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**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

In re:	Case No.: BK-S-14-12524-abl Chapter 11
TELEXFREE, LLC,	[PROPOSED] Jointly Administered with:
<input type="checkbox"/> Affects this Debtor	14-12525 TelexFree, Inc. 14-12526 TelexFree Financial, Inc
<input checked="" type="checkbox"/> Affects all Debtors	
<input type="checkbox"/> Affects TELEXFREE, INC.	
<input type="checkbox"/> Affects TELEXFREE FINANCIAL, INC	Date: OST REQUESTED Time: OST REQUESTED

**OMNIBUS DECLARATION OF WILLIAM H. RUNGE, IN SUPPORT OF THE
EMERGENCY MOTION OF THE DEBTORS FOR ENTRY OF AN INTERIM ORDER
(A) AUTHORIZING THE MAINTENANCE OF ACCOUNTS AND CONTINUED USE
OF EXISTING BUSINESS FORMS AND CHECKS, (B) WAIVING CERTAIN
INVESTMENT AND DEPOSIT GUIDELINES, AND (C) GRANTING
ADMINISTRATIVE EXPENSE STATUS TO POSTPETITION INTERCOMPANY
CLAIMS**

WILLIAM H. RUNGE, III, hereby declares, under penalty of perjury, as follows:

1. I am the Chief Restructuring Advisor (“CRA”) of TelexFree, LLC, a Nevada limited liability company (“TelexFree Nevada”), TelexFree, Inc., a Massachusetts corporation (“TelexFree Massachusetts”) and TelexFree Financial, Inc., a Florida corporation (“TelexFree Florida” and together with TelexFree Massachusetts and TelexFree Nevada, “TelexFree,” the



1 “Debtors” or the “Company”). TelexFree Nevada was organized in August 2012. TelexFree
2 Massachusetts was incorporated in 2002 as Common Cents Communications, Inc. TelexFree
3 Florida was incorporated in 2013. Each of TelexFree Nevada and TelexFree Massachusetts are
4 owned by Carlos Wanzeler (50%) and James Merrill (50%). TelexFree Florida is a wholly-
5 owned subsidiary of TelexFree Nevada.

6 2. I perform my duties out of the Debtors’ headquarters in Marlborough,
7 Massachusetts. I submit this omnibus declaration (the “**Omnibus Declaration**”) in support of
8 *Emergency Motion of the Debtors for Entry of an Interim Order (A) Authorizing the*
9 *Maintenance of Accounts and Continued Use of Existing Business Forms and Checks, (B)*
10 *Waiving Certain Investment and Deposit Guidelines & (C) Granting Administrative Expense*
11 *Status to Post-Petition Intercompany Claims* (the “**Cash Management Motion**”).

12 3. I am a Managing Director with Alvarez & Marsal (“**A&M**”), a global leader in
13 business restructuring and reorganization, and head of its North American restructuring practice
14 for the Southern United States. I specialize in business diagnostics, business plan development
15 and financial strategies for corporate turnarounds and restructuring. My primary areas of
16 concentration are formulating and evaluating operational and organizational structures, and
17 developing and implementing new strategies in the heavy manufacturing, distribution,
18 telecommunications, and technology industries.

19 4. I have more than 35 years of experience working in industry, operations,
20 financial and executive management, and turnaround consulting. I have worked primarily with
21 companies challenged by transitions resulting from rapid growth, acquisitions, changes in
22 financial structure and changes in market environments. In addition to holding positions as
23 officers and directors at several companies, I have led numerous debtor and creditor advisory
24 consulting engagements and have served as a federal receiver for the United States District Court
25 for the Northern District of Georgia.

26 5. Recently I have served as the interim president of Clipper Windpower and the
27 CFO of PG&E National Energy Group. I also have served as the operational/financial advisor to
28 Flowers Floods, JGA Corp., Skinner Nurseries, Metromont Corp, Touch One Communications,

1 Star Telecommunications, Wheland Foundry, Pharr Yarns, Inc., Russell Corporation, Qimonda
2 Corp., Hayes Microcomputer, Inc., Sunshine-Jr. Stores and Laclede Steel Company, among
3 others. Additionally, I was an advisor to the senior creditors of Bellisio Foods, Pilgrim's Pride
4 Corporation, Allen's Family Foods, Cagle's Chicken, Dairy Production Systems LLC, Frozen
5 Specialties, Inc., Horizon Lines Inc., iGPS Pallet Logistics, and WorldPoint Logistics.

6 6. I received a bachelor's degree, with honors, in physics and engineering from
7 Washington and Lee University. I have a master's degree in business administration from
8 Georgia State University.

