <p>1 Q. Okay.</p> <p>2 A. It's been too long.</p> <p>3 Q. Okay. Your first transaction, it looks like it</p> <p>4 may have involved someone named Jose Hernandez. Does</p> <p>5 that name sound accurate?</p> <p>6 A. Yes.</p> <p>7 Q. Did Jose Hernandez get you into Telex?</p> <p>8 A. Yes.</p> <p>9 Q. So can you describe to us just how that</p> <p>10 happened? How did he --</p> <p>11 A. It was when, you know, the whole boom about</p> <p>12 TelexFree was going on. He just, you know, tell me,</p> <p>13 you know, there is a -- you know, there is company</p> <p>14 sort of like -- about some type of phone lines or</p> <p>15 something like that.</p> <p>16 And then I don't remember what the amount was to</p> <p>17 open an account with them. And it was sort of, like,</p> <p>18 you know, every week or something like that, you get</p> <p>19 some type of payment because they kind of like invest</p> <p>20 or, you know, whatever. You know, I was dumb and</p> <p>21 ignorant at that point, at that time. I don't</p> <p>22 actually recall exactly what -- how the whole thing</p> <p>23 took place, but I said, "Okay. You know, let's try</p> <p>24 it." And that's how I joined TelexFree.</p>	<p style="text-align: right;">Page 8</p> <p>1 you get in the program or was it mainly Jose?</p> <p>2 A. It was mainly Jose. I mean, there were other</p> <p>3 people but, I mean, my whole conversation was with</p> <p>4 him.</p> <p>5 MR. LIZOTTE: I don't have any further</p> <p>6 questions, Maritza. There is another individual</p> <p>7 here that may have a couple of questions, so I</p> <p>8 will let him.</p> <p>9 And thank you for your time.</p> <p>10 THE WITNESS: Yeah. Sure.</p> <p>11 EXAMINATION</p> <p>12 BY MR. RONA:</p> <p>13 Q. Good morning, Ms. Garcia. My name is Ilyas</p> <p>14 Rona. I represent individuals against whom the</p> <p>15 trustee is bringing claims in the bankruptcy case.</p> <p>16 You said that there was somebody helping Jose</p> <p>17 Hernandez. Do you remember that person's name?</p> <p>18 A. No, no. Like I said, I only deal with Jose, but</p> <p>19 I know there was other people that actually brought</p> <p>20 Jose to the company. So Jose was basically, you know,</p> <p>21 kind of like telling everybody about the company and</p> <p>22 kind of like, you know, bringing more people to the</p> <p>23 company. But who was the sort of like the mastermind</p> <p>24 or how Jose got into it, I don't have no information</p>

<p style="text-align: right;">Page 9</p> <p>1 of that.</p> <p>2 Q. Okay. Was Jose Hernandez working as part of a</p> <p>3 team?</p> <p>4 A. I honestly don't know. I mean, he just</p> <p>5 approached me so -- but I know that, you know, he was</p> <p>6 not the one that opened the account or had -- because</p> <p>7 he didn't have, like, you know, full knowledge of how</p> <p>8 to open the account. That, I do remember.</p> <p>9 Q. So your memory is -- and when you say "the</p> <p>10 account," are you talking about your account?</p> <p>11 A. Yes, the TelexFree account.</p> <p>12 Q. So, to your knowledge, Mr. Hernandez had</p> <p>13 somebody helping him --</p> <p>14 A. Yes.</p> <p>15 Q. -- set up your account?</p> <p>16 A. Correct.</p> <p>17 Q. Do you have any understanding of if or how</p> <p>18 Mr. Hernandez shared money with other people?</p> <p>19 A. No, I do not.</p> <p>20 Q. Okay. Do you know how many accounts you had?</p> <p>21 A. I believe it was either two or three.</p> <p>22 Q. Okay. At the time you were involved in</p> <p>23 TelexFree, were you married?</p> <p>24 A. No, I wasn't.</p>	<p style="text-align: right;">Page 11</p> <p>1 account.</p> <p>2 Q. Okay. And at the time, did you use an email</p> <p>3 address my2princesses1012@gmail.com? Is that right?</p> <p>4 A. That's right. Yeah.</p> <p>5 Q. Whose email account was that? Was that yours or</p> <p>6 was that James'?</p> <p>7 A. That was mine.</p> <p>8 Q. That was your personal account?</p> <p>9 A. It still is. Yes.</p> <p>10 Q. It still is. Okay. So is it correct, then,</p> <p>11 that you never received or paid money to James in</p> <p>12 connection with TelexFree?</p> <p>13 A. That is correct.</p> <p>14 Q. And just so I have the right information, in the</p> <p>15 last 12 months, have you filed for bankruptcy?</p> <p>16 A. That is correct. Yes.</p> <p>17 Q. Okay. The transaction that you described with</p> <p>18 Jose Hernandez, do you recall whether there was any</p> <p>19 negotiation about the dollar amount that you gave him?</p> <p>20 A. No, it was just -- I don't recall the amount,</p> <p>21 but it was just a set, straightforward amount. There</p> <p>22 was nothing -- you know, negotiation. I believe it</p> <p>23 was sort of like a set amount to open an account.</p> <p>24 Q. Okay. And then did you ever take money out of</p>
<p style="text-align: right;">Page 10</p> <p>1 Q. Who is James Garcia?</p> <p>2 A. That was my boyfriend at the time that now is my</p> <p>3 husband.</p> <p>4 Q. So you are married now, but at the time you were</p> <p>5 not married?</p> <p>6 A. Correct.</p> <p>7 Q. Okay. Just so that I am making sure that I have</p> <p>8 the correct information --</p> <p>9 A. What year was that? What year was that?</p> <p>10 Because I got married in 2008.</p> <p>11 Q. Okay. So TelexFree was largely, for people like</p> <p>12 you, 2013, 2014.</p> <p>13 A. Oh, no, then I was married already.</p> <p>14 Q. Okay. And you were married to James?</p> <p>15 A. James Garcia, yes.</p> <p>16 Q. And did James Garcia participate in TelexFree?</p> <p>17 A. Well, I basically opened an account for him.</p> <p>18 Q. And when you say you opened an account for him,</p> <p>19 did he pay you for that account?</p> <p>20 A. No. I funded the account.</p> <p>21 Q. Okay. Was it your account or was it his account</p> <p>22 or did you sort of -- how did you know who owned the</p> <p>23 account?</p> <p>24 A. I opened the account in his name, but it was my</p>	<p style="text-align: right;">Page 12</p> <p>1 TelexFree?</p> <p>2 A. I believe I only did -- I think it was only one</p> <p>3 time. And if I don't recall -- if I recall correctly,</p> <p>4 it was, like, \$400.</p> <p>5 Q. Is it possible that you did it twice?</p> <p>6 A. Maybe on my husband's account, I did it once,</p> <p>7 probably.</p> <p>8 Q. Okay. And do you recall having the ability --</p> <p>9 did you own a computer at the time?</p> <p>10 A. Yes.</p> <p>11 Q. And do you recall going into your account in</p> <p>12 connection with TelexFree?</p> <p>13 A. Yes.</p> <p>14 Q. Do you recall posting ads in order to earn</p> <p>15 credits?</p> <p>16 A. I don't recall posting ads, because I don't</p> <p>17 think it was anything related to posting ads.</p> <p>18 Q. Do you recall doing anything to earn credits?</p> <p>19 A. No. It wasn't credits that you earned. I think</p> <p>20 it was sort of like if you tell somebody else to open</p> <p>21 an account, you -- I don't know if you got sort of</p> <p>22 like a percentage. Again, it's been, you know, a long</p> <p>23 time. I don't recall. I think it was a percentage,</p> <p>24 but it wasn't nothing about points that I recall.</p>

<p style="text-align: right;">Page 13</p> <p>1 Q. Did you recruit other people into TelexFree?</p> <p>2 A. Only one person.</p> <p>3 Q. Who was that?</p> <p>4 A. Her name is Norma Besquez.</p> <p>5 Q. Could you spell that last name?</p> <p>6 A. I believe it's B, as in boy, E-S-Q-U-E-Z, I</p> <p>7 believe.</p> <p>8 Q. Where did Ms. Besquez live at the time?</p> <p>9 A. She lived in Silver Springs, Maryland.</p> <p>10 Q. Did she give you money?</p> <p>11 A. I actually show her how to open the account, and</p> <p>12 I believe she funded it herself.</p> <p>13 Q. Okay.</p> <p>14 A. And I believe, at that point, at that time, it</p> <p>15 was, like, a thousand and something, which it was just</p> <p>16 right when TelexFree either shut down or had no</p> <p>17 access. So she didn't get anything on that account.</p> <p>18 Q. Okay. But do you recall, in your account, the</p> <p>19 ability to transfer TelexFree credits?</p> <p>20 A. I mean, I don't remember there were credit. I</p> <p>21 honestly thought it was, like, money, not credit.</p> <p>22 Whatever you had -- like, let's say had you \$1,000 in</p> <p>23 there, then yes, you can transfer it.</p> <p>24 Q. Okay. So the money that was in your account,</p>	<p style="text-align: right;">Page 15</p> <p>1 pay off the loan?</p> <p>2 A. No. I had to -- because it was -- I think it</p> <p>3 was either two transactions that I did to him. I</p> <p>4 don't recall. But then I paid the rest, you know, on</p> <p>5 my own.</p> <p>6 Q. But you were able to use the money in your</p> <p>7 TelexFree to pay off a portion of the loan?</p> <p>8 A. Yes.</p> <p>9 MR. RONA: Okay. I think that's all I</p> <p>10 have. Just give me one more minute, Andy.</p> <p>11 Q. So one final question, Ms. Garcia. What was the</p> <p>12 nature of the loan that you had with Mr. Hernandez?</p> <p>13 A. Just personal need.</p> <p>14 Q. But he had provided you around \$2,000 in cash at</p> <p>15 some point?</p> <p>16 A. Yes.</p> <p>17 MR. RONA: Okay. That's all I have.</p> <p>18 Thank you.</p> <p>19 MR. LIZOTTE: Maritza, thank you for your</p> <p>20 time.</p> <p>21 THE WITNESS: Okay.</p> <p>22 MR. LIZOTTE: So the deposition is</p> <p>23 concluded. Thank you.</p> <p>24 (Deposition concluded at 12:01 p.m.)</p>
<p style="text-align: right;">Page 14</p> <p>1 you remember being able to transfer it?</p> <p>2 A. Correct. Yes.</p> <p>3 Q. Did you ever transfer credits to Mr. Hernandez?</p> <p>4 A. Yes.</p> <p>5 Q. Did he pay you for those credits?</p> <p>6 A. No.</p> <p>7 Q. Why did you transfer him --</p> <p>8 A. Why pay?</p> <p>9 Q. Well, why did you transfer him credits? Do you</p> <p>10 remember?</p> <p>11 A. I owed him money, and that's how I transfer the</p> <p>12 money to him.</p> <p>13 Q. Okay. Did you owe him money for setting up your</p> <p>14 account?</p> <p>15 A. No. That was something unrelated. Personal</p> <p>16 loan.</p> <p>17 Q. So you recall transferring him credits to pay</p> <p>18 off a personal loan?</p> <p>19 A. Correct.</p> <p>20 Q. Do you recall how much that loan was?</p> <p>21 A. No -- oh, the loan? It was, like, around \$2,000</p> <p>22 and something.</p> <p>23 Q. And did your transactions involving TelexFree,</p> <p>24 the money in your TelexFree account, did that fully</p>	<p style="text-align: right;">Page 16</p> <p>1 CERTIFICATE</p> <p>2</p> <p>3 COMMONWEALTH OF MASSACHUSETTS</p> <p>HAMPSHIRE, SS.</p> <p>4</p> <p>5 I, Genevieve Y.J. Van de Merghel,</p> <p>6 Stenographer, hereby certify:</p> <p>7 That Maritza Elizabeth Garcia, the witness</p> <p>8 whose testimony is hereinbefore set forth, was duly</p> <p>9 sworn by me, and that such testimony is a true and</p> <p>10 accurate record of my stenotype notes taken in the</p> <p>11 foregoing matter, to the best of my knowledge, skill,</p> <p>12 and ability.</p> <p>13 I further certify that I am not related to</p> <p>14 any parties to this action by blood or marriage; and</p> <p>15 that I am in no way interested in the outcome of this</p> <p>16 matter.</p> <p>17 IN WITNESS WHEREOF, I have hereunto set my</p> <p>18 hand this 27th day of February, 2023.</p> <p>19</p> <p>20 </p> <p>21</p> <p>22 Genevieve Y.J. Van de Merghel</p> <p>My Commission Expires: 12/16/27</p> <p>23</p> <p>24</p>

<hr/> <p>\$</p> <hr/> <p>\$1,000 5:20,22 7:14 13:22</p> <p>\$2,000 14:21 15:14</p> <p>\$2,750 5:12</p> <p>\$400 12:4</p> <p>\$500 5:21 7:13</p> <hr/> <p>1</p> <hr/> <p>11:00 4:8</p> <p>11:15 4:14</p> <p>12 11:15</p> <p>12:01 15:24</p> <hr/> <p>2</p> <hr/> <p>2008 10:10</p> <p>2013 10:12</p> <p>2014 10:12</p> <p>20871 5:5</p> <p>21 4:8</p> <p>2215 5:4</p> <hr/> <p>9</p> <hr/> <p>95076 5:10</p> <hr/> <p>A</p> <hr/> <p>a.m. 4:14</p> <p>ability 12:8 13:19</p> <p>access 13:17</p>	<p>account 6:17 7:2,3,7,8 9:6,8, 10,11,15 10:17,18, 19,20,21,23,24 11:1, 5,8,23 12:6,11,21 13:11,17,18,24 14:14,24</p> <p>accounts 9:20</p> <p>accurate 5:12,13 6:5</p> <p>additional 4:24</p> <p>address 5:3 11:3</p> <p>ads 12:14,16,17</p> <p>agree 4:3</p> <p>allowed 5:11</p> <p>amount 5:11,17,23 6:16 11:19,20,21,23</p> <p>Andrew 4:5</p> <p>Andy 4:19 15:10</p> <p>appeared 4:9</p> <p>approached 9:5</p> <p>approved 5:17,19</p> <p>attempted 4:9</p> <hr/> <p>B</p> <hr/> <p>bankruptcy 4:21 8:15 11:15</p> <p>basically 8:20 10:17</p> <p>Besquez 13:4,8</p> <p>boom 6:11</p> <p>boy 13:6</p> <p>boyfriend 10:2</p> <p>bringing 8:15,22</p>	<p>brought 8:19</p> <hr/> <p>C</p> <hr/> <p>card 7:21</p> <p>case 5:9 8:15</p> <p>cash 7:21,23 15:14</p> <p>claim 5:9,10,11,17,18,19, 22</p> <p>claims 8:15</p> <p>Clarksburg 5:5</p> <p>company 6:13 8:20,21,23</p> <p>computer 12:9</p> <p>concluded 15:23,24</p> <p>conducting 4:3</p> <p>connection 11:12 12:12</p> <p>contact 4:10</p> <p>conversation 8:3</p> <p>correct 5:7,8,10 7:12 9:16 10:6,8 11:10,13,16 14:2,19</p> <p>correctly 12:3</p> <p>counsel 4:3,6</p> <p>couple 8:7</p> <p>credit 7:21 13:20,21</p> <p>credits 12:15,18,19 13:19 14:3,5,9,17</p> <hr/> <p>D</p> <hr/> <p>Darr 4:6,20</p>	<p>deal 7:24 8:18</p> <p>depending 5:18</p> <p>deponent 4:9,10</p> <p>deposition 4:3,7,11,13,14,23 15:22,24</p> <p>describe 6:9</p> <p>dollar 11:19</p> <p>Drive 5:4</p> <p>dumb 6:20</p> <hr/> <p>E</p> <hr/> <p>E-S-Q-U-E-Z 13:6</p> <p>earn 12:14,18</p> <p>earned 12:19</p> <p>ELIZABETH 4:15</p> <p>email 11:2,5</p> <p>ended 7:19</p> <p>exact 5:23</p> <p>EXAMINATION 4:17 8:11</p> <p>explain 5:16</p> <hr/> <p>F</p> <hr/> <p>February 4:8</p> <p>filed 5:9 11:15</p> <p>final 15:11</p> <p>Fire 5:4</p> <p>full 9:7</p> <p>fully 14:24</p>
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EXHIBIT F

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Selvi Vanessa Lewis Reynaga
February 22, 2023

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<p>1 UNITED STATES BANKRUPTCY COURT DISTRICT OF MASSACHUSETTS</p> <p>2</p> <p>3 In Re TELEXFREE, LLC, et al.,) Debtor,) 4) 5) STEPHEN B. DARR, TRUSTEE OF THE) Case no. 6 ESTATES OF TELEXFREE LLC, et) 14-40987-EDK al.,) 7 Plaintiff,) Chapter 11 8 v.) Adv. Proc. No. 16-4006 9 FRANZ BALAN, A REPRESENTATIVE OF) A CLASS OF DEFENDANT NET) 10 WINNERS,) Defendant.)</p> <p>11</p> <p>12</p> <p>13 DEPOSITION OF SELVI VANESSA LEWIS REYNAGA Appearing remotely from 14 735 Bellows Way, Apartment 104 Newport News, Virginia 15 February 22, 2023 Commencing at 11:00 a.m.</p> <p>16</p> <p>17</p> <p>18 Reported by: Genevieve Y.J. Van de Merghel Notary Public and Stenographer 19 Appearing remotely from Hampshire County, Massachusetts</p> <p>20</p> <p>21</p> <p>22</p> <p>O'Brien & Levine Court Reporting Solutions 23 68 Commercial Wharf Boston, Massachusetts 02110 24 617—399—0130</p>	<p style="text-align: right;">Page 3</p> <p>1 INDEX</p> <p>2</p> <p>3 WITNESS EXAMINATION</p> <p>4 SELVI VANESSA LEWIS REYNAGA BY MS. PAPAS 4 5 BY MR. RONA 16 6 7</p> <p>8 EXHIBITS</p> <p>9</p> <p>10 (No exhibits marked.)</p> <p>11</p> <p>12</p> <p>13</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>
<p style="text-align: right;">Page 2</p> <p>1 APPEARANCES</p> <p>2</p> <p>3 ALEXANDRA M. PAPAS, ESQUIRE Murphy & King, PC 4 28 State Street, Suite 3101 Boston, Massachusetts 02109 5 617-423-0400 apapas@murphyking.com 6 Counsel for the Plaintiff (Appearing remotely)</p> <p>7</p> <p>8 ILYAS J. RONA, ESQUIRE MICHAEL J. DURAN, ESQUIRE 9 LEA KRAEMER, ESQUIRE Milligan Rona Duran & King LLC 10 28 State Street, Suite 802 Boston, Massachusetts 02109 11 617-395-9570 ijr@mrdklaw.com 12 mjd@mrdklaw.com lk@mrdklaw.com 13 Counsel for the Defendant (Appearing remotely)</p> <p>14</p> <p>15</p> <p>16</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p>	<p style="text-align: right;">Page 4</p> <p>1 PROCEEDINGS</p> <p>2</p> <p>3 Counsel present agree to conducting today's deposition remotely via videoconference.</p> <p>4</p> <p>5 SELVI VANESSA LEWIS REYNAGA, having 6 first been identified by the production 7 of her Virginia driver's license and 8 duly sworn Pursuant to Executive Order 9 144, testified as follows: 10 EXAMINATION 11 BY MS. PAPAS: 12 Q. Hello. Thank you for coming in today. Could 13 you just state your full name for the record? 14 A. Yes. It's Selvi Vanessa Lewis Reynaga. 15 Q. I am not sure if you have been deposed before, 16 but I just want to go through a couple sets of 17 instructions. So the way this will go is I am going 18 to ask you a series of questions. If, at any point, 19 you do not understand the question, just tell me that 20 you do not understand and I will try to rephrase it in 21 a way that you do understand. If you do answer the 22 question, I will assume that you understood the 23 question and that you have answered truthfully. Do 24 you understand those instructions?</p>

<p style="text-align: right;">Page 5</p> <p>1 A. Yes.</p> <p>2 Q. And the next thing I am going to ask is that you</p> <p>3 just please say "yes" or "no," as you did, instead of</p> <p>4 shaking your head for the court reporter to actually</p> <p>5 write it down. Can you do that?</p> <p>6 A. Yes.</p> <p>7 Q. And do you want an opportunity to review the</p> <p>8 written transcript of everything that is said today to</p> <p>9 make sure that it is accurate?</p> <p>10 A. Yeah. Yes.</p> <p>11 Q. So in that event, we will send you the</p> <p>12 transcript once we receive it from the court reporter,</p> <p>13 and you will have 14 days to review it and sign under</p> <p>14 oath that it's accurate or identify errors and send</p> <p>15 those back. Can you do that?</p> <p>16 A. Yes.</p> <p>17 Q. Just a few more preliminary questions. Is there</p> <p>18 anyone in the room with you today?</p> <p>19 A. My younger son, who is 4 years old -- 5.</p> <p>20 Q. Okay.</p> <p>21 A. And my husband, but he is going to be leaving</p> <p>22 shortly.</p> <p>23 Q. Is your husband planning on listening in or</p> <p>24 doing anything involved with the deposition?</p>	<p style="text-align: right;">Page 7</p> <p>1 A. I was trying to look through my emails. It</p> <p>2 looked like, I think, \$6,225 or something in those</p> <p>3 amounts.</p> <p>4 Q. Okay.</p> <p>5 A. The original claim, I think.</p> <p>6 Q. Yeah. Our records show \$6,042. Does that sound</p> <p>7 accurate?</p> <p>8 A. Yeah, yeah.</p> <p>9 Q. And when you submitted that claim, you declared</p> <p>10 everything in the claim was true and correct.</p> <p>11 A. Yes.</p> <p>12 Q. Is that accurate?</p> <p>13 A. Yes.</p> <p>14 Q. And do you recall how many accounts you had with</p> <p>15 TelexFree?</p> <p>16 A. I think there were five accounts. But things</p> <p>17 get fuzzy, because there's also, like, the cards. You</p> <p>18 know how you had to buy the TelexFree cards because</p> <p>19 that wasn't part of it? And then just trying to</p> <p>20 separate those two things from the account and the</p> <p>21 cards that go with it, it gets fuzzy. But yeah, I</p> <p>22 think it was five, those five accounts that I had.</p> <p>23 Q. And by five accounts, are those the type of</p> <p>24 accounts where you could earn credits?</p>
<p style="text-align: right;">Page 6</p> <p>1 A. No. I mean, he is not really even going to be</p> <p>2 in the room, but he is in the house so he might have</p> <p>3 to come through. It's an apartment, so it's kind of</p> <p>4 hard to, like, not to come through when he has got to</p> <p>5 go from one room to the other. But no, he won't be</p> <p>6 listening like that.</p> <p>7 Q. Did you talk to anyone about this deposition for</p> <p>8 today?</p> <p>9 A. Just my husband knows about it, and the kids</p> <p>10 might of heard something, but I don't think they</p> <p>11 really understand.</p> <p>12 Q. When you talked to your husband about it, was</p> <p>13 that mostly for scheduling purposes or actual</p> <p>14 information about TelexFree?</p> <p>15 A. Scheduling. Just, like, telling him that it was</p> <p>16 for today and to help me -- remind me.</p> <p>17 Q. Thank you. I understand. So I understand that</p> <p>18 you invested in the TelexFree program. Is that</p> <p>19 correct?</p> <p>20 A. Yes.</p> <p>21 Q. And you submitted a claim for the amount you</p> <p>22 lost. Is that correct?</p> <p>23 A. Yes.</p> <p>24 Q. Do you remember the amount of that claim?</p>	<p style="text-align: right;">Page 8</p> <p>1 A. Yeah, I think so. It's been, like, 10 years,</p> <p>2 almost. Right? Nine years. Okay. Yeah, I think.</p> <p>3 Q. So just to confirm. There was two types of --</p> <p>4 one wasn't really an account. You had a calling</p> <p>5 card --</p> <p>6 A. Yes.</p> <p>7 Q. -- with a number. Did that cost around \$49.90?</p> <p>8 Does that sound accurate?</p> <p>9 A. Yeah. It does sound like that, and then I had</p> <p>10 to buy, like, 10 of those. So yeah, those were not</p> <p>11 the actual accounts.</p> <p>12 Q. I understand. And then the other account is an</p> <p>13 account that -- does an amount of \$1,420 sound about</p> <p>14 right to open an account?</p> <p>15 A. Yeah. I was thinking, actually, in my mind it's</p> <p>16 \$1,125 but if it's 120, that's probably it, and I was</p> <p>17 just adding a little more to it in my mind.</p> <p>18 Q. Okay. Just to clarify. It's \$1,420. Does that</p> <p>19 sound correct?</p> <p>20 A. Yes.</p> <p>21 Q. And on those accounts -- that's the one where</p> <p>22 you could probably earn credits by posting ads. Does</p> <p>23 that sound correct?</p> <p>24 A. Yeah.</p>

