

**Telexfree, LLC (Chapter 11 Case 14-40987-MSH)**  
**Telexfree, Inc. (Chapter 11 Case 14-40988-MSH)**  
**Telexfree Financial, Inc. (Chapter 11 Case 14-40989-MSH)**  
**Statement Attached to Schedules of Assets and Liabilities and**  
**Statements of Financial Affairs**

The information contained in the attached Schedules of Assets and Liabilities (the “Schedules”) and Statement of Financial Affairs (the “Statements”) has been prepared by Stephen B. Darr, the duly appointed Chapter 11 Trustee (the “Trustee”) of the above-referenced jointly administered debtors (collectively, the “Debtors”), pursuant to 11 U.S.C. §521 and Rule 1007 of the Federal Rules of Bankruptcy Procedure.

The Trustee was appointed on June 6, 2014. At the time of his appointment, the Trustee had no access to the Debtors’ books and records because federal law enforcement authorities (the “Authorities”) had seized forty-six (46) computer servers containing more than 28 terabytes of data (the “Servers”) and substantially all of the Debtor’s physical records as a result of litigation commenced by the U.S. Securities and Exchange Commission. The Authorities alleged, among other things, that the Debtors were engaged in the operation of a pyramid scheme in violation of numerous securities laws. The physical books and records available to the Trustee are extremely limited and incomplete, the Debtors had no employees at the time of the Trustee’s appointment (and continue to have no employees) and the Debtors’ two principals (who were indicted shortly after the Trustee’s appointment) have provided no assistance in the reconstruction of the Debtors’ books and records. The Authorities also seized substantially all of the Debtors’ cash and bank accounts; these funds are being held by the U.S. Attorney pending resolution of the litigation.

Since his appointment, and with the cooperation of the Authorities, the Trustee has obtained access to information maintained on the Servers and on the Debtors’ internet-based accounting system. The information provided in the Schedules and Statements is based primarily on the Debtors’ books and records accessed by the Trustee. The Debtors’ books and records contain information for the Debtors as well as a nondebtor affiliate, Ympactus Comercial Ltd. (“Ympactus”). The Schedules and Statements are not intended to reflect the financial activity of Ympactus. Where possible, the Trustee has separately identified the financial activity attributable to each respective Debtor. In those circumstances where segregation of data by Debtor was not possible, the Trustee included information applicable to all Debtors with the notation “Combined”.

Schedule F contains a list of creditors of the Debtors and includes (i) the name and address supplied by all creditors whose proofs of claim have been processed to date by the Trustee’s claims agent Kurtzman Carson Consultants; (ii) the name and address supplied by all creditors whose proofs of claim have been delivered to the Trustee to date; (iii) the name and address of trade vendors listed in the Debtors’ accounts payable records; and (iv) the name and country of claimants (“Participants”) listed in the Debtors’ books and records who appear to have participated in the Debtors’ multi-level marketing program. As to the Participants, the Trustee has not included contact information because the information contained in the Debtors’ books



and records has not been determined to be either complete or accurate. In the context of establishing a bar date for the submission of claims, the Trustee intends to request Court approval for a process of providing electronic notice to all creditors listed on Schedule F. The data for Participants, as set forth in (iv) above, contains 1,894,940 Participant names, spanning 35,110 pages. This information has been included on a separate disc which constitutes an addendum to Schedule F.

The Trustee has not been able to verify the validity of the Debtors' information which, in large part, forms the basis for the Schedules and Statements. Accordingly, the Trustee does not make, and specifically disclaims, any representation or warranty as to the completeness or accuracy of the information set forth herein. Nothing contained in the Schedules and Statements shall constitute an admission with respect to: (i) the allowability of any claim or the priority accorded a claim; (ii) whether a claim is disputed, contingent, or unliquidated; (iii) whether a contract is executory or not executory; or (iv) the characterization of any transaction. The Trustee expressly reserves all rights, claims, and defenses, including the right to amend and supplement the Schedules and Statements.

684115