9 7. As the Chief Restructuring Advisor of the Debtors, I am authorized to submit this
10 Declaration on behalf of the Debtors. Except as indicated otherwise, all statements in this
11 Declaration are based upon (a) my personal knowledge, (b) my review to date of the Debtors'
12 books and records, or (c) other relevant documents and information prepared or collected by the
13 Debtors' employees. If I were called to testify as a witness in this matter, I could and would
14 competently testify to each of the facts set forth herein. In making the statements herein, I have
15 relied in part upon others to accurately record, prepare and collect necessary documentation and
16 information.

17 8. I make this declaration in support of the Cash Management Motion.

18 9. Prior to the commencement of the Chapter 11 Cases, and in the ordinary course of
19 their businesses, the Debtors maintained approximately 16 bank, brokerage or other accounts
20 (collectively, the "**Accounts**"). A list of the Accounts is attached to the Cash Management
21 Motion as **Exhibit 1**. As indicated herein, a number of the Accounts have been closed, but still
22 contain cash or other property of the estates.

23 10. Along with others from A&M, I am working with the Debtors' Interim Chief
24 Executive Officer and Chief Financial Officer to consolidate the Debtors' cash resources and
25 rationalize the Debtors' cash management system. The process is on-going and the Debtors
26 expect that it will be completed in the next few weeks. Until that time, the Debtors are seeking
27 interim approval to use only the funds currently in the primary operating account at PNC Bank
28 (the "**PNC Account**") to fund the Debtors ordinary course operating expenses and the costs of

1 administration of these Chapter 11 Cases. The Debtors also seek approval to maintain the
2 balance of the Accounts pending further order of this Court. Once the Debtors complete the on-
3 going process of revising the cash management system, the Debtors anticipate seeking a further
4 order of this Court to implement any revisions.

5 11. TelexFree Florida maintains an account with PNC Bank (the “**PNC Account**”).
6 The PNC Account is used as the general disbursement account for the Debtors. The PNC
7 account is the only asset of TelexFree Florida. TelexFree Florida funds the operations of
8 TelexFree Nevada and TelexFree Massachusetts from the PNC Account. The Debtors record
9 these transactions and book journal entries to record each entities intercompany liabilities. As of
10 the Petition Date, approximately \$2.4 million is available in the PNC Account.

11 12. Other than the PNC Account, the Debtors hold cash in 15 Accounts. A brief
12 description of each of those Accounts is set forth on **Exhibit 2** attached to the Cash Management
13 Motion.

14 13. In addition, the Debtors are currently in the possession of several cashier’s checks
15 in amounts that are approximately \$38 million. These cashier’s checks are currently stored in a
16 secure safety deposit box controlled by the Debtors. The Debtors’ Interim CEO and CFO
17 control, or will soon control, access to the safety deposit box. The Debtors intend to deposit
18 these cashier’s checks into an escrow account that is to be established by the Debtors after
19 seeking authorization from the Court.

20 14. The Debtors’ transition into chapter 11 will be significantly less disruptive if the
21 Accounts are maintained following the commencement of the Chapter 11 Cases with the same
22 account numbers until the Debtors can rationalize their cash management system. The Debtors
23 further request authority to deposit funds in and withdraw funds from the PNC Account
24 postpetition, subject to the same access rights and limitations existing prior to the Petition Date,
25 including, but not limited to, checks, wire transfers, ACH, electronic funds transfers, and other
26 debits and to treat the Accounts for all purposes as debtor-in-possession accounts.

27 15. In the ordinary course of business, the Debtors use pre-printed check stock with
28 the relevant Debtor’s name printed thereon. In addition, the Debtors maintain pre-printed

1 correspondence and business forms, including, but not limited to, letterhead, envelopes,
2 promotional materials, and other business forms (collectively, along with the Debtors' checks,
3 the "**Business Forms**"). To minimize administrative expense and delay, the Debtors request
4 authority to continue to use their Business Forms substantially in the forms existing immediately
5 prior to the Petition Date, without reference to the Debtors' "Debtor-in-Possession" status.

6 16. The Debtors use of the funds in the PNC Account give rise to intercompany
7 claims (the "**Intercompany Transactions**").

8 17. The Debtors maintain records of its Intercompany Transactions, including fund
9 transfers, and thus can ascertain, trace and account for Intercompany Transactions. The Debtors
10 will continue to maintain records and appropriately reconcile all Intercompany Transactions
11 postpetition.

12 18. For the reasons described herein and in the First Day Motions, I believe that the
13 prospect for achieving these objectives for the benefit of creditors and other stakeholders will be
14 substantially enhanced if this Bankruptcy Court grants the relief requested herein and
15 respectfully request the Bankruptcy Court to do so.

16 I declare, pursuant to 26 U.S.C. § 1746, under penalty of perjury, that the foregoing is
17 true and correct to the best of my information, knowledge and belief.

18 Dated: April 14, 2014

19
20 /s/ William H. Runge, III
William H. Runge III