<p style="text-align: right;">Page 9</p> <p>1 Q. So once you had those credits, you could use 2 them to get cash or buy other accounts. Is that 3 correct?</p> <p>4 A. Yeah. And you had to create, like, an eWallet 5 or something like that, where they would send you the 6 money, I believe.</p> <p>7 Q. For the eWallet, did you deposit credits into it 8 and then they sent you money?</p> <p>9 A. I wasn't able to get that far. I had just 10 started, so before anything was ever deposited into my 11 eWallet, it had stopped, you know. So I never did 12 anything with eWallet.</p> <p>13 Q. I understand. So you were told about eWallet, 14 but you never actually used it. Is that correct?</p> <p>15 A. Yeah. I never used it.</p> <p>16 Q. And so I think you said that you could use 17 credits to buy accounts. Correct?</p> <p>18 A. I think so. I just -- I don't think I ever got 19 that far. So I just opened my five accounts. I 20 didn't even get anything. I think I was, like, one 21 month into it, so I didn't even get anything on the 22 eWallet, any money back ever. And so, like, I don't 23 even think I got as far as trying to buy more accounts 24 through the eWallet and all that stuff.</p>	<p style="text-align: right;">Page 11</p> <p>1 A. Mm-hmm.</p> <p>2 Q. Is that correct?</p> <p>3 A. Yes.</p> <p>4 Q. Okay. Did you physically enter the information 5 to set up the account or did he do that?</p> <p>6 A. It's been so long. I mean, I have the account 7 information, so I had to make my own passwords. So he 8 didn't do that, you know. So I don't think so. I 9 think he helped me -- lead me through how the accounts 10 had to be set up, but I don't think he personally set 11 them up for me.</p> <p>12 Q. So to the best of your recollection, you 13 probably were at the computer, and he was telling you 14 what to put in. Does that sound right?</p> <p>15 A. Yeah, or that he just -- before preview, he just 16 told me how it was and so I just went on my computer 17 and did it. Yeah, something like that.</p> <p>18 He also had YouTubes that I think now he has 19 taken down from YouTube. But he had YouTube videos of 20 how to create accounts and kind of get through the 21 whole TelexFree for people who didn't know, like me. 22 So I remember I would watch those YouTube videos of 23 him explaining that.</p> <p>24 Q. And when you opened that account, I think we</p>
<p style="text-align: right;">Page 10</p> <p>1 Q. I understand. Did anyone else ever buy accounts 2 for you with their credits?</p> <p>3 A. Not that I know. Like, not that I remember. 4 No, I am the one who sent in my money and did the 5 thing. Yeah.</p> <p>6 Q. Do you know who opened or helped you open the 7 first account?</p> <p>8 A. Well, the way that I got in through the 9 TelexFree was through Francisco Silva. He is the one 10 who told us about it, me and my husband, when I opened 11 the accounts. So I don't know. I think it was a type 12 of umbrella-type thing. Right? So I am probably 13 under him, I would assume.</p> <p>14 Q. I understand. So when he opened those accounts, 15 did you give him money for the accounts?</p> <p>16 A. I think so. I don't remember well.</p> <p>17 Q. Okay. Do you know if he had anyone working with 18 him that helped you to open those initial accounts?</p> <p>19 A. No. All I have is him. Yeah.</p> <p>20 Q. Does the name Rosana Leslie sound familiar?</p> <p>21 A. No, no.</p> <p>22 Q. So to the best of your knowledge, when you first 23 got involved, Francisco Silva helped you to set up 24 those accounts?</p>	<p style="text-align: right;">Page 12</p> <p>1 went over that it cost the \$1,425. I think I might 2 have said 420 before; sorry. Do you remember how you 3 paid to open that account?</p> <p>4 A. So what I remember is while I was in Bolivia -- 5 in La Paz, Bolivia. So I don't think I could have -- 6 I knew I wasn't able to make the transfer through 7 Bolivia, so we actually -- this is why it's fuzzy. I 8 sent the money to my brother-in-law, who has no 9 recollection of TelexFree or anything. Just sent him 10 the money, I think, through Western Union. And I 11 think he was able to give it to Francisco to do the 12 transaction part for TelexFree. That part was kind of 13 fuzzy for me even back then.</p> <p>14 Q. Okay. So I understand that you sent money 15 through Western Union to your brother, who gave it to 16 Francisco in order to have the account set up. Is 17 that correct?</p> <p>18 A. Yes.</p> <p>19 Q. Do you remember how much money you would have 20 sent?</p> <p>21 A. Well, I remember it was around -- like, it was 22 over \$7,000, because I also sent money for 10 -- I 23 think it was 10 of the cards, those calling cards that 24 were \$50 each or \$49.99, I think you mentioned. So I</p>

<p style="text-align: right;">Page 13</p> <p>1 think it was for five accounts that were \$1,425. 2 Right. 3 Q. Mm-hmm. 4 A. And then the 10 cards, TelexFree calling cards. 5 So yeah, so I think it added up to -- I know it was 6 more than \$7,000. I don't know the exact amount. 7 Q. Just to confirm, you sent over \$7,000 to your 8 brother to give to Francisco for five TelexFree 9 accounts and 10 phone cards. Is that correct? 10 A. Yeah, and it's my brother-in-law. Yeah, 11 brother-in-law. 12 Q. What is your brother-in-law's name? 13 A. His name is Giovanni Bellot. B-E-L-L-O-T. 14 Q. And I am assuming that you didn't actually drop 15 over \$7,000 cash into an envelope. Do you remember 16 how you paid for that? 17 A. I transferred it through Western Union. 18 Q. So you did a transfer. Do you have a record of 19 that transfer? 20 A. I mean, if Western Union has it. I think that's 21 the only -- I mean, if Western Union was able to get 22 that for me, I think that would be the only record, 23 because I've moved and papers are -- I don't think I 24 would be able to get that.</p>	<p style="text-align: right;">Page 15</p> <p>1 accounts. Because it was not that easy. You had to 2 have a lot of direction. 3 Q. So when you were talking about sharing 4 information, were you talking about general 5 instructions on how to open an account? 6 A. Yeah. 7 Q. Did those instructions include how to direct 8 TelexFree to him in order for him to basically pay or 9 use his credits to open the account for you? 10 A. I think so. It's been such a long time, so just 11 that whole system of how to open up the accounts -- 12 and since I was just there, like, a month. A month 13 later, it was gone, so I just don't even know because 14 I never opened accounts for anybody. I don't remember 15 that very clearly. All I remember is that I gave -- I 16 sent the money to my brother-in-law, and he got it to 17 Francisco, and then Francisco was able to open up the 18 accounts. But I think it is something with credits in 19 there. It's just very fuzzy in my mind. 20 Q. So when you opened an account, you don't 21 necessarily recall when you got to the payment page 22 what the instructions were to do when you got at that 23 page? 24 A. Yeah, I don't really remember that, because I</p>
<p style="text-align: right;">Page 14</p> <p>1 Q. Were you in contact with other people who were 2 members of the TelexFree besides Francisco? 3 A. I am not sure, because if I did it was probably 4 just one time and rarely. I just remember Francisco 5 because he's the one who told me about it, who told my 6 husband about it, and that he had accounts and that he 7 was working with other people about it. And so that's 8 why -- and he helped me through the whole situation, 9 because he also had accounts with TelexFree. So yeah, 10 that's why it's only his name that kind of pops up. 11 But I am sure I probably did speak to other people. I 12 just don't remember the names. 13 Q. Okay. And you testified -- I'm sorry. You said 14 that you gave Francisco money to set up the account. 15 Each one was \$1,425. Was it your understanding that 16 Francisco was doing this for other people as well, so 17 setting up an account and charging them? 18 A. I don't know that. All I do know is that he had 19 shared this information with other people, you know, 20 because that's the TelexFree thing that once you have 21 accounts, you go and share them, you know, with other 22 people who could also work in TelexFree. Right? So I 23 assumed he was working with other people and that's 24 why he had YouTube videos of him sharing how to create</p>	<p style="text-align: right;">Page 16</p> <p>1 didn't pay it through, like, my card. It's just in 2 Bolivia, they don't accept the debit cards. Even if 3 you have money in your account, it couldn't have been 4 done through that. So that's why I had to send it 5 through Western Union. And my brother-in-law didn't 6 do it either. He was just, you know, the one who gave 7 it over to Francisco. 8 Q. I understand. So when you opened an account, 9 you didn't put in any payment information? 10 A. Yeah. I don't recollect that, because I didn't. 11 MS. PAPAS: That's all of my questions. I 12 will turn it over to opposing counsel. 13 EXAMINATION 14 BY MR. RONA: 15 Q. Good morning, Ms. Lewis. My name is Ilyas Rona. 16 I represent individuals that the trustee is bringing 17 claims against in connection with TelexFree. I just 18 want to go back over some of the things that you have 19 talked about. 20 First, what is the name that you go by? Meaning 21 how do you usually state your name for other people? 22 A. Oh, so mostly everybody calls me Vanessa, my 23 middle name. That's what everybody usually calls me. 24 But my first name is Selvi.</p>

<p style="text-align: right;">Page 17</p> <p>1 Q. Selvi is your first name, but you end up using 2 Vanessa maybe more than Selvi? 3 A. Yeah. All the time. 4 Q. Okay. And then is Lewis a married name? 5 A. No, it's my father's last name. 6 Q. And then your other last name, is that your 7 mother's last name? 8 A. Reynaga. 9 Q. Do you always use both Lewis and Reynaga or do 10 you sometimes drop off Reynaga? 11 A. I think at times when it's not required, I don't 12 use the Reynaga. But in all my legal documents, I 13 always use both of them because that's how it is on my 14 Social Security and that's how it was in my passport 15 and, I think, every legal documents that I have. 16 Q. Right. So you have two last names? 17 A. (No audible response.) 18 Q. I'm sorry. Sometimes the audio cuts off. Your 19 answer? 20 A. Yes. Yes. 21 Q. But for convenience, sometimes you may only use 22 one of them? 23 A. I usually use both of them. I think there may 24 have been sometimes where I might have not, but most</p>	<p style="text-align: right;">Page 19</p> <p>1 Q. Where is your husband from? Where was he born? 2 A. In Maryland. 3 Q. And at the time you were involved in TelexFree, 4 you were living in Bolivia? 5 A. Yes, in La Paz. 6 Q. Were you with your husband at that time? 7 A. Yes. 8 Q. Were you both in La Paz at that time? 9 A. Yes. 10 Q. Prior to getting involved in TelexFree, had you, 11 for some period of time, lived in the United States or 12 were you living in Bolivia at that time and then you 13 later moved? 14 A. I'm sorry. I didn't understand that. 15 Q. Okay. It wasn't a great question. Currently, 16 you are in Virginia. Is that right? 17 A. Yes. 18 Q. At the time you were involved in TelexFree, you 19 were in La Paz? 20 A. Yes. 21 Q. When -- what year did you move to Virginia? 22 A. Oh, 2019. 23 Q. Prior to 2019, did you ever live in the United 24 States?</p>
<p style="text-align: right;">Page 18</p> <p>1 of the time I use both last names. 2 Q. Do you recall, in TelexFree, creating logins 3 that were Vanessa Lewis? 4 A. Yeah, probably, so I wouldn't have to put so 5 many names in there. 6 Q. Right. So to save time and space, sometimes you 7 just call yourself Vanessa Lewis? 8 A. Yeah. Yeah. 9 Q. Okay. You might also be called Selvi Lewis 10 Reynaga if someone is trying to not use a middle name. 11 Is that right? 12 A. Yes. 13 Q. So there's various combinations that your name 14 could -- how your name could be written. Is that 15 right? 16 A. Yeah. 17 Q. I apologize if you said it, but what is your 18 husband's name? 19 A. I don't think I said it, so it's okay. It's 20 Diego Bellot. 21 Q. Okay. 22 A. B-E-L-L-O-T. 23 Q. And he is brothers with Giovanni? 24 A. Yes.</p>	<p style="text-align: right;">Page 20</p> <p>1 A. Yes, when I was a child. So from the time I was 2 about, I think, 7 to 12, I lived in Yellow Springs, 3 Ohio. But then after 2002 was when we went back to 4 Bolivia. 5 Q. So from 2002 to 2019, you lived in Bolivia? 6 A. Yes. 7 Q. Okay. And where was Giovanni living at the time 8 that you made the transfer that you talked about? 9 A. He was in Maryland. 10 Q. Okay. So he was living in Maryland before you 11 moved to the United States? 12 A. Yes. 13 Q. Or moved back. I want to be clear. But yes, 14 okay. And where was Francisco Silva living at the 15 time that you made that transfer? 16 A. I think he was also in Maryland. I am not 17 exactly sure. I think he went to Florida as well. He 18 is a friend -- he was a friend of my husband's, so 19 that's how we even found out about TelexFree. 20 Q. How did your husband come to know Francisco 21 Silva? 22 A. I think it was through the church. I think they 23 both went to the same church. It was through Amway. 24 So Amway is, I think, similar, where you sell products</p>

<p style="text-align: right;">Page 21</p> <p>1 and you recruit people. Right? And I think they were 2 both recruited to the same team to Amway, so Francisco 3 and Diego were in Amway. I think that's where they 4 met. 5 Q. At the time they met in connection with Amway, 6 where was Diego living? 7 A. So this is before -- I don't know if I met -- 8 this was probably before he met me, so I am just 9 guessing that they were probably both in Maryland, 10 because that's the only place that Diego lived when he 11 was in the US. 12 Q. Okay. What year did you get married? 13 A. In 2015. But I didn't meet him until two 14 thousand -- like, we met in 2012. We got married in 15 2015. But he met Francisco before 2012. 16 Q. I am trying to follow along here. 17 A. Sorry. 18 Q. And these might be important details, so I 19 apologize if it seems like I am focusing on minutiae 20 here. But when you met your husband, he was living in 21 the United States? 22 A. No. My husband moved to Bolivia, to La Paz, at 23 the end of 2011. 24 Q. You met him in La Paz?</p>	<p style="text-align: right;">Page 23</p> <p>1 didn't do that. 2 Q. Okay. And was there any reason why you ended up 3 having more of an involvement in TelexFree than your 4 husband? 5 A. Well, because I had savings and he didn't, and 6 so I just used my savings. 7 Q. So even though he had had a prior experience 8 with Amway, he ended up having less of an involvement 9 in TelexFree than you did from a financial standpoint? 10 A. Yeah. I mean, he wanted to invest more. He 11 just didn't have more. Yeah. 12 Q. I see. Okay. And have you ever met Francisco 13 Silva? 14 A. Not in person. We spoke, like, through Facebook 15 chat, you know. I guess that was -- or Skype. I 16 don't know what it was that we were using to connect 17 through to speak. 18 Q. And those conversations that you had with 19 Francisco Silva, those were around the time that you 20 got involved in TelexFree? 21 A. Yes. 22 Q. And when you sent the funds via Western Union, 23 those were savings that you had in Bolivia? 24 A. Yes.</p>
<p style="text-align: right;">Page 22</p> <p>1 A. I met him in La Paz. 2 Q. And at that point, he had already been involved 3 with Francisco Silva in Amway? 4 A. Yes, when he was in Maryland. So before he came 5 to La Paz, he was living in Maryland. I think that's 6 where he lived his whole life. So while he was in 7 Maryland, he was recruited to an Amway group, and in 8 that same Amway group was Francisco Silva. That's why 9 I believe that Francisco lived in Maryland. 10 Q. Okay. Thank you for laying that out. So your 11 husband, at the time he had been living in Maryland, 12 he knew Francisco Silva, but in connection with Amway? 13 A. Yes. 14 Q. And then he moves to Bolivia and you guys meet? 15 A. Yeah. 16 Q. And then he, at some point, tells you about 17 something he has heard about TelexFree from Francisco 18 Silva. Is that right? 19 A. Yeah. 20 Q. Did your husband participate in TelexFree? 21 A. I think he did. He did, I think, but he only 22 created, like, a \$300 account. So he didn't file a 23 claim for it because he is like, you know, "It's \$300 24 and there's paperwork and emails to do." And so he</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. So they were funds in a bank in Bolivia, and you 2 went to a Western Union office in Bolivia to transfer 3 the funds to a Western Union office in the US? 4 A. Yes, to my brother-in-law. 5 Q. Did your brother-in-law take any commission or 6 fees or anything out of that money on the receiving 7 end? 8 A. No. 9 Q. Do you remember what amount or percentage the 10 Western Union fees were? 11 A. I don't remember, but it was not cheap. It was, 12 like, a couple hundred dollars. 13 Q. Did you consider whether you could recover that 14 money in connection with TelexFree bankruptcy? 15 A. I didn't. That's why I didn't even add the 16 Western Union fee or the 10 TelexFree cards that I 17 think were, like, \$500. I don't know. Or a 18 thousand-something, yeah. I didn't. I just went for 19 the accounts that I had. 20 Q. And then do you know what your brother-in-law 21 did with the funds? 22 A. I could check my Facebook messages and my 23 husband's Facebook messages, probably, because that's 24 how we connected, or email. Well, he doesn't have</p>

<p style="text-align: right;">Page 25</p> <p>1 Facebook, actually, so probably email -- to get more 2 accurate information, if it's there. But it's very 3 fuzzy, that part, because I was not the one who 4 gave -- like, my part was I sent it through Western 5 Union, so the rest of it was kind of fuzzy and still 6 is with me.</p> <p>7 Q. Was your knowledge at the time or belief at the 8 time that the funds were going to be sent to Francisco 9 Silva?</p> <p>10 A. Yeah.</p> <p>11 Q. And I think you were asked about a Rosana 12 Leslie?</p> <p>13 A. Yeah.</p> <p>14 Q. Okay. Do you know that person?</p> <p>15 A. I don't remember. So I remember that -- I just 16 remember Francisco. But I do know that I did speak to 17 other people because it's, like, a network, right, of 18 people. So the name rings a bell, but I don't really 19 remember. I can't say for sure.</p> <p>20 Q. How many people do you think were in Francisco 21 Silva's network that you spoke to?</p> <p>22 A. I don't know. It was just a lot of videos so -- 23 I don't know. I would have to say, like, four, six, 24 probably more. I remember he was very successful. He</p>	<p style="text-align: right;">Page 27</p> <p>1 Q. But would your practice have been to use the 2 same type of login for those accounts, for the phone 3 card accounts?</p> <p>4 A. I think so. I mean, what Francisco said, to 5 make it easier, because it's pretty hard creating so 6 many accounts, is, like, to add a one or a two. So I 7 think that's why my account was, like, Vanessa 8 Lewis 1, Vanessa Lewis 2. I think I have a paper with 9 it or it's probably in a Word document saved in my 10 other computer where yeah, it's just, you know, 11 consecutive numbers. Even my passwords were, like, 12 the same but, like, I had the number, you know. Yeah.</p> <p>13 Q. Okay. Do you recall which email account you 14 used to set up your TelexFree accounts?</p> <p>15 A. I would say it was probably sparkledewdrop.</p> <p>16 Q. Do you still use that?</p> <p>17 A. Yes.</p> <p>18 Q. Do you still have your emails from TelexFree, 19 that period?</p> <p>20 A. I have a bunch of emails from TelexFree and, I 21 think, from the eWallet. I don't know if I have them 22 all. I don't think I would have erased them. But I 23 think -- I remember getting confirmation.</p> <p>24 Q. If asked, would you be willing to turn over</p>
<p style="text-align: right;">Page 26</p> <p>1 was doing really good in recruiting people.</p> <p>2 Q. Were some of the people in his network, were 3 they women?</p> <p>4 A. I am sure they were, or else it would have been 5 weird if I was the only woman. I probably would have 6 noticed that.</p> <p>7 Q. Okay.</p> <p>8 A. I can't really recall.</p> <p>9 Q. And to your knowledge, Rosana Leslie is not, 10 like, a spouse or girlfriend of Francisco Silva? Or 11 do you have any knowledge one way or the other?</p> <p>12 A. Oh, so I know that his wife's name is Sana -- 13 Sana or something. He met her in Brazil. I just 14 don't remember if that was -- if she was TelexFree. 15 But I know that maybe it is Rosana. That's why it 16 seems familiar.</p> <p>17 Q. Okay. Those phone cards that you purchased, do 18 you recall that you had to fill in information in the 19 computer to set up the accounts for those cards?</p> <p>20 A. Yeah. I had to create the accounts for the 21 cards too. So, like, at one point, I was filled with 22 papers where I had my accounts and passwords for so 23 many things. It got overwhelming because I had to 24 remember them.</p>	<p style="text-align: right;">Page 28</p> <p>1 those emails to the lawyers involved in this case?</p> <p>2 A. Sure. I can send everything I had from them. I 3 hope it's everything.</p> <p>4 Q. I think that would be appreciated. Thank you. 5 So if you created a phone card account, if you 6 used Vanessa Lewis for the membership accounts, you 7 probably used Vanessa Lewis for the account logins for 8 the phone cards. Is that right?</p> <p>9 A. Yeah.</p> <p>10 Q. Okay. And if you used sparkledewdrop for your 11 membership accounts, you probably used that for the 12 phone cards. Is that right?</p> <p>13 A. Yeah.</p> <p>14 Q. Okay. And you were living in Bolivia at the 15 time, so you would have noted that you lived in 16 Bolivia?</p> <p>17 A. I think so.</p> <p>18 Q. Okay. So --</p> <p>19 A. I don't -- yeah. Does it say that I am in 20 Bolivia? I hope I --</p> <p>21 Q. Did you live at 1050 Villa Nuevo?</p> <p>22 A. Oh, yeah, Villa Nuevo Potosi. Yeah.</p> <p>23 Q. Potosi. So is it possible that when it came 24 time to put in your name in the name field, you just</p>

