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5 **UNITED STATES DEPARTMENT OF JUSTICE**
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9 **Attorneys for the United States Trustee for Region 17**
TRACY HOPE DAVIS

10 **UNITED STATES BANKRUPTCY COURT**
11 **DISTRICT OF NEVADA**

12 In re:

13 **TELEXFREE, LLC,**

- 14 AFFECTS THE DEBTOR
- 15 AFFECTS ALL DEBTORS
- 16 AFFECTS TELEXFREE, INC.
- 17 AFFECTS TELEXFREE FINANCIAL, INC.

CASE NO. BK-S-14-12524
Chapter 11

[PROPOSED]

Jointly Administered with:

14-12525-abl Telexfree, Inc.
14-12526-abl Telexfree Financial, Inc.

Date: April 21, 2014
Time: 1:30 p.m. (PT)

18 **DECLARATION OF EDWARD M. McDONALD JR.**

19 Edward M. McDonald Jr. declares and states as follows:

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22 1. I am an employee of the U.S. Department of Justice, Office of the United States
23 Trustee, Las Vegas field office, where I serve as a trial attorney, and have personal knowledge of
24 the matters asserted in this declaration.
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26 2. On April 17, 2014 I attended the hearings on a number of "First Day Motions"
27 filed by Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc. (collectively, the
28



1 “Debtors”). I have also reviewed certain portions of the court recording of the hearing on the
2 First Day Motion to refresh my recollection.

3 3. At the hearings on the First Day Motions, the Court granted on an interim basis
4 the Debtors’ motion to jointly administer the Debtors’ cases with *In re Telexfree, LLC*, Case No.
5 14-12524-ABL as the proposed lead case. A final hearing on the motion for joint administration
6 is set for May 2, 2014.

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8 4. Certain of the First Day Motions were continued to May 2, 2014 without any
9 relief being granted, including the motion to honor credit card transactions, the motion
10 concerning adequate protection to utilities, and the motion concerning the Debtors’ cash
11 management system. In addition, the Court authorized but did not direct the Debtors to pay
12 certain taxes and wages subject to all other orders related to the assets of the Debtors, including,
13 without limitation, a temporary restraining order in pending proceedings filed by the S.E.C.
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15 5. During the hearing on Debtors’ *Emergency Application For Order Authorizing*
16 *the Employment of Kurtzman Carson Consultants LLC as Claims and Noticing Agent for*
17 *Debtors* the Court expressed the following concern regarding certain actions that Kurtzman
18 Carson Consultants (“KCC”) had already taken on behalf of the Debtors:
19


20 KCC jumped the gun a little here counsel. They set up a website
21 and issued a press release as if I had already entered an order
22 authorizing them to do so. That’s troubling to me. And I will tell
23 you now just for sake of making it clear for later, to the extent that
24 those actions were taken before they were authorized to do so, if
25 they seek compensation, that will be an issue for them at that time.

26 6. Employees of the United States Trustee have the ability through the Electronic
27 Court Filing system to utilize the Bankruptcy Noticing Center to mail notices of hearings and
28 notices of the entry of orders, as well as certain other filings.

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

Executed on: April 21, 2014


An Employee of the Office of the U. S. Trustee