<p style="text-align: right;">Page 29</p> <p>1 either left it blank or didn't type in your name when 2 you were doing the accounts for the phone cards? 3 A. It could have been. I think -- I mean, to save 4 time, possibly. Francisco, he would give us tips to 5 just, you know, make it easier, because creating 10 6 accounts is a lot. 7 Q. It's a lot of work? 8 A. Yeah. 9 Q. Did anyone ever tell you that the name had some 10 significance or importance in TelexFree? Was the name 11 field in any way explained how that would be used? 12 A. Possibly, yes, and I could have just forgotten. 13 Q. Okay. Well, were you told you always had to use 14 your legal name? 15 A. I don't know. Because if they had, I would have 16 made sure to put all my names as I always am with any 17 legal papers that I have to. I put my four -- my 18 first two names and my first last name. So if I 19 didn't, I assume that someone probably told me that 20 it's not so important as to put my full information in 21 there. 22 Q. Okay. And did you, in fact, receive funds in 23 connection with your claim? 24 A. Yes. Not from TelexFree eWallet. Right? This</p>	<p style="text-align: right;">Page 31</p> <p>1 less than that, than the claim. 2 Q. Okay. And you just said something that reminded 3 me. Did you ever submit money directly to TelexFree, 4 meaning not the Western Union transfer that you made. 5 But did you ever send money either via check or ACH or 6 debit card to TelexFree directly? 7 A. So you can't in Bolivia. It's really hard. 8 Q. Okay. 9 A. Unless you have a credit card, and it's really 10 impossible. Yeah, so I don't think I did. I think I 11 just sent that whole amount through Western Union. 12 Q. Did you ever take money out through eWallet? 13 A. No, because I was supposed to get my, like, 14 first payment, and that's when everything shut down. 15 I wasn't even able -- I created an eWallet, but I 16 never, ever, like, really used it. I even got the 17 card. 18 Q. Okay. So to your knowledge -- your knowledge is 19 that you never were able to take money out of the 20 TelexFree? 21 A. Yeah. I had the card. They sent it, but I 22 never used it. 23 Q. Okay. And you don't recall -- do you recall 24 making a request to get money before TelexFree closed</p>
<p style="text-align: right;">Page 30</p> <p>1 is separate? 2 Q. Yeah. This is in connection with the 3 bankruptcy. 4 A. Okay. Yes, I did, and I was actually looking 5 for that this week. I have one of the amounts and the 6 date, but the other amount, I don't have it, because 7 my bank online doesn't let me go back that far. But I 8 think if I asked, they would be able to give me the 9 exact amount. 10 Q. But you recall that you got two payments? 11 A. Yes. 12 Q. And do you recall that one was larger than the 13 other? 14 A. Yes. 15 Q. Do you recall the amount of the larger one, 16 roughly? 17 A. That's the one I was trying to get but I wasn't 18 able to get from the bank. But I think it was around 19 \$2,000 or maybe more. I know that it was not 20 hundreds. I know it was in the thousands. 21 Q. Okay. But did you also remember making note 22 that it was less than the amount of the claim that you 23 submitted? 24 A. Yeah. I know that it was at least half or way</p>	<p style="text-align: right;">Page 32</p> <p>1 its doors? Do you recall trying to set up a request 2 for money? 3 A. I don't recall that. 4 Q. Did you ever collect any money from anybody in 5 connection with TelexFree? Meaning did you ever try 6 to recruit anyone and collect money from them? 7 A. There was one person that I shared to TelexFree 8 about, but I think she was under, also, Francisco, not 9 under me. That I remember. 10 Q. Who is that person? Do you remember that 11 person's name? 12 A. Her name is Dana Ocampo. 13 Q. Could you spell Dana, please? 14 A. Yes. D, as in David, A-N-A. And her last name 15 is Ocampo, which is O, as in Oliver, C, as in cat, A, 16 as in Apple, M, as in Mary, P, as in Peter, O, as in 17 Oliver. 18 Q. Okay. So to the extent that Ms. Ocampo paid any 19 money, that money didn't go to you. Is that right? 20 A. No. 21 Q. Okay. Was she in Bolivia? 22 A. Yes. 23 Q. So would she have done the same thing, send 24 money via Western Union or something?</p>

<p style="text-align: right;">Page 33</p> <p>1 A. I would assume. I don't really know what she 2 did, but yeah. I know she invested, like, \$300. I 3 think it was, like, the minimum amount. 4 Q. Okay. 5 A. And so she didn't file, as far as I know. 6 Q. Do you recall whether you received or were 7 eligible to receive any form of recognition for 8 bringing Ms. Ocampo in? 9 A. I don't remember. 10 Q. Was that something that you had been paying 11 attention to, how you could earn additional credits by 12 recruiting people? 13 A. Yeah. I remember that that's what Francisco was 14 doing. That's -- like, I guess you can get more 15 credits. I just -- it was new, so I had no idea. But 16 yeah, I remember sharing that and that he is like, if 17 you become -- if you buy -- get accounts, then you 18 have to try to get people under you to get accounts. 19 I am guessing now kind of like Amway, in a source. 20 Right? So yeah, I shared with, I think, Dana. I 21 think that's it. I didn't really have much time to. 22 Q. So is it fair to say that maybe when you 23 recommended TelexFree to Ms. Ocampo that you were 24 really doing it on behalf of Francisco more than you</p>	<p style="text-align: right;">Page 35</p> <p>1 records of that? 2 Q. Yes. 3 A. I am sure that if I went to my bank in Bolivia, 4 they might give me a record. I don't have one with me 5 right now since traveling from Bolivia to the US. 6 Q. But your belief, as you sit here today, is that, 7 given you had two accounts, you would have used the 8 one that had US dollars in it? 9 A. Yeah, so that I wouldn't have to go through the 10 whole currency change, which would be even -- I don't 11 know. Lose money, you know. 12 Q. If you had used bolivianos, you would have lost 13 money. That's your knowledge? 14 A. Yeah, for the exchange rate. 15 Q. Okay. If I could take a moment to check my 16 notes, I think I am done. 17 Alexandra, I don't know if you have any other 18 questions but that's all the questions that I have. 19 MS. PAPAS: That's all the questions that 20 I have, as well. 21 (Deposition concluded at 11:41 a.m.) 22 23 24</p>
<p style="text-align: right;">Page 34</p> <p>1 were recruiting for yourself? 2 A. Yeah, because I still didn't even know how to do 3 it. I was still trying to get -- I didn't even get 4 the eWallet. I was just getting that up, and so I 5 don't really remember if she was under me. I think it 6 was more for Francisco. I think we kind of joined 7 around the same time too. 8 Q. Okay. Last question, I think, which is always 9 good news when a lawyer says that, although it's not 10 always true. 11 When you sent the money via Western Union, that 12 was in -- what currency was that in? What currency 13 did you use? 14 A. In dollars. 15 Q. Does Bolivia use US dollars? 16 A. Bolivia uses bolivianos, which is worth 17 one-seventh of a dollar. 18 Q. Okay. And your bank account that you used to 19 access the funds, was that holding bolivianos? 20 A. I had two accounts. I had a boliviano account 21 and a dollar account, I think. And so in this case, I 22 probably used my dollar account. 23 Q. Do you records -- 24 A. Changing currencies is really -- do I have</p>	<p style="text-align: right;">Page 36</p> <p>1 ERRATA SHEET DISTRIBUTION INFORMATION 2 DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS 3 4 5 ERRATA SHEET DISTRIBUTION INFORMATION 6 7 The original of the Errata Sheet has been 8 delivered to Alexandra M. Papas, Esquire. 9 When the Errata Sheet has been completed by 10 the deponent and signed, a copy thereof should be 11 delivered to each party of record and the ORIGINAL 12 forwarded to Alexandra M. Papas, Esquire, to whom the 13 original deposition transcript was delivered. 14 15 INSTRUCTIONS TO DEPONENT 16 17 After reading this volume of your deposition, 18 please indicate any corrections or changes to your 19 testimony and the reasons therefor on the Errata Sheet 20 supplied to you and sign it. DO NOT make marks or 21 notations on the transcript volume itself. Add 22 additional sheets if necessary. Please refer to the 23 above instructions for Errata Sheet distribution 24 information.</p>

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1 PLEASE ATTACH TO THE DEPOSITION OF WITNESS

2 CASE: NO. 14-40987-EDK

3 DATE TAKEN: February 22, 2023

4 ERRATA SHEET

5 Please refer to Page 36 for Errata Sheet instructions

6 and distribution instructions.

7 PAGE LINE CHANGE REASON

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15 I have read the foregoing transcript of my
 16 deposition, and except for any corrections or changes
 17 noted above, I hereby subscribe to the transcript as
 18 an accurate record of the statements made by me.

19

20 Executed this ____ day of _____, 2023.

21

22

23 SELVI VANESSA LEWIS REYNAGA

24

Page 38

1 CERTIFICATE

2

3 COMMONWEALTH OF MASSACHUSETTS
 HAMPSHIRE, SS.

4

5 I, Genevieve Y.J. Van de Merghel,

6 Stenographer, hereby certify:

7 That SELVI VANESSA LEWIS REYNAGA, the witness

8 whose testimony is hereinbefore set forth, was duly

9 sworn by me, pursuant to Mass. R. Civ. P. 27, 29, 30,

10 30A, and 31, and that such testimony is a true and

11 accurate record of my stenotype notes taken in the

12 foregoing matter, to the best of my knowledge, skill,

13 and ability.

14 I further certify that I am not related to
 15 any parties to this action by blood or marriage; and
 16 that I am in no way interested in the outcome of this
 17 matter.

18 IN WITNESS WHEREOF, I have hereunto set my
 19 hand this 27th day of February, 2023.

20

21

22

23 Genevieve Y.J. Van de Merghel

My Commission Expires: 12/16/27

24

<p><u> \$ </u></p> <p>\$1,125</p> <p>8:16</p> <p>\$1,420</p> <p>8:13,18</p> <p>\$1,425</p> <p>12:1 13:1 14:15</p> <p>\$2,000</p> <p>30:19</p> <p>\$300</p> <p>22:22,23 33:2</p> <p>\$49.90</p> <p>8:7</p> <p>\$49.99</p> <p>12:24</p> <p>\$50</p> <p>12:24</p> <p>\$500</p> <p>24:17</p> <p>\$6,042</p> <p>7:6</p> <p>\$6,225</p> <p>7:2</p> <p>\$7,000</p> <p>12:22 13:6,7,15</p> <p><u> 1 </u></p> <p>1</p> <p>27:8</p> <p>10</p> <p>8:1,10 12:22,23</p> <p>13:4,9 24:16 29:5</p> <p>1050</p> <p>28:21</p> <p>11:41</p> <p>35:21</p> <p>12</p> <p>20:2</p> <p>120</p> <p>8:16</p> <p>14</p> <p>5:13</p> <p>144</p> <p>4:9</p> <p><u> 2 </u></p> <p>2</p> <p>27:8</p> <p>2002</p>	<p>20:3,5</p> <p>2011</p> <p>21:23</p> <p>2012</p> <p>21:14,15</p> <p>2015</p> <p>21:13,15</p> <p>2019</p> <p>19:22,23 20:5</p> <p><u> 4 </u></p> <p>4</p> <p>5:19</p> <p>420</p> <p>12:2</p> <p><u> 5 </u></p> <p>5</p> <p>5:19</p> <p><u> 7 </u></p> <p>7</p> <p>20:2</p> <p><u> A </u></p> <p>A-N-A</p> <p>32:14</p> <p>a.m.</p> <p>35:21</p> <p>accept</p> <p>16:2</p> <p>access</p> <p>34:19</p> <p>account</p> <p>7:20 8:4,12,13,14</p> <p>10:7 11:5,6,24 12:3,</p> <p>16 14:14,17 15:5,9,</p> <p>20 16:3,8 22:22</p> <p>27:7,13 28:5,7</p> <p>34:18,20,21,22</p> <p>accounts</p> <p>7:14,16,22,23,24</p> <p>8:11,21 9:2,17,19,23</p> <p>10:1,11,14,15,18,24</p> <p>11:9,20 13:1,9 14:6,</p> <p>9,21 15:1,11,14,18</p> <p>24:19 26:19,20,22</p> <p>27:2,3,6,14 28:6,11</p> <p>29:2,6 33:17,18</p> <p>34:20 35:7</p>	<p>accurate</p> <p>5:9,14 7:7,12 8:8</p> <p>25:2</p> <p>ACH</p> <p>31:5</p> <p>actual</p> <p>6:13 8:11</p> <p>add</p> <p>24:15 27:6</p> <p>added</p> <p>13:5</p> <p>adding</p> <p>8:17</p> <p>additional</p> <p>33:11</p> <p>ads</p> <p>8:22</p> <p>agree</p> <p>4:3</p> <p>Alexandra</p> <p>35:17</p> <p>amount</p> <p>6:21,24 8:13 13:6</p> <p>24:9 30:6,9,15,22</p> <p>31:11 33:3</p> <p>amounts</p> <p>7:3 30:5</p> <p>Amway</p> <p>20:23,24 21:2,3,5</p> <p>22:3,7,8,12 23:8</p> <p>33:19</p> <p>apartment</p> <p>6:3</p> <p>apologize</p> <p>18:17 21:19</p> <p>Apple</p> <p>32:16</p> <p>appreciated</p> <p>28:4</p> <p>assume</p> <p>4:22 10:13 29:19</p> <p>33:1</p> <p>assumed</p> <p>14:23</p> <p>assuming</p> <p>13:14</p> <p>attention</p> <p>33:11</p> <p>audible</p> <p>17:17</p> <p>audio</p> <p>17:18</p>	<p><u> B </u></p> <p>B-E-L-L-O-T</p> <p>13:13 18:22</p> <p>back</p> <p>5:15 9:22 12:13</p> <p>16:18 20:3,13 30:7</p> <p>bank</p> <p>24:1 30:7,18 34:18</p> <p>35:3</p> <p>bankruptcy</p> <p>24:14 30:3</p> <p>basically</p> <p>15:8</p> <p>behalf</p> <p>33:24</p> <p>belief</p> <p>25:7 35:6</p> <p>bell</p> <p>25:18</p> <p>Bellot</p> <p>13:13 18:20</p> <p>blank</p> <p>29:1</p> <p>Bolivia</p> <p>12:4,5,7 16:2 19:4,</p> <p>12 20:4,5 21:22</p> <p>22:14 23:23 24:1,2</p> <p>28:14,16,20 31:7</p> <p>32:21 34:15,16 35:3,</p> <p>5</p> <p>boliviano</p> <p>34:20</p> <p>bolivianos</p> <p>34:16,19 35:12</p> <p>born</p> <p>19:1</p> <p>Brazil</p> <p>26:13</p> <p>bringing</p> <p>16:16 33:8</p> <p>brother</p> <p>12:15 13:8</p> <p>brother-in-law</p> <p>12:8 13:10,11 15:16</p> <p>16:5 24:4,5,20</p> <p>brother-in-law's</p> <p>13:12</p> <p>brothers</p> <p>18:23</p> <p>bunch</p> <p>27:20</p>
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EXHIBIT G

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Andre Tranjano De Costa Silveira
February 23, 2023

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<p>1 UNITED STATES BANKRUPTCY COURT DISTRICT OF MASSACHUSETTS 2 3 In Re TELEXFREE, LLC, et al.,) Debtor,) 4) 5) Case no. STEPHEN B. DARR, TRUSTEE OF THE) 14-40987-EDK 6 ESTATES OF TELEXFREE LLC, et al.,) Plaintiff,) Chapter 11 7) v.) Adv. Proc. No. 8) 16-4006 FRANZ BALAN, A REPRESENTATIVE OF A) 9 CLASS OF DEFENDANT NET WINNERS,) Defendant.) 10 11 12 13 DEPOSITION OF ANDRE TRAJANO DE COSTA SILVEIRA Appearing remotely from 14 225 Goffle Road Hawthorne, New Jersey 15 February 23, 2023 Commencing at 10:00 a.m. 16 17 18 Reported by: Genevieve Y.J. Van de Merghel Notary Public and Stenographer 19 Appearing remotely from Hampshire County, Massachusetts 20 21 22 O'Brien & Levine Court Reporting Solutions 23 68 Commercial Wharf Boston, Massachusetts 02110 24 617—399—0130</p>	<p style="text-align: right;">Page 3</p> <p>1 I N D E X 2 3 WITNESS EXAMINATION 4 ANDRE TRAJANO DE COSTA SILVEIRA BY MS. PAPAS 4 5 BY MR. DURAN 15 BY MS. PAPAS 34 6 7 8 E X H I B I T S 9 10 (No exhibits marked.) 11 12 13 14 15 16 17 18 19 20 21 22 23 24</p>
<p style="text-align: right;">Page 2</p> <p>1 A P P E A R A N C E S 2 3 ALEXANDRA M. PAPAS, ESQUIRE Murphy & King, PC 4 28 State Street, Suite 3101 Boston, Massachusetts 02109 5 617-423-0400 apapas@murphyking.com 6 Counsel for the Plaintiff (Appearing remotely) 7 8 MICHAEL J. DURAN, ESQUIRE LEA KRAEMER, ESQUIRE 9 Milligan Rona Duran & King LLC 28 State Street, Suite 802 10 Boston, Massachusetts 02109 617-395-9570 11 mjd@mrdklaw.com lk@mrdklaw.com 12 Counsel for the Defendant (Appearing remotely) 13 14 15 16 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 4</p> <p>1 P R O C E E D I N G S 2 3 Counsel present agree to conducting today's deposition remotely via videoconference. 4 5 ANDRE TRAJANO DE COSTA SILVEIRA, 6 having first been identified by the 7 production of his New Jersey driver's 8 license and duly sworn Pursuant to 9 Executive Order 144, testified as 10 follows: 11 EXAMINATION 12 BY MS. PAPAS: 13 Q. Good morning. Thank you for coming in. My name 14 is Alexandra Papas. I represent the trustee in this 15 TelexFree case. I understand you are on a work break, 16 so I will try to keep this brief. 17 Can you just state your full name for the record 18 with all your middle names included? 19 A. Andre Trajano de Costa Silveira. 20 Q. Thank you. What is your current residential 21 address? 22 A. 531 Clubhouse Court, Unit 6, Union, New Jersey. 23 Q. Thank you. I am not sure if you have been 24 deposed before, so I am just going to go through a</p>

<p style="text-align: right;">Page 5</p> <p>1 couple of instructions with you. The way this will go</p> <p>2 is I am going to ask you a series of questions. If,</p> <p>3 for some reason, you don't understand the question,</p> <p>4 please let me know. I will try to reword it in such a</p> <p>5 way that you do understand. If you do answer, I am</p> <p>6 going to assume that you understood the question and</p> <p>7 that you are answering truthfully. Do you understand</p> <p>8 these instructions?</p> <p>9 A. I do.</p> <p>10 Q. Thank you. My next quick instruction, please</p> <p>11 just say "yes" or "no" instead of nodding your head so</p> <p>12 that the court reporter can write down the answer.</p> <p>13 Can you do that?</p> <p>14 A. Yes.</p> <p>15 Q. And do you want an opportunity to review the</p> <p>16 transcript when we are done today that the court</p> <p>17 reporter is taking down to make sure it is accurate?</p> <p>18 A. Can you email it to me or do I have to confirm</p> <p>19 through a Zoom?</p> <p>20 Q. No, we will email a copy to you for you to</p> <p>21 review.</p> <p>22 A. Yes.</p> <p>23 Q. Okay. So if we email the copy to you to review,</p> <p>24 you will have 14 days to review it and then sign under</p>	<p style="text-align: right;">Page 7</p> <p>1 on this. Other than those two people, that was it.</p> <p>2 What's the attorney name? Michael. What's his name?</p> <p>3 I can't look at the email.</p> <p>4 Q. Michael Tretter. He is our paralegal.</p> <p>5 A. Michael Tretter. Yeah, yeah. Because I never</p> <p>6 got anything like this before, so I just called to</p> <p>7 make sure it's not a scam or anything like that or</p> <p>8 about people trying to get money.</p> <p>9 Q. Smart. And then one other instruction I will</p> <p>10 ask is that I am going to ask a question and try to</p> <p>11 wait until I am done to answer, and then I will also</p> <p>12 try not to interrupt you so that the court reporter</p> <p>13 can take down what we say and doesn't have to try to</p> <p>14 get two people talking at once.</p> <p>15 A. Yes.</p> <p>16 Q. Thank you. So I understand that you invested in</p> <p>17 the TelexFree program. Is that correct?</p> <p>18 A. Yes.</p> <p>19 Q. And you submitted a claim for the amount that</p> <p>20 you lost. Correct?</p> <p>21 A. Yes.</p> <p>22 Q. Do you know about how much money you submitted a</p> <p>23 claim for?</p> <p>24 A. I think it was about \$7,000. I mean, it was</p>
<p style="text-align: right;">Page 6</p> <p>1 oath that it's accurate or identify any errors. Can</p> <p>2 you do that?</p> <p>3 A. Yes.</p> <p>4 Q. Thank you. I see you are in the car, so I</p> <p>5 assume nobody else is in the car with you. Is that</p> <p>6 correct?</p> <p>7 A. No, just me. I am in my parking lot outside my</p> <p>8 office.</p> <p>9 Q. Okay. Thank you. And prior to today, did you</p> <p>10 talk to anyone about this deposition?</p> <p>11 A. Yes.</p> <p>12 Q. Who was that?</p> <p>13 A. A friend of mine that also got hit with the</p> <p>14 TelexFree claim --</p> <p>15 Q. Okay.</p> <p>16 A. -- to see if he also got the email about the</p> <p>17 deposition. And he told me no, he hadn't got nothing,</p> <p>18 so I was the only one.</p> <p>19 Q. I see. What was your friend's name?</p> <p>20 A. Ricardo.</p> <p>21 Q. And last name?</p> <p>22 A. I think his last name is Gomez, G-O-M-E-Z.</p> <p>23 Q. Thank you. Did you talk to anyone else?</p> <p>24 A. I think that's his last name. No. The attorney</p>	<p style="text-align: right;">Page 8</p> <p>1 about nine years ago. It was \$7 -- \$7,000, maybe</p> <p>2 \$6,000 or \$6,500. I don't remember the whole thing</p> <p>3 because it was such a long time ago. I just gave up</p> <p>4 on it.</p> <p>5 Q. Okay. Our records show you submitted a claim</p> <p>6 for \$3,932.19, so almost \$4,000. Does that sound like</p> <p>7 it could be correct?</p> <p>8 A. I think, at one point, I got back about -- I</p> <p>9 don't remember. I am not going to lie to you. I</p> <p>10 don't remember. I think it's, like, two or three</p> <p>11 grand, I got it back. It was --</p> <p>12 Q. Okay. I was going to say that's okay. If you</p> <p>13 don't remember, it's fine to say, "I don't remember,"</p> <p>14 or, "I don't know."</p> <p>15 But my understanding is that that sounds about</p> <p>16 accurate, and you got at least some of that money back</p> <p>17 through the claim process. Is that correct?</p> <p>18 A. Yes.</p> <p>19 Q. Do you remember how many accounts you had with</p> <p>20 TelexFree at the end?</p> <p>21 A. I think it was 11.</p> <p>22 Q. And were there different types of accounts that</p> <p>23 you had?</p> <p>24 A. No. They were all the same. You had to do</p>

<p style="text-align: right;">Page 9</p> <p>1 something. But it was the same type of accounts that 2 I remember. You just had to submit, like, a post or 3 do something, like one or two clicks and it was done 4 for the week, and I had to do it once a day. 5 First, I bought, like, four accounts. Then I 6 used my savings to buy the rest. 7 Q. Okay. And you mentioned that you had to post 8 ads. When you posted those ads, did you earn credits? 9 A. I'm sorry. Can you repeat that? 10 Q. When you posted those ads, did you earn credits 11 with TelexFree? 12 A. It was online. You had to log in to the 13 TelexFree or something online and press a few buttons, 14 but I don't remember what -- I don't know what 15 "credit" means. 16 Q. Okay. 17 A. I mean, I was told -- 18 Q. So let's back up a step. When you first joined, 19 how did you -- how was your first account opened? 20 A. I opened it through a friend of mine or someone 21 that was doing the accounts. And he came to my house 22 or went to my friend's house and he was there and he, 23 like, opened up an account for me, a subscription. He 24 showed me how to do it. "You have to download the</p>	<p style="text-align: right;">Page 11</p> <p>1 And I think, in the end, he also got hit. 2 Q. Okay. You mentioned a name. Is it spelled 3 M-A-R-I-A-L-V-A? 4 A. I don't know. 5 Q. Or something like that? 6 A. Yeah, I think his first name was Michael, 7 Miker -- Michael or something like that. But, again, 8 I don't remember. 9 Q. Okay. You mentioned he was a broker. Why did 10 you think he was a broker? 11 A. Because he would come to the house. He was 12 selling the product. "I am working for this company, 13 and what you do is open up accounts, and you have to 14 sell advertisements, and they are going to pay you for 15 it. All you got to do is go to these websites. I 16 will show you how it's done, and you submit the ads. 17 The more accounts that you have, the more ads that you 18 are posting, and you get paid per account." 19 I think each account was, like, \$500 per account 20 or \$550 per account. At the end of the week, you 21 would get paid, like, \$50 or \$100 per account. And 22 after two months after you do that, you get your money 23 back. After you get your money back, you can create 24 more accounts and so on and so forth.</p>
<p style="text-align: right;">Page 10</p> <p>1 Google Chrome. I am going to put the web browser on 2 your tab. You click on this tab, and then you press 3 this. Then you have to log in to a different account, 4 and you have to click this. Yes, yes, yes, yes." 5 What he explained to me was what you are doing is just 6 advertising ads. You have to do once a day for seven 7 days a week, and then Friday you get paid. And he put 8 your bank account information here and there. I think 9 you have to log in to one. 10 Q. So I understand that your friend helped you open 11 the first account. Did you pay your friend money for 12 that account? 13 A. I don't remember. 14 Q. What was your friend's name? 15 A. Well, the one that recommended to me was 16 Ricardo. But the guy that actually came to our house 17 and explained to me, I think his name was Michael. 18 But, again, I don't know his last name or anything 19 like that anymore. I don't remember, like, where he 20 is. 21 Q. I understand. 22 A. I know he's based out of Connecticut, and he 23 came to New Jersey a couple times. I think he was a 24 broker or salesperson trying to sell it, the accounts.</p>	<p style="text-align: right;">Page 12</p> <p>1 I mean, I think the first week, I got paid. 2 Then I had some money in my savings and I bought the 3 rest of the accounts. Then, like, two weeks after, I 4 found out the whole thing. I am like, "This sucks." 5 Q. Okay. I understand. So you opened the first 6 account. You placed some ads, which, in turn, meant 7 you earned some money. Is that correct? 8 A. Yes. Like, I think the first week, I think I 9 got some money back, yeah. 10 Q. And then so when you paid to open that account, 11 do you remember how you paid for it? 12 A. I think I paid cash. 13 Q. You paid cash? 14 A. Yeah, I paid cash. Yeah. 15 Q. Okay. And you paid cash to this broker that 16 helped you open it. Is that correct? 17 A. I think so, yes. 18 Q. Thank you. Do you remember when you first 19 opened an account? 20 A. Yeah, it was -- I remember very well, because I 21 think I got my tax return. It was between -- it was 22 winter going to 2013, 2014, around that. Or January, 23 around that mark. 2013, 2014. One second. I am 24 trying to remember. Yeah, I think it was between</p>

<p style="text-align: right;">Page 13</p> <p>1 December, January, or February.</p> <p>2 Q. Okay. I understand. So you opened your</p> <p>3 account, probably, near the end of January 2014 or</p> <p>4 potentially of February 2014. Is that correct?</p> <p>5 A. It sounds about right. It was cold. It was</p> <p>6 cold. Yeah.</p> <p>7 Q. And that was your first account that you opened</p> <p>8 around that period?</p> <p>9 A. Yeah. I mean, the first time I opened --</p> <p>10 December, January, I opened the first two or three</p> <p>11 accounts. Then I waited. And then I saw some people</p> <p>12 that were getting a lot of money back, so I used my</p> <p>13 savings account and opened the rest.</p> <p>14 Q. I understand. And then around April 2014, is</p> <p>15 that when you found out you couldn't use the accounts</p> <p>16 anymore?</p> <p>17 A. Yeah, I found out maybe March. Maybe March or</p> <p>18 April that I found out.</p> <p>19 Q. You mentioned that you worked with a broker that</p> <p>20 you thought maybe was called Michael. Did you work</p> <p>21 with any other brokers besides Michael?</p> <p>22 A. No.</p> <p>23 Q. So every time you opened an account, you paid</p> <p>24 Michael for the account?</p>	<p style="text-align: right;">Page 15</p> <p>1 A. Yes.</p> <p>2 MS. PAPAS: That's all of my questions.</p> <p>3 Thank you. I am going to turn you over to</p> <p>4 opposing counsel.</p> <p>5 THE WITNESS: Okay.</p> <p>6 EXAMINATION</p> <p>7 BY MR. DURAN:</p> <p>8 Q. Hello, Andre. Thank you for being with us. My</p> <p>9 name is Michael Duran. I am an attorney, and I</p> <p>10 represent the defendant classes of net winners in this</p> <p>11 litigation. So I am going to ask you some questions,</p> <p>12 and I appreciate you being here.</p> <p>13 A. Thank you.</p> <p>14 Q. So can you tell me when did you first learn</p> <p>15 about TelexFree?</p> <p>16 A. Word of mouth of a friend.</p> <p>17 Q. So you learned from a friend?</p> <p>18 A. (No audible response.)</p> <p>19 Q. And which friend was that?</p> <p>20 A. Ricardo.</p> <p>21 Q. So was that Ricardo Gomez?</p> <p>22 A. Yeah.</p> <p>23 Q. Okay. And how did you know Ricardo?</p> <p>24 A. We have been friends almost forever, it seems.</p>
<p style="text-align: right;">Page 14</p> <p>1 A. It was two times. First, he came. I opened up</p> <p>2 with him. And then, like, after the week after or two</p> <p>3 weeks after, he came down again to my friend's house</p> <p>4 and he opened up for a lot of people. I was one of</p> <p>5 the people. He opened for my friend and some other</p> <p>6 people around the room, and he explained it and he</p> <p>7 answered questions, and this and that.</p> <p>8 He drove from Connecticut. I think he lived in</p> <p>9 Bridgeport.</p> <p>10 Q. And he opened up accounts for some of your</p> <p>11 friends, you said. Is that correct?</p> <p>12 A. I think so. Some people that were in the room,</p> <p>13 yeah.</p> <p>14 Q. When he opened up accounts for them, did they</p> <p>15 also pay him money for those accounts?</p> <p>16 A. I think it was all cash.</p> <p>17 Q. All cash. Okay. Thank you.</p> <p>18 A. I think it was cash. That, I don't remember. I</p> <p>19 remember the people around. It was, like, five or</p> <p>20 six. Some people I knew. Some people I had never</p> <p>21 spoke to before.</p> <p>22 Q. I understand. So there were five or six people</p> <p>23 there. A few of them you knew, and a few that was the</p> <p>24 first time you met them. Is that correct?</p>	<p style="text-align: right;">Page 16</p> <p>1 I've known him since I came to this country, so just</p> <p>2 about close to 15 years.</p> <p>3 Q. Okay. So did you grow up with him in this</p> <p>4 country?</p> <p>5 A. I mean, we came here and we both speak</p> <p>6 Portuguese and we just get along really well. And he</p> <p>7 also lost a lot of money on it, so he lost a lot more</p> <p>8 than I did.</p> <p>9 Q. And what did --</p> <p>10 A. Also, he went --</p> <p>11 Q. Go ahead.</p> <p>12 A. I think -- I don't recall, but when we were</p> <p>13 going through the process and we find out that the</p> <p>14 company was a scam. It was a pyramid. And he was</p> <p>15 kind of desperate, because he put, like, \$50,000 or</p> <p>16 more in it. I mean, I was like, "Dude, you are crazy.</p> <p>17 That's a lot of money." "Yeah, I put \$50,000. I was</p> <p>18 hoping I would get my money back and put down on a</p> <p>19 house." And that didn't happen.</p> <p>20 Q. So --</p> <p>21 A. Now, honestly, at the time I was --</p> <p>22 Q. Go ahead.</p> <p>23 A. At the time -- you know, it's not a good feeling</p> <p>24 to lose a couple grand, especially him, 50 grand.</p>

<p style="text-align: right;">Page 17</p> <p>1 And I started doing research, going online, Googling 2 the name. And I found some people who lost a lot of 3 money, not just us. Like, one person, somebody lost 4 \$30,000, \$40,000, \$50,000. I'm like, it's crazy. 5 Then we started getting -- not desperate but, 6 like, we got scammed. And then after a while, we -- I 7 got an email or I searched online. You can put a 8 claims and try to get some money back, and me and him, 9 we did it together. And both of us got some money 10 back, not a whole lot, but we got some money back in 11 two payments. The first was some years ago. Maybe I 12 got two or three thousand back. Then I got another 13 one for \$25 I think, or \$10. 14 Q. Okay. So you and Ricardo worked together to 15 make your claims in the bankruptcy. Is that correct? 16 A. I mean, I filed my claim on my end. I think he 17 filed his on his end. 18 Q. So you just discussed that you both were filing 19 claims with each other? 20 A. Yes. I mean, a link opened up and you put your 21 name and information here. You try to put as much 22 information as you can to see if you can get any money 23 back for victims' institution or something like that. 24 Q. Okay. So back when Ricardo first introduced you</p>	<p style="text-align: right;">Page 19</p> <p>1 accounts online. That was it. It was two times I 2 opened these accounts, but never heard of calling 3 cards or phone plans. No, never heard of. 4 Q. Okay. You don't remember -- you are saying you 5 didn't pay Ricardo any cash? 6 A. No. 7 Q. Did you pay Ricardo any money? 8 A. No. 9 Q. When you were using TelexFree, do you remember 10 what email address you used? 11 A. Yeah. I only have one email. 12 Q. What was that? 13 A. MEDONHO100@hotmail.com. 14 Q. So can you repeat that? 15 A. Yeah. M, as in Mary, E, as Edward, D, as in 16 David, O, as in Oscar, N, as in Nancy, H, as in 17 Hector, O, as in Oscar, 100@hotmail.com. 18 Q. Okay. And that's the only email address you 19 used when you participated in TelexFree? 20 A. Yeah. That's the only email that I have besides 21 my work email and my school email. 22 Q. And you didn't use your work email and your 23 school email in TelexFree? 24 A. No, because that's personal.</p>
<p style="text-align: right;">Page 18</p> <p>1 to TelexFree, what did he tell you about it? 2 A. "I know about this company now. You create ads 3 for this company. They pay you for the work of 4 putting ads. I joined. I have been here, like, for a 5 few weeks. I am getting money back, and I am going to 6 put more. Do you want to join in?" I'm like, "Sure. 7 Why not?" 8 Q. So as part of your work in TelexFree, did you 9 pay Ricardo Gomez any money? 10 A. No. No. 11 Q. So you didn't pay Ricardo any cash? 12 A. No. 13 Q. Do you remember purchasing -- strike that. 14 After you started with TelexFree, do you 15 remember getting more phone plans after you started? 16 A. What do you mean, "phone plans"? 17 Q. Do you remember anything about buying phone 18 calling cards or -- 19 A. No. I never bought calling cards. 20 Q. You never bought calling cards. 21 A. No. I mean, calling cards? No, never calling 22 cards. 23 Q. Do you remember buying any phone plans? 24 A. No, no phone plans. It was -- everything was</p>	<p style="text-align: right;">Page 20</p> <p>1 Q. All right. So I believe you said that a person 2 came to where you were living at the time to sort of 3 pitch you on TelexFree for the first time. Is that 4 correct? 5 A. Not in my house. He went to my friend's house. 6 When I got there, there were other people interested 7 in it, and he was explaining how it works. 8 Q. Do you remember the address where this meeting 9 happened? 10 A. I don't. I know it was in Newark. 11 Q. It was in New York -- Newark. And was it near 12 where you lived? 13 A. Yeah, it's about -- back then, it was about, 14 like, 20 minutes from where I used to live. 15 Q. Was it -- 16 A. It was Newark, New Jersey. 17 Q. Was it 61 Oliver Street? 18 A. That's about right. 19 Q. That could have been? Do you remember either 20 way? 21 A. I know there's an Oliver Street in Newark, but 22 it's 9 years ago. It could be there. I don't recall 23 exactly the place that I went there. Oliver Street 24 sounds about right but, again, I am not sure because I</p>

<p style="text-align: right;">Page 21</p> <p>1 don't remember.</p> <p>2 Q. Do you remember, was it an office building?</p> <p>3 A. No, it was a house.</p> <p>4 Q. It was a house. Okay. And were there people</p> <p>5 there that were already involved in TelexFree other</p> <p>6 than the person that was making the pitch? Like, was</p> <p>7 that a place where they actually participated in</p> <p>8 TelexFree or was it just sort of a pitch, a sales</p> <p>9 pitch?</p> <p>10 A. No. It was a house, like a private home. And</p> <p>11 the guy came with his laptop in a bag. He was there</p> <p>12 explaining to everything how it works, how you do it,</p> <p>13 "Ask me questions." You know, "I can open up accounts</p> <p>14 for you. You've got to pay me cash. I will get you</p> <p>15 information and everything." Some of the people</p> <p>16 opened more accounts. Some of the people opened new</p> <p>17 accounts. There was, I think, four or five of us.</p> <p>18 Q. So was there anyone there who wanted to open up</p> <p>19 a TelexFree but didn't have cash?</p> <p>20 A. I don't remember.</p> <p>21 Q. All right. But you believe that you paid cash</p> <p>22 at that meeting?</p> <p>23 A. Yes. I believe I paid cash at that meeting,</p> <p>24 because I don't remember paying by debit card. I</p>	<p style="text-align: right;">Page 23</p> <p>1 think. It's hard to remember. I am sorry.</p> <p>2 Q. Okay. Do you remember how much cash you gave</p> <p>3 this person?</p> <p>4 A. I think five thousand.</p> <p>5 Q. You think you gave him \$5,000 at that meeting in</p> <p>6 cash?</p> <p>7 A. I think forty-five to five thousand, I think,</p> <p>8 yes.</p> <p>9 Q. Do you have any record of that?</p> <p>10 A. I don't.</p> <p>11 Q. Okay. Did you think it was -- did it concern</p> <p>12 you that you were going to a meeting and meeting</p> <p>13 someone for the first time and handing them a lot of</p> <p>14 cash?</p> <p>15 A. I was scared at first. Again, I was scared at</p> <p>16 first. First, I only bought two accounts just to</p> <p>17 start off. And then a week went by and I got paid. I</p> <p>18 think the second, I got paid. And I had a friend that</p> <p>19 I knew for a long time, she said, "Look, I am doing</p> <p>20 this. I know it's not going to be a forever thing,</p> <p>21 but you can get quick cash." I am like, okay. So I</p> <p>22 went there, and I had friends -- not only just -- not</p> <p>23 the only one. I had other people there, and some of</p> <p>24 the people, you hear through the grapevine they were</p>
<p style="text-align: right;">Page 22</p> <p>1 don't remember paying with a credit card or giving --</p> <p>2 I gave my bank information to put deposits in my bank.</p> <p>3 Other than that, I think I paid cash.</p> <p>4 Q. Before -- do you have any records of a cash</p> <p>5 withdrawal that would have, you know, gone along with</p> <p>6 that? Meaning do you remember going and withdrawing</p> <p>7 cash from your bank account to bring it to the</p> <p>8 meeting?</p> <p>9 A. I think so. That's the only way I would be able</p> <p>10 to get cash.</p> <p>11 Q. But do you remember withdrawing cash?</p> <p>12 A. Yeah. I had to pay cash, so at that point, I</p> <p>13 think I withdraw cash. That's the only source of</p> <p>14 income that I had, because I get paid direct deposit.</p> <p>15 Q. And do you remember how much cash you paid at</p> <p>16 that meeting?</p> <p>17 A. I think each account was about \$750. Or each</p> <p>18 account, to open up, was between \$550 to \$750, and I</p> <p>19 opened up like -- hang on. I don't remember how many</p> <p>20 accounts I opened up that day. But overall, I had --</p> <p>21 I think I had 11 accounts total. I could be wrong. I</p> <p>22 don't remember. It's been nine years ago.</p> <p>23 Q. But --</p> <p>24 A. I think I opened up six or seven at that time, I</p>	<p style="text-align: right;">Page 24</p> <p>1 doing the same thing. I'm like, "Okay, so you trust?"</p> <p>2 "Yeah, we trust him." So I did.</p> <p>3 I mean, it's sketchy, very sketchy. Right? You</p> <p>4 walk into a place and you give, like, five grand to a</p> <p>5 guy that you don't know. But the first two accounts,</p> <p>6 I got paid straight to my bank account. I mean, I got</p> <p>7 paid on these first two accounts just to try it out.</p> <p>8 I opened up more.</p> <p>9 Q. Okay. So is your memory that you -- soon after</p> <p>10 you purchased accounts, you received money back?</p> <p>11 A. Yeah. The first week or two weeks, I got, like,</p> <p>12 a little bit back, yes.</p> <p>13 Q. Do you remember how much it was?</p> <p>14 A. Maybe it was 100 or 150. Something like that.</p> <p>15 Q. Do you remember how many transfers back you</p> <p>16 received from TelexFree?</p> <p>17 A. On claims?</p> <p>18 Q. No. At the time that you were participating in</p> <p>19 it.</p> <p>20 A. Maybe two weeks' worth. That's it.</p> <p>21 Q. Two weeks' worth of the transfers to your bank</p> <p>22 account?</p> <p>23 A. I think the pay was on Friday. I got paid on</p> <p>24 that Friday maybe the following week. I think once</p>

<p style="text-align: right;">Page 25</p> <p>1 the first week -- if I remember correctly, I started 2 doing this on a Wednesday, and then Friday I got a 3 little bit, not too much because it was only 4 Wednesday, Thursday, Friday. I think I got two or 5 three days paid work. And the following week, I got a 6 whole week. And then the week after that, the whole 7 thing shut off. 8 Q. These payments that you are talking -- referring 9 to right now, do you remember how much those were, 10 roughly? 11 A. I think the first week was, like, \$70 or \$80 or 12 maybe \$50. And the week after, I think it was \$100 or 13 \$150. Because the way they explain it to me, like, if 14 you open up one account and you make ads every day, 15 it's \$50 per week. I mean, if you -- each account you 16 paid to open was between \$600. You take, 17 approximately, like, two months to get your money back 18 which you invested. And after that, everything would 19 be, like, 100 percent return. 20 Q. Okay. So after you received that money, do you 21 remember paying any more money? 22 A. No, no. I paid, the first time, two accounts or 23 three accounts. Then, after, I opened, like, five or 24 six more or seven more. After that, the whole thing</p>	<p style="text-align: right;">Page 27</p> <p>1 The first -- I met this guy. He gave me, 2 like -- I opened up two accounts just to try it out. 3 Two or three accounts just to try it out and see it 4 works. And I waited two weeks, which I got paid the 5 first week and the second week. Then I decided, okay, 6 let me do a couple more, but nothing crazy. Nothing 7 crazy. So I opened up more accounts. Then, after 8 that, no more. Gone. Poof. 9 Q. So you opened up more accounts, and you gave the 10 cash. On the second time you opened up accounts, was 11 it the same -- 12 A. Same person, yeah. 13 Q. Same person. And you gave him cash directly? 14 A. Correct. Everything was cash. Yeah. 15 Q. Do you remember how much cash you gave him the 16 second time? 17 A. Probably, like, between 45 to \$5,000. 18 Q. So you are saying you gave him another \$5,000? 19 A. Yes, something like that. I think, if I recall 20 correctly, yeah. I mean, I don't know to the decimal, 21 to the dollar, but if I were to ballpark and assume, 22 it was about \$4,500 to \$5,000, something like that. I 23 mean, I thought -- 24 Q. Go ahead.</p>
<p style="text-align: right;">Page 26</p> <p>1 went down and I couldn't even open them up. We called 2 the broker and the broker said, "Look, I understand 3 it's going through -- they went to bankruptcy, 4 Chapter 11." The same information that he gave us, I 5 found it online. 6 Q. Okay. So when you opened up -- so you opened up 7 a first group of accounts at the meeting. Right? Is 8 that what you are saying? 9 A. Yes. 10 Q. Then you opened up more accounts later. Is that 11 correct? 12 A. Correct, yeah. It was two meetings. That's it. 13 Q. Oh, you opened up other accounts at a different 14 meeting? 15 A. Yeah. I told you, the first time was two or 16 three accounts. Then after, I opened up, like, more. 17 It was only two meetings. 18 Q. Okay. So you only opened up accounts at 19 meetings; you didn't open them up yourself? 20 A. No. I didn't know how to. 21 Q. Okay. All right. 22 A. I mean, I had to get a guy to open up and create 23 account subscription. He had to do something, put my 24 name in it and use a password, and things like that.</p>	<p style="text-align: right;">Page 28</p> <p>1 A. I thought this was -- after the first claim that 2 I got some money back, I thought this was over. This 3 is no more. I mean, it's been nine years. And I 4 google information sometimes to see what's going on, 5 and it says they -- Carlos something. And the other 6 guy, James, was arrested. And their lawyers are 7 working on it. And by the time you get money back, it 8 could be years and it will be a fraction of what you 9 invested, because you've got to pay court fees and 10 everything else. So I just gave up on it. I said I 11 am not going to -- 12 Q. I understand. 13 A. -- fret over money. You can make money back in 14 the future. So I just gave up on it, and now I am 15 here. 16 Q. I understand. So you are telling me what you 17 spent, roughly, \$5,000 or \$4,500 in the first meeting. 18 Then you spent another -- 19 A. No. No. 20 Q. -- roughly \$4,500 -- 21 A. No, I did not say that. I said the first time, 22 I opened up two or three accounts. I think they were 23 about, like, \$1,100 or \$1,500 or something like that, 24 because I think each account was about \$550, I think,</p>

<p style="text-align: right;">Page 29</p> <p>1 per account you have to open, if I remember correctly. 2 I don't know the full numbers, about \$550, \$600. So I 3 opened up two or three accounts, which came out \$1,100 4 or something like that. And then, after two weeks, I 5 saw that I got paid. Okay. Let me open up a few more 6 accounts. That's when I decided to get to the second 7 meeting to do between 45 and \$5,000 cash. 8 Q. Okay. So you gave more money in the second -- 9 A. Yes. 10 Q. So just to be clear, how much money did you give 11 at the first meeting? 12 A. I think it was between \$1,100 or \$1,500. It was 13 three accounts or two accounts. I don't remember if 14 it was two or three. Maybe it was three because each 15 account is about -- I am just trying to remember. One 16 second. 17 Q. Sure. Sure. My question here -- 18 A. \$500. 19 Q. My question here is just how much money, how 20 much cash, did you exchange at the first meeting? 21 Total, how much cash did you give at the first 22 meeting? 23 A. I am trying to tell you I don't remember. It 24 was between \$1,100 to \$1,500 --</p>	<p style="text-align: right;">Page 31</p> <p>1 Q. Now -- 2 A. That's what I put the claim for, about \$7,000. 3 Q. Okay. When you saw your claim -- when you went 4 in and filled out your claim, did you make any changes 5 to what the trustee said you were owed? 6 A. No. It was only once. 7 Q. I'm sorry. Can you repeat that? 8 A. What do you mean "change"? I never spoke to 9 anyone. 10 Q. Okay. My question is when you made a claim in 11 the TelexFree bankruptcy, did you look at the amount 12 that the trustee said you were owed? How -- strike 13 that. 14 Let me back up. Do you remember making a claim 15 in the bankruptcy? 16 A. Yes, I remember I got an email. It said, "Put 17 your information. To the best you remember, how many 18 accounts and all this here. And then put the number 19 that you think you were owed." And, I mean, I am 20 talking about 2014, 2015. 21 Q. Right. 22 A. I put maybe like seven grand or \$7,500, roughly, 23 and how many accounts. And I had to put on the claim 24 more descriptions and definitions like vague -- they</p>
<p style="text-align: right;">Page 30</p> <p>1 Q. Okay. 2 A. -- because I don't remember if it was two or 3 three accounts. 4 Q. Okay. Well, your best recollection is between 5 \$1,100 or \$1,500 in cash that you paid at the first 6 meeting? 7 A. To my best recollection from what I remember, 8 yes. 9 Q. All right. And then I believe you said you went 10 to another meeting, you said, a few weeks later? 11 A. Correct. 12 Q. Okay. How much cash, total, did you pay at that 13 second meeting? 14 A. Between \$4,500 to \$5,000. 15 Q. So you paid significantly more money at the 16 second meeting is your memory? 17 A. If I remember correctly, yes. 18 Q. All right. So, roughly, you believe that you 19 spend, in cash -- total, how much money did you spend 20 in cash on TelexFree? 21 A. \$6,000, \$7,000. Maybe 6- or 7,000. I don't 22 remember. 23 Q. Okay. No, I appreciate that. That's okay. 24 A. That's what I filed the claim for.</p>	<p style="text-align: right;">Page 32</p> <p>1 said, "Try to put as best that you remember." And 2 there was one thing that said, "Try to put as much as 3 you can remember," and that's what I did. Then I just 4 put it on. 5 And sometimes I get emails back. Oh, they have, 6 like, a hearing on this date. If you want to come, 7 come in. If you don't, you don't. You don't have to 8 be here. And after that I just -- nobody, no. It's 9 not worth getting worked up anymore. So I just, you 10 know, fuck it. Just moved on. Excuse me. 11 Q. I understand. I understand you. So do you 12 remember that your claim was \$3,900? 13 A. No, not 39. Oh, my claim? Yes. I think I 14 remember I got a couple thousand. The first time, I 15 got paid maybe \$2,000, three grand. Yeah, the first 16 time I got paid, it was something like that. Yeah. 17 that is correct. 18 Q. Okay. I am just trying to figure out what your 19 claim amount was, not what you got paid, and if you 20 remember that. Okay. 21 So we talked about the money that you paid in 22 cash. Right? Let's talk about the money that you 23 received back really quick. How much money do you 24 remember that you received back?</p>

<p style="text-align: right;">Page 33</p> <p>1 A. Maybe the first time I got back, maybe -- do you 2 have a date that they sent out money the first time? 3 Q. I don't. I don't in front of me. I don't know 4 when. I am just trying to go from what you can 5 remember. All you can do is testify to what you 6 remember. 7 A. No, of course. Of course. I don't want to give 8 you something that I am just going off my mind. 9 Again, it was years ago. I am not trying to lie. I 10 am just trying to remember. 11 Q. Yes. And I understand that and I appreciate it. 12 A. I am trying the best I can. I think the first 13 time was maybe 2017 or maybe 2016 that I got money 14 back on the first claim. It was through Zelle from 15 Bank of America. It was -- maybe it was \$2,000 or 16 \$2,500 or maybe \$3,000. I would have to look at the 17 bank statements from years ago if they are still 18 available. I would have to look back. It was about 19 this much. And then the second time, which I think 20 was last year or the year before, I got a deposit of, 21 like, \$25 or \$30. I know it was about \$50 or less. 22 MR. DURAN: All right. I have no further 23 questions. 24 THE WITNESS: No problem.</p>	<p style="text-align: right;">Page 35</p> <p>1 ERRATA SHEET DISTRIBUTION INFORMATION 2 DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS 3 4 5 ERRATA SHEET DISTRIBUTION INFORMATION 6 7 The original of the Errata Sheet has been 8 delivered to Alexandra M. Papas, Esquire. 9 When the Errata Sheet has been completed by 10 the deponent and signed, a copy thereof should be 11 delivered to each party of record and the ORIGINAL 12 forwarded to Alexandra M. Papas, Esquire, to whom the 13 original deposition transcript was delivered. 14 15 INSTRUCTIONS TO DEPONENT 16 17 After reading this volume of your deposition, 18 please indicate any corrections or changes to your 19 testimony and the reasons therefor on the Errata Sheet 20 supplied to you and sign it. DO NOT make marks or 21 notations on the transcript volume itself. Add 22 additional sheets if necessary. Please refer to the 23 above instructions for Errata Sheet distribution 24 information.</p>
<p style="text-align: right;">Page 34</p> <p>1 MS. PAPAS: I just have a couple of 2 questions to make sure I understood everything 3 correctly. 4 EXAMINATION 5 BY MS. PAPAS: 6 Q. I believe you testified that you opened about 7 11 accounts. Is that correct? 8 A. Eleven accounts sound about right, yeah. 9 Q. And to the best of your recollection, you think 10 you spent about 5- to \$7,000 in cash to open those 11 accounts. Is that correct? 12 A. Five to seven grand. Maybe 55 to seven grand 13 sounds more accurate, because the first time, it was 14 \$5,000. The first time was \$6,000. Six thousand, 15 yeah. 16 Q. Okay. So you had about 11 accounts, and you 17 paid about \$6,000 in cash to open them. Is that 18 correct? 19 A. Sounds about right, yes. 20 MS. PAPAS: Okay. Thank you. I have no 21 further questions. We can go off the record. 22 (Deposition concluded at 10:43 a.m.) 23 24</p>	<p style="text-align: right;">Page 36</p> <p>1 PLEASE ATTACH TO THE DEPOSITION OF WITNESS 2 CASE: NO. 14-40987-EDK 3 DATE TAKEN: February 23, 2023 4 ERRATA SHEET 5 Please refer to Page 36 for Errata Sheet instructions 6 and distribution instructions. 7 PAGE LINE CHANGE REASON 8 _____ 9 _____ 10 _____ 11 _____ 12 _____ 13 _____ 14 _____ 15 I have read the foregoing transcript of my 16 deposition, and except for any corrections or changes 17 noted above, I hereby subscribe to the transcript as 18 an accurate record of the statements made by me. 19 20 Executed this ____ day of _____, 2023. 21 22 _____ 23 ANDRE TRAJANO DE COSTA SILVEIRA 24</p>

Page 37

1 CERTIFICATE

2

3 COMMONWEALTH OF MASSACHUSETTS
4 HAMPSHIRE, SS.

5

6 I, Genevieve Y.J. Van de Merghel,

7 Stenographer, hereby certify:

8 That ANDRE TRAJANO DE COSTA SILVEIRA, the

9 witness whose testimony is hereinbefore set forth, was

10 duly sworn by me, pursuant to Mass. R. Civ. P. 27, 29,

11 30, 30A, and 31, and that such testimony is a true and

12 accurate record of my stenotype notes taken in the

13 foregoing matter, to the best of my knowledge, skill,

14 and ability.

15 I further certify that I am not related to

16 any parties to this action by blood or marriage; and

17 that I am in no way interested in the outcome of this

18 matter.

19 IN WITNESS WHEREOF, I have hereunto set my

20 hand this 27th day of February, 2023.

21

22

23

24



Genevieve Y.J. Van de Merghel

My Commission Expires: 12/16/27

<u>\$</u>	\$6,500	<u>3</u>	12:3 13:11,15 14:10, 14,15 19:1,2 21:13, 16,17 22:20,21 23:16 24:5,7,10 25:22,23 26:7,10,13, 16,18 27:2,3,7,9,10 28:22 29:3,6,13 30:3 31:18,23 34:7,8,11, 16
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EXHIBIT H

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Suellen Schmidt
February 24, 2023

68 Commercial Wharf • Boston, MA 02110
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Global Coverage
Magnals.com



1 UNITED STATES BANKRUPTCY COURT
2 DISTRICT OF MASSACHUSETTS
3 In Re TELEXFREE, LLC, et al.,)
4 Debtor,)
5) Case no.
6 STEPHEN B. DARR, TRUSTEE OF THE) 14-40987-EDK
7 ESTATES OF TELEXFREE LLC, et al.,)
8 Plaintiff,) Chapter 11
9 v.) Adv. Proc. No.
10) 16-4006
11 FRANZ BALAN, A REPRESENTATIVE OF A)
12 CLASS OF DEFENDANT NET WINNERS,)
13 Defendant.)
14
15 DEPOSITION OF SUELLEN SCHMIDT
16 Appearing remotely from
17 13 Everton Avenue
18 Worcester, Massachusetts
19 February 24, 2023
20 Commencing at 11:00 a.m.
21
22 Reported by: Genevieve Y.J. Van de Merghel
23 Notary Public and Stenographer
24 Appearing remotely from
Hampshire County, Massachusetts

O'Brien & Levine Court Reporting Solutions
68 Commercial Wharf
Boston, Massachusetts 02110
617-399-0130

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1 APPEARANCES
2
3 ALEXANDRA M. PAPAS, ESQUIRE
4 Murphy & King, PC
5 28 State Street, Suite 3101
6 Boston, Massachusetts 02109
7 617-423-0400
8 apapas@murphyking.com
9 Counsel for the Plaintiff
10 (Appearing remotely)
11
12 ILYAS J. RONA, ESQUIRE
13 MICHAEL J. DURAN, ESQUIRE
14 LEA KRAEMER, ESQUIRE
15 Milligan Rona Duran & King LLC
16 28 State Street, Suite 802
17 Boston, Massachusetts 02109
18 617-395-9570
19 ijr@mrklaw.com
20 mjd@mrklaw.com
21 lk@mrklaw.com
22 Counsel for the Defendant
23 (Appearing remotely)
24

1 PROCEEDINGS
2
3 Counsel present agree to conducting today's
4 deposition remotely via videoconference.
5
6 SUELLEN SCHMIDT, having first been
7 identified by the production of her
8 Massachusetts driver's license and duly
9 sworn Pursuant to Executive Order 144,
10 testified as follows:
11 EXAMINATION
12 BY MS. PAPAS:
13 Q. Good morning. Thank you for joining us today.
14 My name is Alexandra Papas. I represent the trustee
15 in the Telex versus net winners bankruptcy case. The
16 point of this deposition is just to try to collect a
17 little bit of information and learn about individual
18 claims and the process by which participants generally
19 used the Telex program.
20 So I am not sure if you have been deposed
21 before, but I am just going to go through a few
22 instructions with you.
23 A. Okay.
24 Q. First is I am going to ask you a series of
25 questions today. If you do not understand the

<p style="text-align: right;">Page 5</p> <p>1 question, please just let me know and I will try to 2 rephrase the question so that you do understand. 3 A. Okay. 4 Q. If you answer the question, I am going to assume 5 that you did understand and you answered it 6 truthfully. 7 A. Okay. 8 Q. Do those instructions make sense? 9 A. Make sense. 10 Q. Thank you. And then I am also going to ask that 11 you give verbal answers today. So, for example, 12 please say "yes" or "no" instead of nodding your head. 13 Can you do that? 14 A. I can do that. 15 Q. Thank you. We have a court reporter here today, 16 so I am also going to ask that we try not to speak 17 over each other. I'll ask my question and try to 18 pause and give you -- and make sure I wait until you 19 answer for the next question. Can you do that today? 20 A. Yes. 21 Q. And then do you want an opportunity to review 22 the transcript of everything that we say today to make 23 sure it's accurate? 24 A. Yes.</p>	<p style="text-align: right;">Page 7</p> <p>1 \$4,000. I am sure the claim has the exact amount. I 2 can't think of that exact amount at the time. 3 Q. Our records show it was \$4,488. Does that sound 4 accurate? 5 A. Yes, it does. 6 Q. And when you submitted that claim, you declared 7 the information was true and correct. Is that right? 8 A. Yes. 9 Q. Do you remember how many accounts you had with 10 TelexFree? 11 A. I want to say three. Three or four. I don't 12 remember exact, but it's also in the claim. It's been 13 so many years. 14 Q. Your claim has five accounts. Does that sound 15 correct? 16 A. Could be. 17 Q. And for these accounts, do you remember if there 18 were different types of accounts? As in one could be, 19 like, a phone card type account and one would have 20 been more of like a family plan. Does that sound 21 accurate? 22 A. I don't remember those details. I believe it 23 was just straightforward, one type of account. 24 Q. And with those accounts that you had, could you</p>
<p style="text-align: right;">Page 6</p> <p>1 Q. In that event, we will -- once my office 2 receives a copy of the transcript, we will send you a 3 copy to review and then you will have -- sent by 4 email. And you will have 14 days to review it and 5 sign under oath that it is accurate or identify any 6 errors. Can you do that? 7 A. Yes. 8 Q. Is there anyone in the room with you today? 9 A. I do have a sick child with me. 10 Q. Just a child? 11 A. Yes. 12 Q. Did you talk to anyone about this deposition 13 before today? 14 A. My husband. 15 Q. Was he a participant in Telex? 16 A. No, he was not. 17 Q. So just to confirm, you invested in the Telex 18 program. Correct? 19 A. Yes. 20 Q. And you submitted a claim for the amount that 21 you lost from that investment? 22 A. Correct. 23 Q. Do you remember how much that claim was for? 24 A. So I believe I invested over -- a little over</p>	<p style="text-align: right;">Page 8</p> <p>1 earn credits from various activities like posting ads? 2 A. Yes. So yeah, I had to do that. I guess I 3 entered a month before they filed for bankruptcy, so I 4 was -- I was persuaded by a friend that it was 5 something good. 6 Q. Okay. 7 A. It was clearly not. Not only did I lose money, 8 but I lost my time having to go online every day and 9 do those ads. 10 Q. Okay. So for the month that you were part of 11 it, you went online, posted ads, and then you earned 12 credits from TelexFree. Is that correct? 13 A. Yes. Correct. 14 Q. And could you use those credits to get cash or 15 open up other accounts? 16 A. I believe you could. I don't remember if I was 17 able to get -- to use it. I don't remember if I had 18 time to even use it because it was -- it was so new. 19 Q. Okay. I understand. So you believe you could, 20 but you just didn't have a chance to do any of those 21 activities? 22 A. Yes. 23 Q. And do you remember how you opened your first 24 account?</p>

<p style="text-align: right;">Page 9</p> <p>1 A. Like, can you rephrase?</p> <p>2 Q. When you opened your first account, did you</p> <p>3 personally go on and fill out all the information on</p> <p>4 the Telex website to open it, or did someone help you?</p> <p>5 A. I believe I had somebody help me.</p> <p>6 Q. Do you know who helped you open it?</p> <p>7 A. Her name is Isabella. She is a friend of a</p> <p>8 friend who convinced me to join.</p> <p>9 Q. When Isabella helped you open the account, do</p> <p>10 you remember how you paid for the account?</p> <p>11 A. So, honestly, my friend -- because I told my</p> <p>12 friend I didn't want to join. I didn't have any money</p> <p>13 to join at the time. And she convinced me to accept</p> <p>14 an offer from another friend, so I had to borrow money</p> <p>15 from this other friend. She borrowed the money and</p> <p>16 invested the money, and then I ended up having to pay,</p> <p>17 of course.</p> <p>18 Q. Okay. So when you say you borrowed money from a</p> <p>19 friend, did that friend gave you money that you then</p> <p>20 gave to someone else to open the account? Is that</p> <p>21 correct?</p> <p>22 A. So it was a friend who did it for me. I didn't</p> <p>23 actually see the money.</p> <p>24 Q. Okay. So your understanding was this other</p>	<p style="text-align: right;">Page 11</p> <p>1 name?</p> <p>2 A. I don't.</p> <p>3 Q. And the friend that you borrowed money from, did</p> <p>4 this friend also have TelexFree accounts?</p> <p>5 A. I am not sure.</p> <p>6 Q. What was your friend's name that you borrowed</p> <p>7 money from?</p> <p>8 A. So it's a friend of the friend that convinced me</p> <p>9 to invest the money. My friend's name is Iralides.</p> <p>10 Do you need me to spell that?</p> <p>11 Q. Yes, please. Can you spell that, please?</p> <p>12 A. Hold on. I have to write it down so I can.</p> <p>13 It's I-R-A-I-L-D-E-S.</p> <p>14 Q. And what is her last name?</p> <p>15 A. I believe it's Olivera.</p> <p>16 Q. So I'm sorry; I don't know how to say the name.</p> <p>17 Ms. Olivera, was she the one -- sorry. Was she your</p> <p>18 friend who convinced you to join?</p> <p>19 A. Yes.</p> <p>20 Q. Okay. And did she help you open those accounts?</p> <p>21 A. No. I believe it was Isabella who had more</p> <p>22 computer knowledge.</p> <p>23 Q. So it was Ms. Olivera's friend who loaned you</p> <p>24 the money. Is that correct?</p>
<p style="text-align: right;">Page 10</p> <p>1 friend invested the account -- invested money into the</p> <p>2 account to open it for you?</p> <p>3 A. Correct.</p> <p>4 Q. So that was the first account that you opened?</p> <p>5 Is that --</p> <p>6 A. I believe they were done at the same time, that</p> <p>7 all five accounts were done at the same time.</p> <p>8 Q. Do you remember when you -- about when you</p> <p>9 opened those accounts?</p> <p>10 A. It's many, many, many, many years ago. Like, I</p> <p>11 said, it was, like, a month prior from when they filed</p> <p>12 for bankruptcy; I am sure you have those dates. I</p> <p>13 don't have it.</p> <p>14 Q. Does something like February 2014 sound</p> <p>15 accurate?</p> <p>16 A. Probably.</p> <p>17 Q. Is it possible you opened one account a few</p> <p>18 months before that?</p> <p>19 A. I believe they were done all at the same time.</p> <p>20 Q. Okay.</p> <p>21 A. Like I said, I am not 100 percent sure, but</p> <p>22 that's what I believe.</p> <p>23 Q. I think you testified that Isabella opened -- or</p> <p>24 helped you open the account. Do you know her last</p>	<p style="text-align: right;">Page 12</p> <p>1 A. Correct.</p> <p>2 Q. Do you know that friend's name?</p> <p>3 A. I can't remember right now.</p> <p>4 Q. Did Ms. Olivera's friend give Ms. Olivera money</p> <p>5 for the account?</p> <p>6 A. I don't know how the transaction was done, but I</p> <p>7 believe. I believe so.</p> <p>8 Q. I believe you testified before that you invested</p> <p>9 probably a little over \$4,000. Is that correct?</p> <p>10 A. Yes.</p> <p>11 Q. Do you remember how much each account cost?</p> <p>12 A. So I believe it was probably the same amount, so</p> <p>13 that amount divided by five.</p> <p>14 Q. Okay.</p> <p>15 A. If that's how many accounts I have.</p> <p>16 Q. Does the number 1,425 sound familiar to you?</p> <p>17 A. Is that how much each account cost?</p> <p>18 Q. That is one of the accounts that you could open.</p> <p>19 But I'm understanding your testimony is you do not</p> <p>20 remember that number. Is that correct?</p> <p>21 A. That's correct. I don't remember.</p> <p>22 Q. Your friend, Ms. Olivera, do you know if she</p> <p>23 helped other people open accounts -- or, sorry,</p> <p>24 convinced other people to open accounts?</p>

<p style="text-align: right;">Page 13</p> <p>1 A. I am not sure. She was my nail technician. 2 Q. I understand. I think you mentioned you had to 3 pay someone back. Do you know who you paid back for 4 the money that was invested? 5 A. I returned the money to my nail technician, and 6 she returned it to the person that she had borrowed it 7 from. 8 Q. Okay. So you paid Ms. Olivera the money that -- 9 for opening the accounts, and your understanding is 10 she then gave it to someone else. Correct? 11 A. That's correct. 12 Q. What form of payment was it? 13 A. I believe -- I don't remember if it was cash or 14 a check. But if it was check, I can -- I believe it 15 was cash. 16 Q. Were you about to say if it was check, you would 17 be able to check for the record? 18 A. Yeah. 19 Q. If you could, check for that record. And if you 20 do have a copy of those checks, just provide that to 21 us. That would be helpful. 22 A. I will do some research. 23 Q. Thank you. And do you remember when you paid 24 Ms. Olivera back?</p>	<p style="text-align: right;">Page 15</p> <p>1 Q. So we appreciate your being here. I am going to 2 ask you some questions under oath. 3 A. Okay. 4 Q. At the time of TelexFree, do you -- can you tell 5 us what your address was at the time you were 6 participating? 7 A. I believe it was still the same address. If the 8 investment was done in 2014, it was 13 Everton Ave., 9 my current residence. 10 Q. 13 Everton Ave. Okay. And do you remember what 11 your phone number was at the time? 12 A. 508-579-6488. 13 Q. Did you have any other phone numbers that you 14 used? 15 A. I did not. 16 Q. Okay. I'm sorry. Can you repeat that number as 17 your phone number? 18 A. 508-579-6488. 19 Q. Okay. Did you ever use 508-202-5859? 20 A. I don't recall that number. 21 Q. Okay. Are you familiar with a company called 22 Ad2 Printing? 23 A. No. 24 Q. No. Okay. So let's back up. When you</p>
<p style="text-align: right;">Page 14</p> <p>1 A. I am trying to remember. I want to say it was 2 either 2015 or early 2016. 3 Q. Okay. So you opened the accounts probably early 4 2014, and then you paid her back in 2015 or 2016. Is 5 that correct? 6 A. I believe so. 7 Q. Then, besides Ms. Olivera, did you know other 8 people who were members of the TelexFree program? 9 A. Not personally. 10 Q. Did you ever attend any meetings for the 11 program? 12 A. No. 13 Q. So the way you heard about it was through your 14 nail technician. Is that correct? 15 A. Correct. 16 MS. PAPAS: Thank you. I have no further 17 questions, so I will turn it over to Counsel. 18 THE WITNESS: Okay. 19 EXAMINATION 20 BY MR. DURAN: 21 Q. Hello. My name is Attorney Michael Duran. I 22 represent a class of defendants that the trustee has 23 sued in this case. 24 A. Okay.</p>	<p style="text-align: right;">Page 16</p> <p>1 participated in TelexFree, did you have your own 2 computer that you worked from? 3 A. I did have my own computer, yes. 4 Q. Okay. And did you log in to your own TelexFree 5 accounts from that computer? 6 A. Yes. 7 Q. Did anyone help you do that? 8 A. I believe, like I said, that person helped me 9 create the accounts, if I am not mistaken. But I 10 was -- then I was shown how to post the daily ads, and 11 then I was able to do it myself. 12 Q. Who showed you how to do it, again? 13 A. So I believe Isabella, who helped me with 14 opening the accounts. 15 Q. Okay. And is it your recollection that she 16 helped you open it, and then did you sort of take it 17 from there or did she continue to help you? 18 A. I believe I did the daily ads myself for, like I 19 said, a month. Then -- 20 Q. Okay. And how about transferred credits? Did 21 you ever transfer anyone credits in TelexFree? 22 A. I don't remember. 23 Q. You don't remember. Do you know if you would 24 have transferred Ms. Oliveras (sic) credits -- or</p>

<p style="text-align: right;">Page 17</p> <p>1 Olivera?</p> <p>2 A. I don't remember. I do not recall that.</p> <p>3 Q. You don't remember. Okay. So you said that she</p> <p>4 gave you a loan to open up your accounts. Is that</p> <p>5 correct?</p> <p>6 A. Correct.</p> <p>7 Q. And when she gave you this loan, did you ever</p> <p>8 see the money?</p> <p>9 A. Like I said, I believe I didn't see the money.</p> <p>10 I believe she gave the money -- she got the money and</p> <p>11 then -- I don't remember. I don't remember the money</p> <p>12 transaction. I don't remember seeing the money. The</p> <p>13 transfer of -- I don't know.</p> <p>14 Q. So you didn't actually see the cash?</p> <p>15 A. No.</p> <p>16 Q. Did the money go into your bank account?</p> <p>17 A. No.</p> <p>18 Q. So you never took any custody over that money?</p> <p>19 A. No.</p> <p>20 Q. Okay. You said that -- well, let me back up.</p> <p>21 Do you remember the exact amount of the loan?</p> <p>22 A. It was, like I said, over \$4,000. All the</p> <p>23 money -- it was just enough to open these many</p> <p>24 accounts.</p>	<p style="text-align: right;">Page 19</p> <p>1 because that person wanted that money. The person</p> <p>2 that let me borrow the money wanted the money back. I</p> <p>3 didn't have the funds to pay them back, so I had to</p> <p>4 take a loan from my previous employer to pay them</p> <p>5 back.</p> <p>6 Q. Did you pay them back -- go ahead.</p> <p>7 A. And then I refinanced my house at some point and</p> <p>8 was able to get some money and repaid my previous</p> <p>9 employer.</p> <p>10 Q. Did you pay them back -- did you pay this person</p> <p>11 back -- I'm sorry. Who did you pay back this money</p> <p>12 to?</p> <p>13 A. So this person borrowed the money for me to join</p> <p>14 TelexFree, and then she wanted -- when TelexFree went</p> <p>15 bankrupt, she wanted her money back. So I had to</p> <p>16 borrow money from my employer, from my previous</p> <p>17 employer. And so I took money from him and gave it</p> <p>18 back to my nail technician, who then gave it back to</p> <p>19 this person. And then I refinanced my house, got cash</p> <p>20 out, and paid my previous employer back.</p> <p>21 Q. Who was your previous employer that you took</p> <p>22 this secondary loan from?</p> <p>23 A. It's Dunkin' Donuts.</p> <p>24 Q. Dunkin' Donuts. Who is the owner of the Dunkin'</p>
<p style="text-align: right;">Page 18</p> <p>1 Q. Okay. So the only money that you used in</p> <p>2 TelexFree was money that you believe was given to you</p> <p>3 from someone else?</p> <p>4 A. Yes.</p> <p>5 Q. So you didn't put any of your funds into</p> <p>6 TelexFree?</p> <p>7 A. Well, I did have to pay later so -- it was a</p> <p>8 loan that I had to repay later, so it did come out of</p> <p>9 my pocket at some point.</p> <p>10 Q. So you repaid this "loan," we are calling it,</p> <p>11 later?</p> <p>12 A. Yes.</p> <p>13 Q. And was that after TelexFree had declared</p> <p>14 bankruptcy?</p> <p>15 A. Correct.</p> <p>16 Q. So your testimony here today is that you were</p> <p>17 involved in TelexFree, and after TelexFree went</p> <p>18 bankrupt, you repaid a loan?</p> <p>19 A. Correct.</p> <p>20 Q. Did you repay that in cash?</p> <p>21 A. I believe it was cash. Like I said, I don't</p> <p>22 remember -- because I had to take a loan to repay this</p> <p>23 person. I had to take a loan from my previous</p> <p>24 employer. And yeah, it became, like, this huge deal</p>	<p style="text-align: right;">Page 20</p> <p>1 Donuts?</p> <p>2 A. It's George Cadette. But he had no -- you know,</p> <p>3 no part in it. It was my previous employer. I needed</p> <p>4 a loan, and he let me have it. He didn't even know</p> <p>5 what the purpose of the money was.</p> <p>6 Q. Okay. But can you spell his name for us?</p> <p>7 A. Sure. It's G-E-O-R-G-E, C-A-D-E-T-T-E.</p> <p>8 Q. Okay. And you say you borrowed how much money</p> <p>9 from him?</p> <p>10 A. Enough money to cover the investment and pay</p> <p>11 back, so over \$4,000.</p> <p>12 Q. You paid that money back to who?</p> <p>13 A. To the nail technician, who then paid back the</p> <p>14 person that she had borrowed it from.</p> <p>15 Q. You don't know if the nail technician actually</p> <p>16 paid the other person back. Right?</p> <p>17 A. Oh, I am sure she paid. Otherwise, she would be</p> <p>18 in trouble.</p> <p>19 Q. Why would she be in trouble?</p> <p>20 A. Well, she got a loan from somebody, so I assume</p> <p>21 that she needed to pay that person back.</p> <p>22 Q. Okay. So what was the nail technician's name</p> <p>23 that you gave -- you paid your loan, your alleged</p> <p>24 loan, back to? This nail technician, what was her</p>

<p style="text-align: right;">Page 21</p> <p>1 name?</p> <p>2 A. Iraildes Olivera.</p> <p>3 Q. Okay. Her last name? I'm sorry. I am trying</p> <p>4 to keep this straight. Her last name is Olivera?</p> <p>5 A. Correct.</p> <p>6 Q. So that's who you paid back your money to. You</p> <p>7 paid back your money to Iraildes Olivera?</p> <p>8 A. Yes.</p> <p>9 Q. Okay. You say that you paid that back when?</p> <p>10 A. I want to say it was 2015 or 2016, because I</p> <p>11 believe that's when I refinanced my house.</p> <p>12 Q. Did you pay it back in installments?</p> <p>13 A. No. I believe I gave the whole sum amount.</p> <p>14 Q. The whole sum amount. In cash, you believe, or</p> <p>15 via check?</p> <p>16 A. I believe it was cash.</p> <p>17 Q. Okay. Are you still friends with Ms. Olivera?</p> <p>18 A. I haven't talked to her in a long time. She</p> <p>19 used to be my nail technician, but then she had some</p> <p>20 health issues and she is no longer in the business.</p> <p>21 Q. Were you upset with her that she got you</p> <p>22 involved into TelexFree?</p> <p>23 A. Of course.</p> <p>24 Q. And --</p>	<p style="text-align: right;">Page 23</p> <p>1 Q. Is there any way to look at it while we are</p> <p>2 doing this?</p> <p>3 A. I can try. Can you hold on?</p> <p>4 Q. Sure.</p> <p>5 A. There we go. It's 508-202-5859. So it's the</p> <p>6 number that she had asked me if I ever had that phone</p> <p>7 number.</p> <p>8 Q. Okay. So when you were doing -- participated in</p> <p>9 TelexFree, do you remember ever receiving any money</p> <p>10 directly back from TelexFree?</p> <p>11 A. I don't remember if I was able to make a</p> <p>12 withdrawal, but I can go back in my account and check,</p> <p>13 because I believe that's how you would do it, directly</p> <p>14 to my bank account, if I was able to make a</p> <p>15 withdrawal.</p> <p>16 Q. Okay.</p> <p>17 A. I will check. I am just making notes.</p> <p>18 Q. If you have those documents, I suppose you could</p> <p>19 provide those to the trustee and then they can share</p> <p>20 them with us.</p> <p>21 A. Will do.</p> <p>22 Q. So do you remember, when you were participating</p> <p>23 in TelexFree, whether anyone else asked you to</p> <p>24 transfer credits, you know, perhaps to pay back -- to</p>
<p style="text-align: right;">Page 22</p> <p>1 A. I mean, you know, I was very skeptical but was</p> <p>2 convinced by her. I am like, there's no easy money.</p> <p>3 But then everybody was doing something online, so I</p> <p>4 really thought it was legitimate.</p> <p>5 Q. Did you find it strange that she got you into</p> <p>6 TelexFree and then TelexFree failed, and then she was,</p> <p>7 after TelexFree failed, asking you for money? Did you</p> <p>8 ever tell her -- did you ever ask her why you should</p> <p>9 pay her back?</p> <p>10 A. Well, because allegedly, she borrowed money from</p> <p>11 a different person for me to get in.</p> <p>12 Q. Okay. Who was -- who did she tell you that she</p> <p>13 borrowed money from?</p> <p>14 A. I can't remember her name.</p> <p>15 Q. Can you check your phone for some phone numbers?</p> <p>16 Do you have your cell phone with you?</p> <p>17 A. I am actually using it in this call.</p> <p>18 Q. Oh, you are using it in the call?</p> <p>19 A. Yeah.</p> <p>20 Q. Okay. So do you have Ms. Olivera's phone number</p> <p>21 in your phone?</p> <p>22 A. I believe I do.</p> <p>23 Q. Okay.</p> <p>24 A. If she hasn't changed her number.</p>	<p style="text-align: right;">Page 24</p> <p>1 start paying back the loan or for some other reason?</p> <p>2 A. I don't recall that.</p> <p>3 Q. You don't remember transferring any money?</p> <p>4 A. The only thing I remember is that I had to go in</p> <p>5 daily and post these ads. I don't recall much more</p> <p>6 than that.</p> <p>7 Q. Do you know if Ms. Olivera had access to your</p> <p>8 account information? Could she log into your account?</p> <p>9 A. I don't think so.</p> <p>10 Q. So do you have any communications between you</p> <p>11 and Ms. Olivera about TelexFree?</p> <p>12 A. I would have -- I don't remember that. I mean,</p> <p>13 I used to go to see her every Friday, so that's</p> <p>14 probably when we talked about this. I had my weekly</p> <p>15 appointment with her.</p> <p>16 Q. Did you text, by any chance, with her?</p> <p>17 A. I don't know. I don't remember.</p> <p>18 Q. You don't remember her texting you about paying</p> <p>19 back the loan that you mentioned before?</p> <p>20 A. No. I don't remember.</p> <p>21 Q. So I assume it was difficult for you to pay back</p> <p>22 that loan?</p> <p>23 A. Yeah. I had to refinance my house.</p> <p>24 Q. And I assume that -- well, she must have</p>

<p style="text-align: right;">Page 25</p> <p>1 communicated -- did she communicate with you at all 2 about -- you know, via text or email about the need to 3 pay back this loan? 4 A. I don't remember how the communication -- if we 5 had some sort of, you know, communication in text or 6 if it was just when I saw her on Fridays for my nail 7 appointment. 8 Q. Can you tell me where the nail salon was that 9 you would visit? 10 A. It was at her house. I don't remember the 11 address, but I can get that for you. She no longer 12 lives there. I don't actually know where she lives 13 right now. 14 Q. Was it in Worcester? 15 A. It was in Worcester. 16 Q. Was it -- 17 A. It was at her house. 18 Q. It was at her house, so let me see. One second. 19 Was it at 4 Wasilla Drive? 20 A. Yes. 21 Q. So that's where the nail salon was that you went 22 to to speak to Ms. Olivera? 23 A. Correct. 24 Q. So tell me about when you actually made the</p>	<p style="text-align: right;">Page 27</p> <p>1 Q. Okay. So when you bought these accounts, as you 2 testified previously, do you remember who you 3 purchased the accounts from? 4 A. No. I don't know that. 5 Q. Do you remember anyone named Nick involved? 6 A. No. 7 Q. Okay. When you sort of went into your computer 8 to log in to TelexFree, did you always do that from 9 your home or did you ever do it somewhere else? 10 A. I don't remember. I believe I did it from home. 11 Q. Is it possible you did it from somewhere else? 12 A. No. I probably did it from my home computer. 13 Q. Okay. Have you ever been to 1257 Worcester 14 Road, off of Route 9? 15 A. I don't know that address. 16 Q. Okay. Maybe -- it might be in Framingham. Did 17 you ever go to another place related to TelexFree to 18 sort of work with others? 19 A. No. 20 Q. Okay. Are you familiar with the name Raphael 21 Pinto? 22 A. No. 23 Q. Are you familiar with the name Alessandro Pinto? 24 A. No.</p>
<p style="text-align: right;">Page 26</p> <p>1 payment. Do you remember handing her money or how did 2 that happen? 3 A. I believe I handed her the cash. 4 Q. Was it in an envelope? 5 A. I don't recall the details. Probably, because 6 it's a lot of money. 7 Q. Okay. And your recollection is -- when was 8 this? 9 A. I want to say that I refinanced the house at the 10 end of 2015, so I believe that's when -- well, 11 actually, I borrowed the money from my previous 12 employer. So it was a little before the refinancing 13 of the house that I repaid her, because then, when I 14 refinanced, I paid back my previous employer. 15 Q. I am going to go through a few names and see if 16 you recognize -- 17 A. Mm-hmm. 18 Q. Do you recognize the name Ad2 Printing? 19 A. I don't recognize that. Was it, probably, the 20 daily ad that we had to do? I am not sure. 21 Q. I don't know. I am just asking if you -- you 22 know, if you recognize that name Ad2 Printing. Or do 23 you recognize United Advertising? 24 A. I don't remember these names.</p>	<p style="text-align: right;">Page 28</p> <p>1 Q. Are you familiar with the name Dorly Pinto? 2 A. No. 3 Q. So you said you worked for Dunkin' Donuts. Do 4 you still work for that Dunkin' Donuts? 5 A. I do not. 6 Q. Was anyone in that Dunkin' Donuts involved in 7 TelexFree? 8 A. No. 9 Q. So who else do you know that was involved in 10 TelexFree? 11 A. I know my nail technician. Well, she was 12 involved. And Isabella, this person that helped me 13 set up the accounts. I can't think of anybody else at 14 the time that were. 15 Q. So you only met Isabella -- and you don't 16 remember her last name, or do you? 17 A. Correct. 18 Q. So you only met Isabella and Ms. Olivera, who is 19 your nail technician? 20 A. Correct. 21 Q. Okay. So what email address did you use when 22 you were participating in TelexFree? 23 A. I believe you had to have a different address 24 for each account, so I just created -- I think I</p>

<p style="text-align: right;">Page 29</p> <p>1 created emails, email accounts, or somebody created it 2 for me. I am not sure. 3 Q. So you don't believe you created your own email 4 address for TelexFree? 5 A. I can't really recall that. 6 Q. Do you remember if you had more than one email 7 address for TelexFree? 8 A. I believe you had to have different emails for 9 each account, so yeah, I believe I had more than one. 10 Q. Okay. Is there any way you could try to 11 determine which email addresses you used for 12 TelexFree? 13 A. I believe that information -- I had that 14 information when we filed the claim, but I don't 15 remember those addresses. 16 Q. You say when "we" filed the claim. Did someone 17 help you with the claim? 18 A. No. I followed the steps on the computer. 19 Q. Do you know what you received back from the 20 trustee? 21 A. I can -- it was a portion of it, but I can look 22 back in my account and check for the exact amount. 23 Q. That's okay. What did you do with the money 24 when you received it?</p>	<p style="text-align: right;">Page 31</p> <p>1 had borrowed. 2 Q. So you would go in to get your nails done, and 3 while you're getting your nails done she would -- what 4 would she say? 5 A. I don't remember the exact words, but, you know. 6 I agreed to, you know, have entered the TelexFree, so 7 I assumed that I had to pay back the money. 8 Q. Right. But what did she say to you? I mean, I 9 assume this was money that you didn't necessarily 10 have? 11 A. Correct. 12 Q. Right. So what would she say to you? 13 A. She would probably say, "When are you going to 14 have the money back so I can pay back the person?" 15 Q. Did you ever express to her that maybe you 16 shouldn't have to pay it back because this was a 17 scheme that she got you into, and you didn't ever even 18 touch that money? 19 A. I didn't, because when I agreed, I assumed 20 responsibility. 21 Q. But you said she had to convince you to get 22 involved? 23 A. Yes, because I know that money doesn't come very 24 easy, and I was skeptical. But then she told me all</p>
<p style="text-align: right;">Page 30</p> <p>1 A. Bills. 2 Q. Did you put it in your own personal account? 3 A. Yes. 4 Q. Did Ms. Olivera contact you as part of the claim 5 process -- or when you were filling out the claim -- 6 strike that. 7 When you were filling out the claim, did 8 Ms. Olivera contact you at any time around then? 9 A. No. I believe she was also a victim. 10 Q. So you believe that Ms. Olivera also lost money? 11 A. Oh, yes, I believe so. 12 Q. Is that what she told you? 13 A. I don't remember how far -- like, how long she 14 had invested, so I am not sure if she was able to 15 retrieve any money. It was probably, also, very new. 16 And then it went -- you know, the company went into 17 bankruptcy, so I want to say that she did lose money 18 as well. I don't know if she filed for a claim. I am 19 not sure. 20 Q. So do you remember any conversations you had 21 with her about the payback of the money? Like, how 22 would that be discussed? 23 A. Like I said, it was probably over my nails 24 getting done that I had to pay back the money that she</p>	<p style="text-align: right;">Page 32</p> <p>1 good things about it and it was legit and you can make 2 money and, you know. I was very naive. 3 Q. So did you ever express to her that it was -- 4 that you shouldn't have to pay back the money because 5 it was her idea? 6 A. No, I never expressed that. Like I said, I took 7 responsibility. 8 Q. Did you have a written agreement to pay her 9 back? 10 A. No. It was verbal. 11 Q. So there was no document that required you to 12 pay her back? 13 A. No. 14 Q. And you paid her back after the bankruptcy? 15 MS. PAPAS: Objection. Asked and 16 answered. 17 A. Say that again. 18 MS. PAPAS: You can keep going. 19 Q. Did you report to anyone that the loan was 20 repaid? 21 A. No. Who do you mean? To who? 22 Q. To the IRS or to any -- TelexFree? 23 A. No. No, it was just a verbal thing between two 24 friends.</p>

<p style="text-align: right;">Page 33</p> <p>1 Q. Okay. Did you pay any interest for the loan? 2 A. No. 3 MR. DURAN: I have no further questions. 4 MS. PAPAS: I just have a couple more 5 questions just to make sure I understand 6 everything correctly. 7 EXAMINATION 8 BY MS. PAPAS: 9 Q. I believe you testified that you opened your 10 accounts in early 2014. Is that correct? 11 A. Correct. 12 Q. And that the way you got involved was through 13 your nail technician, a Ms. Olivera, who convinced you 14 to open accounts. Correct? 15 A. Correct. 16 Q. And I think you also testified that the way you 17 opened those accounts, as you understood it, was 18 Ms. Olivera got a loan from someone in order for you 19 to get those accounts. Is that correct? 20 A. Correct. 21 Q. And I think you also testified that in about 22 late 2015 or early 2016, you paid Ms. Olivera back for 23 that loan. Is that correct? 24 A. Correct.</p>	<p style="text-align: right;">Page 35</p> <p>1 ERRATA SHEET DISTRIBUTION INFORMATION 2 DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS 3 4 5 ERRATA SHEET DISTRIBUTION INFORMATION 6 7 The original of the Errata Sheet has been 8 delivered to Alexandra M. Papas, Esquire. 9 When the Errata Sheet has been completed by 10 the deponent and signed, a copy thereof should be 11 delivered to each party of record and the ORIGINAL 12 forwarded to Alexandra M. Papas, Esquire, to whom the 13 original deposition transcript was delivered. 14 15 INSTRUCTIONS TO DEPONENT 16 17 After reading this volume of your deposition, 18 please indicate any corrections or changes to your 19 testimony and the reasons therefor on the Errata Sheet 20 supplied to you and sign it. DO NOT make marks or 21 notations on the transcript volume itself. Add 22 additional sheets if necessary. Please refer to the 23 above instructions for Errata Sheet distribution 24 information.</p>
<p style="text-align: right;">Page 34</p> <p>1 Q. And I think you testified that loan was 2 something over \$4,000. Is that correct? 3 A. Correct. 4 Q. And I think you also testified that you believe 5 it was cash but there is a potential it was a check. 6 Is that correct? 7 A. Correct. 8 Q. And then we are just going to ask that if you 9 can, look for a record of that check. Can you do 10 that? 11 A. I can do some research and see if it was a 12 check. 13 MS. PAPAS: Okay. Thank you. I have no 14 further questions. We can go off the record. 15 (Deposition concluded at 11:45 a.m.) 16 17 18 19 20 21 22 23 24</p>	<p style="text-align: right;">Page 36</p> <p>1 PLEASE ATTACH TO THE DEPOSITION OF WITNESS 2 CASE: NO. 14-40987-EDK 3 DATE TAKEN: February 24, 2023 4 ERRATA SHEET 5 Please refer to Page 35 for Errata Sheet instructions 6 and distribution instructions. 7 PAGE LINE CHANGE REASON 8 _____ 9 _____ 10 _____ 11 _____ 12 _____ 13 _____ 14 _____ 15 I have read the foregoing transcript of my 16 deposition, and except for any corrections or changes 17 noted above, I hereby subscribe to the transcript as 18 an accurate record of the statements made by me. 19 20 Executed this ____ day of _____, 2023. 21 22 _____ 23 SUELLEN SCHMIDT 24</p>

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1 CERTIFICATE

2

3 COMMONWEALTH OF MASSACHUSETTS
4 HAMPSHIRE, SS.

5

6 I, Genevieve Y.J. Van de Merghel,

7 Stenographer, hereby certify:

8 That SUELLEN SCHMIDT, the witness whose

9 testimony is hereinbefore set forth, was duly sworn by

10 me, pursuant to Mass. R. Civ. P. 27, 29, 30, 30A, and

11 31, and that such testimony is a true and accurate

12 record of my stenotype notes taken in the foregoing

13 matter, to the best of my knowledge, skill, and

14 ability.

15 I further certify that I am not related to

16 any parties to this action by blood or marriage; and

17 that I am in no way interested in the outcome of this

18 matter.

19 IN WITNESS WHEREOF, I have hereunto set my

20 hand this 27th day of February, 2023.

21

22

23

24



Genevieve Y.J. Van de Merghel

My Commission Expires: 12/16/27

<hr/> <p>\$</p> <hr/> <p>\$4,000 7:1 12:9 17:22 20:11 34:2 \$4,488 7:3</p> <hr/> <p>1</p> <hr/> <p>1,425 12:16 100 10:21 11:45 34:15 1257 27:13 13 15:8,10 14 6:4 144 4:8</p> <hr/> <p>2</p> <hr/> <p>2014 10:14 14:4 15:8 33:10 2015 14:2,4 21:10 26:10 33:22 2016 14:2,4 21:10 33:22</p> <hr/> <p>4</p> <hr/> <p>4 25:19</p> <hr/> <p>5</p> <hr/> <p>508-202-5859 15:19 23:5 508-579-6488 15:12,18</p> <hr/> <p>9</p> <hr/> <p>9 27:14</p>	<hr/> <p>A</p> <hr/> <p>a.m. 34:15 accept 9:13 access 24:7 account 7:19,23 8:24 9:2,9, 10,20 10:1,2,4,17,24 12:5,11,17 17:16 23:12,14 24:8 28:24 29:9,22 30:2 accounts 7:9,14,17,18,24 8:15 10:7,9 11:4,20 12:15,18,23,24 13:9 14:3 16:5,9,14 17:4, 24 27:1,3 28:13 29:1 33:10,14,17,19 accurate 5:23 6:5 7:4,21 10:15 activities 8:1,21 ad 26:20 Ad2 15:22 26:18,22 address 15:5,7 25:11 27:15 28:21,23 29:4,7 addresses 29:11,15 ads 8:1,9,11 16:10,18 24:5 Advertising 26:23 agree 4:3 agreed 31:6,19 agreement 32:8 ahead 19:6 Alessandro 27:23 Alexandra 4:13</p>	<p>alleged 20:23 allegedly 22:10 amount 6:20 7:1,2 12:12,13 17:21 21:13,14 29:22 answers 5:11 appointment 24:15 25:7 assume 5:4 20:20 24:21,24 31:9 assumed 31:7,19 attend 14:10 Attorney 14:21 Ave 15:8,10</p> <hr/> <p>B</p> <hr/> <p>back 13:3,24 14:4 15:24 17:20 19:2,3,5,6,10, 11,15,18,20 20:11, 12,13,16,21,24 21:6, 7,9,12 22:9 23:10, 12,24 24:1,19,21 25:3 26:14 29:19,22 30:24 31:7,14,16 32:4,9,12,14 33:22 bank 17:16 23:14 bankrupt 18:18 19:15 bankruptcy 4:14 8:3 10:12 18:14 30:17 32:14 Bills 30:1 bit 4:16 borrow 9:14 19:2,16 borrowed 9:15,18 11:3,6 13:6 19:13 20:8,14 22:10, 13 26:11 31:1</p>	<p>bought 27:1 business 21:20</p> <hr/> <p>C</p> <hr/> <p>C-A-D-E-T-T-E 20:7 Cadette 20:2 call 22:17,18 called 15:21 calling 18:10 card 7:19 case 4:14 14:23 cash 8:14 13:13,15 17:14 18:20,21 19:19 21:14,16 26:3 34:5 cell 22:16 chance 8:20 24:16 changed 22:24 check 13:14,16,17,19 21:15 22:15 23:12, 17 29:22 34:5,9,12 checks 13:20 child 6:9,10 claim 6:20,23 7:1,6,12,14 29:14,16,17 30:4,5, 7,18 claims 4:17 class 14:22 collect 4:15 communicate 25:1 communicated 25:1</p>
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EXHIBIT I

In the Matter of:
Telexfree, LLC, et al. vs
Franz Balan

Bruno Graziani
March 16, 2023

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1 UNITED STATES BANKRUPTCY COURT
2 DISTRICT OF MASSACHUSETTS
3 In Re TELEXFREE, LLC, et al.,)
4 Debtor,)
5)
6 STEPHEN B. DARR, TRUSTEE OF THE) Case no.
7 ESTATES OF TELEXFREE LLC, et) 14-40987-EDK
8 al.,)
9 Plaintiff,) Chapter 11
10)
11 v.) Adv. Proc. No.
12) 16-4006
13 FRANZ BALAN, A REPRESENTATIVE)
14 OF A CLASS OF DEFENDANT NET)
15 WINNERS,)
16 Defendant.)
17
18 DEPOSITION OF BRUNO GRAZIANI
19 Appearing remotely from
20 1 Cider Mill Lane
21 Grafton, Massachusetts
22 March 16, 2023
23 Commencing at 1:00 p.m.
24
25 Reported by: Genevieve Y.J. Van de Merghel
26 Notary Public and Stenographer
27 Appearing remotely from
28 Hampshire County, Massachusetts
29
30 O'Brien & Levine Court Reporting Solutions
31 68 Commercial Wharf
32 Boston, Massachusetts 02110
33 617-399-0130

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1 APPEARANCES
2
3 ALEXANDRA M. PAPAS, ESQUIRE
4 Murphy & King, PC
5 28 State Street, Suite 3101
6 Boston, Massachusetts 02109
7 617-423-0400
8 apapas@murphyking.com
9 Counsel for the Plaintiff
10 (Appearing remotely)
11
12 ILYAS J. RONA, ESQUIRE
13 MICHAEL J. DURAN, ESQUIRE
14 LEA KRAEMER, ESQUIRE
15 Milligan Rona Duran & King LLC
16 28 State Street, Suite 802
17 Boston, Massachusetts 02109
18 617-395-9570
19 ijr@mrklaw.com
20 mjd@mrklaw.com
21 lk@mrklaw.com
22 Counsel for the Defendant
23 (Appearing remotely)
24

Page 4

1 PROCEEDINGS
2
3 BRUNO GRAZIANI, having first been
4 identified by the production of
5 his other driver's license and duly
6 sworn Pursuant to Executive Order 144,
7 testified as follows:
8 EXAMINATION
9 BY MS. PAPAS:
10 Q. Good morning. Thank you for appearing today.
11 My name is Alexandra Papas. I am one of the attorneys
12 for the trustee of TelexFree. We just have some
13 questions about TelexFree and your involvement that I
14 am going to ask you today.
15 First off, can you confirm your full name for
16 the record?
17 A. Yes. It's Bruno Graziani.
18 Q. Thank you. And I heard you gave an address of
19 1 Cider Mill Lane in Grafton. That's your current
20 residential address. Address?
21 A. Yes. Correct.
22 Q. Thank you. And what is your current email
23 address?
24 A. So I have that one that I received an email from

<p style="text-align: right;">Page 5</p> <p>1 you guys. So that's the one I use. 2 graziani70@hotmail.com. 3 Q. Okay. Thank you. I am not sure if you have 4 been deposed before, so I am just going to go through 5 a few basics. The way this will go is I am going to 6 ask you some questions, and if you don't understand 7 the question, please let me know and I will try to 8 reword it. If you do answer the question, I am going 9 to assume that you understood it and that you have 10 answered truthfully. Do you understand? 11 A. Yes. 12 Q. And I am also going to ask that you give verbal 13 answers, so please say yes or no instead of nodding 14 your head for the court reporter. And also, try and 15 wait until I am done with the question before 16 answering so that she doesn't have to try to take down 17 two people at once. And I will try not to interrupt 18 you as well. 19 A. Okay. 20 Q. And as we said, the court reporter is taking 21 down everything we say today. Do you want an 22 opportunity to review that transcript to make sure it 23 is accurate? 24 A. Yes, please.</p>	<p style="text-align: right;">Page 7</p> <p>1 A. Yeah. I think probably around there, I would 2 say, yeah. 3 Q. And do you remember who brought you into 4 TelexFree? 5 A. Yes. So I used to work selling cookware and 6 water filters, and someone who worked as well selling 7 them -- he was actually one of my salespeople in my 8 group -- he invited me for, like, over seven months. 9 And then, I mean, I had some money that I was going 10 to -- planning to buy, like, in real estate property 11 from, like, years working there. But in the end, I 12 made that mistake of joining it. 13 And his name -- he doesn't live here anymore. 14 He moved to Brazil. It was Eduardo Da Silva. 15 Q. Is that D-A-S-I-L-V-A? 16 A. D-A, yes. And S-I-L-V-A. Yes. 17 Q. Okay. Thank you. And when he brought you into 18 Telex, do you remember if he opened an account for 19 you? 20 A. I believe he did. Yeah, he did at the time. 21 Q. When he opened that account for you, did you pay 22 him back for opening that account? 23 A. Yes. So I wasn't able to go to the bank to get 24 my statements yet for that period of time, but I</p>
<p style="text-align: right;">Page 6</p> <p>1 Q. In that event, once we get the copy of the 2 transcript from the court reporter, we will then send 3 it to you to review, and you will have 14 days to 4 return -- there's a sheet at the end that you either 5 sign to say it is accurate or you put in some errors. 6 Can you do that? 7 A. Yes. 8 Q. Just a few more preliminaries. Is there anyone 9 in the room with you? 10 A. No. 11 Q. And did you talk to anyone about this 12 deposition? 13 A. No, I have not. 14 Q. I understand you invested in the TelexFree 15 program. Is that correct? 16 A. Yes. 17 Q. Do you remember roughly when you opened the 18 first account with them? 19 A. I believe it's probably around 2012, if I am not 20 mistaken. 21 Q. Okay. so the end of -- 22 A. I don't remember the exact month or date. It's 23 been a long time. 24 Q. Does something like January 2013 sound accurate?</p>	<p style="text-align: right;">Page 8</p> <p>1 remember that, going to the bank, I took out -- I made 2 a withdrawal of money in order to make that payment. 3 Q. So did you withdraw cash? 4 A. Yes, because -- I don't know -- at the time, 5 like, you had to buy, like, credits. I don't know if 6 it was -- if you bought credits from him or something 7 like that. 8 Q. Okay. And do you remember how much that initial 9 account cost? 10 A. I believe, in the beginning, I invested over 11 \$60,000, if I am not mistaken. Yeah, something like 12 that. I was working hard. I had saved. I was going 13 to buy an apartment, but I ended up investing in that. 14 I was very young and unwise. 15 Q. I understand. So when you say \$60,000, was that 16 \$60,000 that you gave to Eduardo Da Silva? 17 A. Yes, at that time, to join. 18 Q. In exchange for that \$60,000, did you have a 19 bunch of accounts opened in Telex? Is that correct? 20 A. Correct. He opened a bunch of accounts. I 21 don't know if they were called families or AdCentral 22 or something like that. 23 Q. Okay. So in exchange for that \$60,000 to 24 Eduardo Da Silva, you get memberships that were called</p>

<p style="text-align: right;">Page 9</p> <p>1 AdCentral Family Plans. Is that correct?</p> <p>2 A. Correct.</p> <p>3 Q. So I understand with these accounts you could</p> <p>4 earn credits with Telex with such activities as</p> <p>5 posting ads. Is that correct?</p> <p>6 A. Yes.</p> <p>7 Q. And then with these credits, you would either</p> <p>8 exchange them for cash or use them to open other</p> <p>9 accounts. Is that correct?</p> <p>10 A. Correct.</p> <p>11 Q. And did you use these credits to open other</p> <p>12 accounts?</p> <p>13 A. Yes. I basically just opened new accounts. I</p> <p>14 used the credits, and I also put in more money at the</p> <p>15 time. If I am not mistaken, when TelexFree went down,</p> <p>16 I think I had over, like, 900 accounts just from,</p> <p>17 like, reinvesting the money and putting in more money.</p> <p>18 Q. I understand. So you -- with these credits you</p> <p>19 would open accounts for yourself, but you may have</p> <p>20 also purchased accounts directly. Is that correct?</p> <p>21 A. Yes. I went to Marlborough a few times, also,</p> <p>22 to purchase accounts. I don't remember the exact</p> <p>23 address, but I went to the office there that they had</p> <p>24 in Marlborough.</p>	<p style="text-align: right;">Page 11</p> <p>1 MS. PAPAS: I am going to show you one</p> <p>2 thing, if I can get my screen to share. So I</p> <p>3 would like to mark this as Exhibit 1. And,</p> <p>4 Counsel, I have just sent you copy of it.</p> <p>5 (Exhibit 1, Example Invoices Spreadsheet,</p> <p>6 marked for identification.)</p> <p>7 Q. Mr. Graziani, I will represent to you that these</p> <p>8 are a few examples of information that were exported</p> <p>9 from the Telex database. And in this first column --</p> <p>10 I am just going to run through the first line with</p> <p>11 you. Can you see this?</p> <p>12 A. Yes.</p> <p>13 Q. Let me see if I can zoom in a little. Okay.</p> <p>14 So this first column includes an invoice number.</p> <p>15 I think everything is in Brazilian from their</p> <p>16 database. But this first column has an Invoice Number</p> <p>17 2101588. Do you remember invoices being generated</p> <p>18 when you opened an account with Telex?</p> <p>19 A. I mean, I really apologize. It's been so many</p> <p>20 years, but, like, probably. I don't really recall</p> <p>21 but --</p> <p>22 Q. Okay. And so this invoice shows a login name of</p> <p>23 bgraziani and a rep name of Bruno Graziani. And the</p> <p>24 amount of the invoice was \$1,375. There's a</p>
<p style="text-align: right;">Page 10</p> <p>1 Q. Okay. And did you ever open accounts for anyone</p> <p>2 else with your credits that you had earned?</p> <p>3 A. So, basically, I told people, like, that opened</p> <p>4 with me that they had to do money orders and all that.</p> <p>5 But I might have opened maybe for my parents. I mean,</p> <p>6 I think it was, like, towards the end. I don't even</p> <p>7 think they got all their money back, either, so --</p> <p>8 Q. What are your parents' names?</p> <p>9 A. So my father's name is Luciano, L-U-C-I-A-N-O.</p> <p>10 And his last name is Graziani, same last name. And my</p> <p>11 mother's name is Celita, C-E-L-I-T-A, and same last</p> <p>12 name.</p> <p>13 Q. Thank you. And when you opened accounts for</p> <p>14 them, did you maintain control of these accounts?</p> <p>15 A. No. They would post the ads themselves.</p> <p>16 Q. So you gave them these accounts sort of as</p> <p>17 gifts?</p> <p>18 A. Yeah, kind of. Yes.</p> <p>19 Q. Was there anyone else you brought into TelexFree</p> <p>20 that maybe didn't have money right away or something</p> <p>21 that you opened accounts for and then they would pay</p> <p>22 you back later?</p> <p>23 A. I don't think so, no. Not that I can remember</p> <p>24 of, really.</p>	<p style="text-align: right;">Page 12</p> <p>1 generation date of January 25, 2013 and a payment date</p> <p>2 of January 25, 2013. Do you see that information in</p> <p>3 the first row?</p> <p>4 A. Yes.</p> <p>5 Q. And then it includes information about who paid</p> <p>6 for this. Their login name is M-U-T-U-M. Do you see</p> <p>7 that?</p> <p>8 A. Yes.</p> <p>9 Q. It says payment with bonus. Do you know what it</p> <p>10 means by "bonus"?</p> <p>11 A. I believe, probably, the credits that he had</p> <p>12 available.</p> <p>13 Q. Okay. And then when we looked up this name, the</p> <p>14 name associated was Eduardo Da Silva. So does this</p> <p>15 correspond to your memory about him opening accounts</p> <p>16 for you that you then paid him back for?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. And then there's a few more. We just</p> <p>19 picked examples. So lines 2 and 3 are also accounts</p> <p>20 for you that it looks like also Eduardo Da Silva</p> <p>21 opened -- or paid with his credits for. Does that</p> <p>22 look accurate?</p> <p>23 A. Yes.</p> <p>24 Q. So that was in August of 2013. Do you remember</p>

<p style="text-align: right;">Page 13</p> <p>1 that?</p> <p>2 A. Yeah. I mean, it's a long time, but I do</p> <p>3 remember that I opened accounts with him, yes.</p> <p>4 Q. And would you have paid him back for this type</p> <p>5 of transaction?</p> <p>6 A. Yes. Yes.</p> <p>7 Q. I think you testified that in January when he</p> <p>8 opened accounts, you paid him in cash. Do you</p> <p>9 remember how you paid him in August?</p> <p>10 A. Probably the same way, I believe.</p> <p>11 Q. Now I am going to scroll down to what is line 4.</p> <p>12 It's Invoice 16255090. This one has a login name of</p> <p>13 jefinhousa corresponding to a name of Jeferson Kaley</p> <p>14 dos Santos. Do you know who that is?</p> <p>15 A. I think I remember him, yes.</p> <p>16 Q. So this invoice corresponds to an account that</p> <p>17 you set up in June 2013. And then if we scroll over</p> <p>18 to the note, it says that the log in of bgraziani used</p> <p>19 bonuses to pay for this account.</p> <p>20 A. Yeah. He used to work selling cookware</p> <p>21 products, as well, in my group. And I believe that we</p> <p>22 opened an account for him too, and he would pay me</p> <p>23 with the commission that I had to pay him. We used</p> <p>24 his commission. But I remember him.</p>	<p style="text-align: right;">Page 15</p> <p>1 Q. Okay. So he also worked for you. And did you</p> <p>2 set this account up as payment for commission owed</p> <p>3 like the last one?</p> <p>4 A. Yeah. I think at the time he worked for me, you</p> <p>5 know, he wanted to join, and we set that up as well.</p> <p>6 Q. And do you remember Vanessa Ellen De Faria? It</p> <p>7 looks like the same last name.</p> <p>8 A. Yeah. That was my ex-girlfriend.</p> <p>9 Q. And did she pay you back the \$1,425 for paying</p> <p>10 for this account?</p> <p>11 A. No. At the time, I just opened it up for her</p> <p>12 using my credits, but she never paid me anything.</p> <p>13 Q. You opened that up for her as a gift?</p> <p>14 A. Correct.</p> <p>15 Q. And then one more name on here, Carlos Rocha.</p> <p>16 Do you know who that is?</p> <p>17 A. Carlos Rocha. I don't remember that name.</p> <p>18 Q. Is it fair to say that unless you opened these</p> <p>19 as a gift for someone, when you paid credits for</p> <p>20 someone's -- sorry. Let me rephrase that.</p> <p>21 Is it fair to say that when you used your</p> <p>22 credits to pay for someone else's account, this was in</p> <p>23 exchange for the money that the account cost, either</p> <p>24 in cash, check, or in money that you owed them. Is</p>
<p style="text-align: right;">Page 14</p> <p>1 Q. So how was that payment done?</p> <p>2 A. I had to pay him commission for the products</p> <p>3 that he used to sell. I was an independent dealer.</p> <p>4 So instead of paying him his commission, we deducted</p> <p>5 in order to pay for the accounts.</p> <p>6 Q. I understand. So you owed him money for</p> <p>7 commissions for selling cookware, and you opened the</p> <p>8 account for him to pay back that money?</p> <p>9 A. Yes.</p> <p>10 Q. And does that correspond to the \$1,425 that the</p> <p>11 account cost?</p> <p>12 A. Yes.</p> <p>13 Q. So in other words, when you opened this account</p> <p>14 that cost \$1,425, that was kind of wiping out a debt</p> <p>15 of \$1,425 that you owed him. Is that correct?</p> <p>16 A. Correct.</p> <p>17 Q. Okay. And then there's a few more names on</p> <p>18 here. These are also ones that it looks like you had</p> <p>19 paid for using credits. So I just want to ask you</p> <p>20 about Silvio Roberto De Faria. Sorry if I am</p> <p>21 pronouncing it wrong. Do you remember him?</p> <p>22 A. Yes. He used to be my -- at the time, my</p> <p>23 ex-girlfriend's uncle, and he also used to sell</p> <p>24 cookware products for me as well.</p>	<p style="text-align: right;">Page 16</p> <p>1 that correct?</p> <p>2 A. Yeah, or a gift as well.</p> <p>3 Q. Or a gift. And was it your understanding that</p> <p>4 this was standard practice within other people in</p> <p>5 Telex, to pay for other people's accounts in exchange</p> <p>6 for getting paid back?</p> <p>7 A. Yeah. I think some of them, you know, did that</p> <p>8 because you had to go to Marlborough sometimes with a</p> <p>9 money order. And instead of doing that, I guess,</p> <p>10 people did that, yes.</p> <p>11 Q. Okay. So it made it easier to open an account</p> <p>12 to use credits, for Person A to use credits to open an</p> <p>13 account and then Person B to pay them back for the</p> <p>14 account. Is that correct?</p> <p>15 A. Correct.</p> <p>16 Q. Okay. And so in this scenario where Person A</p> <p>17 paid credits to Telex, Person B is the one who ended</p> <p>18 up with an account. Is that correct?</p> <p>19 A. Okay. Yes, because the credits were used from</p> <p>20 Person A.</p> <p>21 Q. Right. So Person A used their credits to pay</p> <p>22 for an account for Person B, and then Person B paid</p> <p>23 Person A. Is that correct?</p> <p>24 A. Person A. Or it could be a gift as well, like</p>

<p style="text-align: right;">Page 17</p> <p>1 we did for a few people.</p> <p>2 Q. Okay. So other than the instances of gifts, is</p> <p>3 that your general understanding of how people would do</p> <p>4 these transactions in Telex?</p> <p>5 A. Yes.</p> <p>6 Q. And how long were you active in Telex?</p> <p>7 A. So I was reinvesting the money and basically</p> <p>8 opening new accounts probably right before it closed</p> <p>9 because, I mean, at the time I really believed in the</p> <p>10 business, like it was something legit. I mean,</p> <p>11 everywhere we went, to church, birthday parties,</p> <p>12 everywhere, that's all they talked about, really.</p> <p>13 And, I mean, a lot of people, you know, saw this</p> <p>14 really as something legit, an opportunity. They made</p> <p>15 a huge meeting in a hotel in Boston. It seemed to be</p> <p>16 that even motivated people even more. Like, you know,</p> <p>17 it's something legit. And so I was, like, reinvesting</p> <p>18 towards the end.</p> <p>19 Q. And when you say reinvest, do you mean using</p> <p>20 your credits that you earned to open more accounts?</p> <p>21 A. Yes. I tried to take out credits, but I was</p> <p>22 unsuccessful. One time it was a company, GPG. I</p> <p>23 think I sent an email with my emails back and forth</p> <p>24 with them.</p>	<p style="text-align: right;">Page 19</p> <p>1 TelexFree. Is that correct?</p> <p>2 A. Yes. I was unsuccessful.</p> <p>3 Q. And were the credits treated as dollars among</p> <p>4 kind of the TelexFree community, as in one credit</p> <p>5 equaled one dollar?</p> <p>6 A. Yes.</p> <p>7 Q. Did you ever consider using your credits to open</p> <p>8 accounts for other people to get cash from them, as a</p> <p>9 way to get some cash back?</p> <p>10 A. I mean, a lot of people did that but -- I mean,</p> <p>11 I had a bunch of credits, but I wanted to do it, just</p> <p>12 withdraw the money. You know, I always paid my taxes</p> <p>13 and everything, so never had an issue with that.</p> <p>14 Q. Okay. So your understanding is other people</p> <p>15 might have done that. They might have used their</p> <p>16 credits to open up accounts for people so that they</p> <p>17 could get the cash from them. Is that correct?</p> <p>18 A. Yeah. That made things easier, you know, in</p> <p>19 order to do all those money orders and all that, I</p> <p>20 guess.</p> <p>21 Q. Yeah. And I understand that at some point,</p> <p>22 TelexFree limited credit card payments. Was that one</p> <p>23 of the contributing factors?</p> <p>24 A. Yeah. I believe that's after they did money</p>
<p style="text-align: right;">Page 18</p> <p>1 Q. Yes.</p> <p>2 A. And another time was with -- more towards the</p> <p>3 end, they switched -- probably, I think TelexFree</p> <p>4 itself had their own company to pay people, but I</p> <p>5 never received anything.</p> <p>6 Q. Okay. So you had credits stored up with</p> <p>7 TelexFree. Is that correct?</p> <p>8 A. Yeah. Yes. I tried to withdraw money probably</p> <p>9 a couple of months before it closed so at least, you</p> <p>10 know, I would basically get all the -- try to get the</p> <p>11 money that I put in there at least. And,</p> <p>12 unfortunately, I was not successful. GPG, I think</p> <p>13 that's what they are called. So I had the emails back</p> <p>14 and forth and was unsuccessful.</p> <p>15 And, also, I tried after they switched it over</p> <p>16 to a TelexFree paid system or something, I went to the</p> <p>17 office a couple times and complained with the manager</p> <p>18 at the time that I couldn't receive anything. I</p> <p>19 didn't receive anything. But they never resolved</p> <p>20 anything.</p> <p>21 Then, maybe a month or a couple of weeks later,</p> <p>22 received the news that, you know, it was closed.</p> <p>23 Q. Okay. So it was hard to get your credits</p> <p>24 from -- it was hard to cash in your credits from</p>	<p style="text-align: right;">Page 20</p> <p>1 orders (inaudible) --</p> <p>2 (Reporter clarification.)</p> <p>3 A. As for the credit card, I believe that's when</p> <p>4 they started requiring money orders. When they</p> <p>5 stopped the credit card payments, I think that was</p> <p>6 what happened.</p> <p>7 Q. (inaudible) -- for people and then have them pay</p> <p>8 you back?</p> <p>9 A. Yeah. Most people in TelexFree suggested that,</p> <p>10 yes.</p> <p>11 (Reporter clarification.)</p> <p>12 BY MS. PAPAS:</p> <p>13 Q. The question was have other members of TelexFree</p> <p>14 suggested that you open up accounts for people using</p> <p>15 your credits and then get the cash from the person who</p> <p>16 you had opened the accounts for? Is that correct?</p> <p>17 A. Yes.</p> <p>18 Q. That was pretty standard practice?</p> <p>19 A. Yes. Most people, yes.</p> <p>20 MS. PAPAS: Thank you. I have no further</p> <p>21 questions, so I will turn it over to the other</p> <p>22 attorneys here.</p> <p>23 EXAMINATION</p> <p>24 BY MR. DURAN:</p>

<p style="text-align: right;">Page 21</p> <p>1 Q. Hello. My name is Attorney Duran, and I 2 represent the defendant classes of net -- alleged net 3 winners in these cases. So we appreciate you being 4 here. and I am also going to ask you a number of 5 questions under oath. 6 A. Okay. 7 Q. So at the time that you started in TelexFree, 8 what was your address? 9 A. I used to live with my parents. I mean, I was 10 young at the time so I was -- 80 Lilac Circle, 11 Marlborough, Massachusetts. 12 Q. Okay. 13 A. My parents still live there. 14 Q. Okay. Your parents' names, again, are what? 15 A. Luciano Graziani. And my mother's name is 16 Celita Graziani. 17 Q. Okay. And I think you said that you got your 18 father involved in TelexFree. Is that correct? 19 A. No. I mean, he wanted to open accounts too, and 20 I used my credits for him. 21 Q. Okay. 22 A. I mean, I am Brazilian, so in my community, like 23 I said, everywhere we went, that's all people talked 24 about in church and -- you kind of felt, like,</p>	<p style="text-align: right;">Page 23</p> <p>1 live there, so basically I considered that, you know, 2 paying back. 3 Q. I see. So you just intended to sort of give 4 something back to him and so you opened up some 5 TelexFree accounts for him? 6 A. Correct. 7 Q. Okay. And there was never any intention that he 8 pay you back? 9 A. No, that was never really the intention. I 10 wanted to help in a way, I mean, because I thought it 11 was a really business, something legit, you know. 12 Q. Okay. You mentioned that you were also in other 13 businesses at the time. I think you mentioned 14 corporate products. Can you tell us a little bit 15 about your involvement in other businesses? 16 A. Yes. So I used to work for a company called 17 Townecraft cookware products. 18 Q. Okay. 19 A. Basically, I was like a salesperson, an 20 independent dealer for the company. They sell 21 cookware products, water filters, air purifiers. So I 22 joined that company in 2010, and I worked there until 23 2018. 24 Q. Okay. So you worked for that company that sold</p>
<p style="text-align: right;">Page 22</p> <p>1 obligated in a certain way to join, because you are 2 like, "oh, people are, you know, selling companies 3 to -- they are making money." And you are like, "Oh, 4 if I don't join, it might be an opportunity that I 5 lose," you know. And most people believed, and they 6 made it look very legit at the time. 7 Q. Okay. I understand. And so with your dad's 8 involvement, did you and your father just work 9 together in TelexFree or did he work separately? 10 A. Yeah, I mean, we were together at times. He was 11 my father. 12 Q. And if your father made money, for instance, on 13 his TelexFree accounts, would you consider that to be 14 your father's money or your and his money, 15 collectively? 16 A. My father's money. 17 Q. Okay. And when you set him up, I think you 18 testified that you didn't actually collect money from 19 your father. Is that correct? 20 A. Yes. 21 Q. Okay. And did he ever pay you back for those 22 accounts? 23 A. At the time, no. I mean, I never paid rent in 24 their house. I never paid anything when I used to</p>	<p style="text-align: right;">Page 24</p> <p>1 cookware products during, probably, your entire time 2 that you were involved in TelexFree? 3 A. Correct. 4 Q. And were there other members of TelexFree that 5 also worked for that company? 6 A. The person that invited me at the time, he used 7 to work for that company, which is Eduardo Da Silva. 8 But then he left the company after he joined 9 TelexFree. 10 Q. Okay. So Eduardo Da Silva also worked for the 11 same cookware company. Is that correct? 12 A. Yeah. So at the time, I had some people that 13 used to sell products. Basically, they worked for me 14 selling products too. I had a group of salespeople, 15 as well, and Eduardo Da Silva, at the time, was one of 16 those salespeople. He used to sell cookware products. 17 And then he joined TelexFree free. I think 18 maybe about seven, eight months later -- I mean, he 19 always invited me, but I'm like, "Oh, I had other 20 plans." But in the end, I ended up joining as well. 21 Q. Okay. 22 A. But he left the cookware company. 23 Q. And so were there other people that were also 24 part of the cookware company that were involved in</p>

<p style="text-align: right;">Page 25</p> <p>1 TelexFree?</p> <p>2 A. There was one more person. I believe his name</p> <p>3 is Jefinho. I think she -- we had one account there</p> <p>4 that she showed.</p> <p>5 Q. Yes. Was it Jeferson Kaley dos Santos?</p> <p>6 A. Yeah. He worked for a short period of time</p> <p>7 selling cookware as well.</p> <p>8 Q. Mm-hmm.</p> <p>9 A. And there was another person, which is Silvio.</p> <p>10 He also worked selling cookware, which was my</p> <p>11 girlfriend's uncle -- ex-girlfriend's uncle. Silvio</p> <p>12 De Faria. And another one was Chris Machado. I don't</p> <p>13 know Chrystoferson Machado. He used to work there as</p> <p>14 well.</p> <p>15 Q. Okay. Can you think of any others?</p> <p>16 A. I think the last one -- he moved on to Brazil --</p> <p>17 was Ronilton -- was it Ronilton? Rony? Ronilton.</p> <p>18 Either one of those, Rony or Ronildo, I think.</p> <p>19 Q. Okay. So I think you testified previously that</p> <p>20 sometimes when someone would be owed something for the</p> <p>21 corporate products business, for the cookware</p> <p>22 business -- sometimes when someone would be owed</p> <p>23 something for the cookware business, I believe you</p> <p>24 testified that they would be paid sort of as part of</p>	<p style="text-align: right;">Page 27</p> <p>1 Q. And is there any way you would reflect in the</p> <p>2 TelexFree system that -- let's say you didn't receive</p> <p>3 cash; you received something else?</p> <p>4 A. If I was reflecting in the TelexFree system? I</p> <p>5 mean, it was sometimes like I would -- I gifted some</p> <p>6 accounts. Some of them were with the commissions,</p> <p>7 like I told you. And, I mean, most of it was that way</p> <p>8 that I can think of.</p> <p>9 Q. So when you are testifying -- strike that.</p> <p>10 So in many situations, the system would think</p> <p>11 that you were receiving a certain amount of cash for</p> <p>12 the sale of an account, but in reality, you didn't</p> <p>13 receive the cash at that point. Is that correct?</p> <p>14 A. Correct.</p> <p>15 Q. So in that situation, the system is wrong?</p> <p>16 A. Yes.</p> <p>17 Q. Okay. All right. So I believe you mentioned</p> <p>18 someone named Chrystoferson Machiado (phonetic). I</p> <p>19 don't know if I am saying that right.</p> <p>20 A. Yeah. Machado.</p> <p>21 Q. Machado, this person, he was one of the people</p> <p>22 that was also involved in the sale of kitchen</p> <p>23 products?</p> <p>24 A. Correct.</p>
<p style="text-align: right;">Page 26</p> <p>1 the TelexFree system. Is that correct?</p> <p>2 A. Yeah. So if they wanted -- like, they are like,</p> <p>3 "Oh, I want an account." I'm like, "I have to pay you</p> <p>4 commissions, so instead of paying you the commission,</p> <p>5 we will use that money to open your account." Yes.</p> <p>6 Q. Okay. So if you owed someone something -- you</p> <p>7 would pay them for something else unrelated to</p> <p>8 TelexFree by opening a TelexFree account for them?</p> <p>9 A. Yeah, for those people, you know. In some</p> <p>10 cases, yes, you know.</p> <p>11 Q. And when you would do that, was there a standard</p> <p>12 way to, you know, make sure that the account value at</p> <p>13 TelexFree was the same value as what was owed for the</p> <p>14 cookware products commission? Or was it more just</p> <p>15 that, you know, "This is roughly what I think I owe</p> <p>16 you, and hey, I've got these credits and I can open</p> <p>17 you a TelexFree account"?</p> <p>18 A. Yeah, no. Let's say I owed him \$2,000 in</p> <p>19 commission. Like, "Oh, okay, you want me to open an</p> <p>20 account for you? That's \$1,425. I will pay you the</p> <p>21 rest." So it wasn't something like --</p> <p>22 Q. Okay.</p> <p>23 A. It was very -- not really something elaborate.</p> <p>24 It was just, you know, as you go, people --</p>	<p style="text-align: right;">Page 28</p> <p>1 Q. Okay. And did he live at 85 Maple Street,</p> <p>2 Number 3, in Marlborough?</p> <p>3 A. At the time, yes.</p> <p>4 Q. And was his phone number 774-285-1929?</p> <p>5 A. Yes.</p> <p>6 Q. And do you remember transferring credits to</p> <p>7 Machado?</p> <p>8 A. Transferring credit to him? I think so, because</p> <p>9 same thing, he used to be a very good salesperson of</p> <p>10 the cookware products. He wanted to buy accounts, and</p> <p>11 we also did that.</p> <p>12 Q. Okay. So would he ever transfer credits to you?</p> <p>13 A. Probably not. I don't recall. I really don't</p> <p>14 remember if he transferred credits to me. But mostly,</p> <p>15 I believe, I transferred it to him. I opened his</p> <p>16 accounts as well, I think, at the time. But that's</p> <p>17 what I can recall.</p> <p>18 Q. Okay. So you remember transferring credits to</p> <p>19 this person, Chrystoferson Machado, in exchange for</p> <p>20 products that were unrelated to TelexFree?</p> <p>21 A. Correct.</p> <p>22 Q. Okay. Do you remember how many times you</p> <p>23 transferred credits to him?</p> <p>24 A. That's -- sorry. That's very tough to remember.</p>

<p style="text-align: right;">Page 29</p> <p>1 I don't remember how many times.</p> <p>2 Q. Okay. I am going to share my screen for a</p> <p>3 second, if you'll just bear with me. Okay. Can you</p> <p>4 see my screen?</p> <p>5 A. Yes, I can see it.</p> <p>6 Q. Okay. So watch the screen for a second. I am</p> <p>7 going to scroll over. Let me start over here. Okay.</p> <p>8 So I will represent to you that this is data that we</p> <p>9 pulled from the TelexFree system and from the</p> <p>10 trustee's data. Okay? And I am going to ask you to</p> <p>11 confirm some things and see if this helps you remember</p> <p>12 some things. Okay?</p> <p>13 So these are the dates over here. Do you see</p> <p>14 where my cursor is?</p> <p>15 A. Yes.</p> <p>16 Q. That is the rough date that the trustee believes</p> <p>17 the transaction occurred. Okay?</p> <p>18 A. Okay.</p> <p>19 Q. And the amount of the transaction would have</p> <p>20 been -- is right here, and that's \$297. Okay? And</p> <p>21 this is a description, sort of, of the transaction.</p> <p>22 It says transfer between accounts, and then there's</p> <p>23 sort of a username there of the accounts. Do you see</p> <p>24 that?</p>	<p style="text-align: right;">Page 31</p> <p>1 TelexFree kept 3 credits. Do you know why it's 297?</p> <p>2 A. I don't know if that's, like, the cost for,</p> <p>3 like, an account. I think it's AdCentral account. I</p> <p>4 believe it's probably the cost of an account. I don't</p> <p>5 remember exactly why 297.</p> <p>6 Q. Okay.</p> <p>7 MS. PAPAS: Counsel, I assume you are</p> <p>8 going to share this with us as an exhibit.</p> <p>9 MR. DURAN: I don't know if I was going to</p> <p>10 mark it as an exhibit. I suppose, yeah, we can</p> <p>11 mark this as an exhibit.</p> <p>12 (Exhibit 2, TelexFree Data Spreadsheet,</p> <p>13 marked for identification.</p> <p>14 Q. So but I remember you previously testified that</p> <p>15 you made credit transfers to Mr. Machado in exchange</p> <p>16 for other products. Is that your testimony?</p> <p>17 A. Yes.</p> <p>18 Q. Okay. And do you believe this to be a good</p> <p>19 example of that?</p> <p>20 A. Yes, because sometimes we would transfer the</p> <p>21 credits or buy accounts in exchange for products and</p> <p>22 commission and that.</p> <p>23 Q. Just bear with me here. Do you see where I am</p> <p>24 now?</p>
<p style="text-align: right;">Page 30</p> <p>1 A. Yes, I do.</p> <p>2 Q. One of them -- do you recognize one of them as</p> <p>3 yours?</p> <p>4 A. The account, yes. The bgraziani account I</p> <p>5 recognize as being mine.</p> <p>6 Q. Okay. Do you recognize the other one there?</p> <p>7 A. Yeah, tofinho. That was his nickname.</p> <p>8 Q. Tofinho was the nickname -- strike that.</p> <p>9 Are you saying that tofinho --</p> <p>10 A. His username.</p> <p>11 Q. I'm sorry. Just try to let me finish just so we</p> <p>12 have a clear record.</p> <p>13 A. Sorry.</p> <p>14 Q. Don't worry about it. So are you saying that</p> <p>15 what you recall is tofinho4 being the nickname for</p> <p>16 Machado, Chrystoferson?</p> <p>17 A. Yes.</p> <p>18 Q. Thank you. So would you agree that you</p> <p>19 transferred credits to him from your account on</p> <p>20 February 25, 2013 or around that time?</p> <p>21 A. I believe so.</p> <p>22 Q. And do these numbers of -- it looks like here</p> <p>23 that you transferred in denominations of 297 credits,</p> <p>24 but that might have been -- you know, perhaps</p>	<p style="text-align: right;">Page 32</p> <p>1 A. Yes. That's ronyusa is the person. Ronildo,</p> <p>2 one of the people that also used to work for me</p> <p>3 selling cookware.</p> <p>4 Q. Okay. So this person also worked with you, and</p> <p>5 you remember his username being ronyusa3?</p> <p>6 A. Correct.</p> <p>7 Q. Right. And that's your username, correct, next</p> <p>8 to him? Right?</p> <p>9 A. Bgraziani, yes.</p> <p>10 Q. Yes. Okay. Do you remember in March of 2013</p> <p>11 transferring credits to ronyusa3?</p> <p>12 A. I remember that I transferred credits before to</p> <p>13 him, yes.</p> <p>14 Q. Just to be clear, I will scroll over here. Was</p> <p>15 this person's name Ronildo Oliveira?</p> <p>16 A. Yes. Ronildo.</p> <p>17 Q. Ronildo Oliveira. Okay. Did he have a number</p> <p>18 of different -- well, if you remember, that's fine.</p> <p>19 But if you don't, please don't make up an answer.</p> <p>20 Do you recognize these usernames here, so</p> <p>21 ronyusa3, ronyusa7, and ronyusa8?</p> <p>22 A. Yes. That was his username.</p> <p>23 Q. Okay. Do you see where my cursor is right now?</p> <p>24 A. Yes, I do.</p>

<p style="text-align: right;">Page 33</p> <p>1 Q. So according to the trustee's data, it reflects 2 that a credit transfer occurred between ronyusa1 and 3 you on March 26, 2013 in the amount of \$1,291. Do you 4 see that? 5 A. Yes. 6 Q. In fact, all of these transfers totaling \$3,570 7 all occurred on the same day, which is March 26, 2013. 8 It looks like -- strike that. 9 Do you remember transferring roughly 3,570 10 credits to ronyusa in March of 2013? 11 A. I remember transferring credits to Rony. I just 12 don't know if that's the exact date. I do remember 13 transferring credits to Rony. 14 Q. Okay. And is it your recollection that these 15 credits were transferred in payment for some other 16 debt unrelated to TelexFree? 17 A. Yes. 18 Q. Interesting. I believe we've had discussed 19 this, where my cursor is. Right now it's at tofino, 20 and I believe you identified him as, right, 21 Mr. Machado? 22 A. Yes. Mr. Machado. 23 Q. Correct. Machado. I apologize. 24 A. No problem.</p>	<p style="text-align: right;">Page 35</p> <p>1 A. Correct. 2 Q. So when you opened an account for someone that 3 you brought into TelexFree, was it typical that they 4 would pay you cash? 5 A. I mean, the people that I really brought in -- 6 people came, wanted to join. Most of them was the 7 commission. "Instead of paying me commission, you 8 give me credits." Some of them, I gifted. But if it 9 was cash, it was something very rare in my case, like, 10 because people that I direct -- that actually that 11 joined directly from my accounts, it's -- I don't have 12 too much people direct from me. It was mostly people, 13 like, from Townecraft, my parents, people that wanted 14 to join. 15 Q. Okay. So it was people that wanted to join. So 16 can you explain the situations where you -- other 17 than, you know, related to the cookware business, 18 where you would open someone's account and not receive 19 cash? 20 A. I mean, I very rarely received cash for credits. 21 It was either I gifted, I took it out from 22 commissions, or very rarely received cash. 23 Q. So every time you sold an account, it was almost 24 unlikely that you received cash?</p>
<p style="text-align: right;">Page 34</p> <p>1 Q. And here, it looks like you transferred 2,997 2 credits to Machado on April 9, 2013. Do you remember 3 transferring roughly that amount to him on April 9, 4 2013? 5 A. Yes, I believe I did transfer money to him. 6 Like I said, I don't know if -- of course I don't 7 remember the exact date, but I do remember 8 transferring. 9 Q. Okay. Do you remember what that was for? 10 A. Probably the same thing. I had to pay him 11 commission. At the time they were trying to buy more 12 Families or AdCentrals, and they would need credits 13 so -- 14 Q. Okay. So you believe that you made this credit 15 transfer in exchange for -- what? 16 A. So instead of paying him. Like, let's say he 17 had to receive, like, a \$6,000 commission just for 18 selling the products, the cookware products. He said, 19 like, "Oh, instead of giving \$6,000, I want this much 20 in credits, and pay me the rest in check." 21 Q. I see. I see. So this transfer -- like you 22 testified previously, this transfer was also in 23 exchange for money that you owed him for the cookware 24 business. Is that correct?</p>	<p style="text-align: right;">Page 36</p> <p>1 A. Yes. Most of the time, yes. 2 Q. Right? 3 A. Because my focus was mostly my business selling 4 cookware products. 5 Q. I see. So TelexFree was sort of on the side? 6 A. For me, I honestly viewed it -- it might sound 7 funny -- as an investment in the beginning, because -- 8 like, as a business, as some investment. That's how I 9 viewed it. Instead of basically buying a real estate 10 property at the time, I put my money in this as an 11 investment, because I ended up really believing in the 12 business as something legit at the time. 13 Q. Okay. 14 MS. PAPAS: I am just going to interrupt 15 for a second. I think we have someone else 16 joining. We are actually running a few minutes 17 behind on this deposition, so can we let you 18 know? 19 (Discussion off the record.) 20 MR. DURAN: I have no further questions at 21 this point, but I am going to -- I suppose I 22 should mark that exhibit, and I will share the 23 exhibit with the stenographer, if that makes 24 sense. Will that work?</p>

<p style="text-align: right;">Page 37</p> <p>1 MS. PAPAS: Yeah. If you can, send it to 2 us. But we'll get it from them, eventually. 3 I'd prefer if you sent it to us now. 4 MR. DURAN: I think I should because it's 5 right here. 6 MS. PAPAS: While you're doing that, I 7 just have, like, two follow-up questions for 8 you, Mr. Graziani. Thank you for bearing with 9 us. Sorry for the confusion. 10 THE WITNESS: In problem. 11 EXAMINATION 12 BY MS. PAPAS: 13 Q. I think you testified that you did open up 14 accounts for various people that worked with your 15 cookware company. Is that correct? 16 A. Yeah. It was an independent dealer. They were 17 salespeople and they wanted to join, yes. 18 Q. And some of those people may have been Ronildo 19 Oliveira, Mr. Machado, a Jeferson Kaley dos Santos, 20 Silvio Roberto De Faria. Am I correct? 21 A. Correct. 22 Q. And was it standard practice when you opened up 23 an account for them using their credits that it was in 24 exchange for commission and not some other products?</p>	<p style="text-align: right;">Page 39</p> <p>1 Q. So when you would sort of use TelexFree credits 2 and TelexFree accounts to we will say transact in 3 other matters, when you did that, did you really put a 4 straight-up value on an account and a straight-up 5 value in dollars on what you were owed in the other 6 business? Was it always a dollar-for-dollar exchange 7 or was it more of a rough estimation? 8 A. No, it was mostly dollar-for-dollar exchange. 9 MR. DURAN: Okay. I have no further 10 questions. 11 (Deposition concluded at 1:56 p.m.) 12 13 14 15 16 17 18 19 20 21 22 23 24</p>
<p style="text-align: right;">Page 38</p> <p>1 A. Yeah. Most of it was commission. Sometimes, 2 "Oh, I need a cookware product, a cookware set." 3 "Okay. I will give you a cookware set. You can pay 4 me credit." So sometimes that happened, as well. 5 Q. Okay. So it was for something of value, 6 typically a commission. So if I understood your 7 current testimony, you said if you owed, say, 8 Mr. Machado \$2,000 in commission, you may open an 9 account for him with your credits for \$1,425, and then 10 he would give him a check -- sorry. You would give 11 him a check for the difference that you owed him. Is 12 that correct? 13 A. Correct. 14 Q. And that was a pretty standard process for 15 payment of these commissions? 16 A. I mean, after we joined TelexFree. In the 17 beginning, yes, because we wanted to buy more 18 accounts. Mostly in the beginning when we joined. 19 MS. PAPAS: Thank you for your time. I 20 have no further questions. 21 MR. DURAN: I do have just two further 22 questions. Thank you for bearing with us. 23 EXAMINATION 24 BY MR. DURAN:</p>	<p style="text-align: right;">Page 40</p> <p>1 ERRATA SHEET DISTRIBUTION INFORMATION 2 DEPONENT'S ERRATA & SIGNATURE INSTRUCTIONS 3 4 5 ERRATA SHEET DISTRIBUTION INFORMATION 6 7 The original of the Errata Sheet has been 8 delivered to Alexandra M. Papas, Esquire. 9 When the Errata Sheet has been completed by 10 the deponent and signed, a copy thereof should be 11 delivered to each party of record and the ORIGINAL 12 forwarded to Alexandra M. Papas, Esquire, to whom the 13 original deposition transcript was delivered. 14 15 INSTRUCTIONS TO DEPONENT 16 17 After reading this volume of your deposition, 18 please indicate any corrections or changes to your 19 testimony and the reasons therefor on the Errata Sheet 20 supplied to you and sign it. DO NOT make marks or 21 notations on the transcript volume itself. Add 22 additional sheets if necessary. Please refer to the 23 above instructions for Errata Sheet distribution 24 information.</p>

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1 PLEASE ATTACH TO THE DEPOSITION OF WITNESS

2 CASE: NO. 14-40987-EDK

3 DATE TAKEN: March 16, 2023

4 ERRATA SHEET

5 Please refer to Page 40 for Errata Sheet instructions

6 and distribution instructions.

7 PAGE LINE CHANGE REASON

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15 I have read the foregoing transcript of my
 16 deposition, and except for any corrections or changes
 17 noted above, I hereby subscribe to the transcript as
 18 an accurate record of the statements made by me.

19

20 Executed this ____ day of _____, 2023.

21

22 _____

23 Bruno Graziani

24

Page 42

1 CERTIFICATE

2

3 COMMONWEALTH OF MASSACHUSETTS
 HAMPSHIRE, SS.

4

5 I, Genevieve Y.J. Van de Merghel,

6 Stenographer, hereby certify:

7 That Bruno Graziani, the witness whose
 8 testimony is hereinbefore set forth, was duly sworn by
 9 me, pursuant to Mass. R. Civ. P. 27, 29, 30, 30A, and
 10 31, and that such testimony is a true and accurate
 11 record of my stenotype notes taken in the foregoing
 12 matter, to the best of my knowledge, skill, and
 13 ability.

14 I further certify that I am not related to
 15 any parties to this action by blood or marriage; and
 16 that I am in no way interested in the outcome of this
 17 matter.

18 IN WITNESS WHEREOF, I have hereunto set my
 19 hand this 28th day of March, 2023.

20

21 

22 Genevieve Y.J. Van de Merghel

23 My Commission Expires: 12/16/27

24

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