Docket #0029 Date Filed: 4/5/2016

**UNITED STATES BANKRUPTCY COURT**
**DISTRICT OF MASSACHUSETTS**
**CENTRAL DIVISION**

| | | |
|---|---|---|
| In re: | ) | Chapter 11 |
| | ) | |
| | ) | Case No. 14-40987 |
| TELEXFREE LLC., et al.,[1] | ) | |
| | ) | Jointly Administered |
| Debtors. | ) | |
| | ) | |
| | ) | |
| STEPHEN B. DARR AS TRUSTEE OF THE ESTATES OF TELEXFREE, LLC, TELEXFREE, INC. and TELEXFREE FINANCIAL, INC., | ) | |
| | ) | Adversary Proceeding No. 15-04055 |
| Plaintiffs, | ) | |
| | ) | |
| v. | ) | |
| | ) | |
| RITA DOS SANTOS, INDIVIDUALLY AND AS PUTATIVE CLASS REPRESENTATIVE, AND MARIA MURDOCH, ANGELA BATISTA JIMINEZ, ELISANGELA OLIVEIRA AND DIOGO DE ARAUGO, AS PUTATIVE CLASS REPRESENTATIVES, | ) | |
| | ) | |
| Defendants. | ) | |

**ANSWER OF RITA DOS SANTOS, INDIVIDUALLY AND AS PUTATIVE CLASS REPRESENTATIVE, AND MARIA MURDOCH, ANGELA BATISTA JIMINEZ, ELISANGELA OLIVEIRA AND DIOGO DE ARAUGO, AS PUTATIVE CLASS REPRESENTATIVES, TO ADVERSARY PROCEEDING AMENDED COMPLAINT OF STEPHEN B. DARR AS TRUSTEE OF THE ESTATE OF TELEXFREE, LLC, ET AL.**

[1] The debtors (the "Debtors") in these cases (collectively, the "Chapter 11 Cases") are TelexFree, LLC, TelexFree, Inc., and TelexFree Financial, Inc.

Defendants Rita Dos Santos, individually and as Putative Class Representative ("Dos Santos"), and Maria Murdoch, Angela Batista Jiminez, Elisangela Oliveira, and Diogo de Araugo, as Putative Class Representatives (collectively, "Murdoch," and together with Dos Santos, the "Defendants"), by and through the Interim Lead Counsel and the Plaintiffs' Interim Executive Committee appointed in the multi-district litigation proceedings (the "PIEC"), as their undersigned counsel, hereby answer the adversary proceeding Amended Complaint filed by Stephen B. Darr as Trustee (the "Trustee") of the Estates of TelexFree, LLC, TelexFree, Inc. and TelexFree Financial, Inc. (collectively, the "Debtors") dated February 26, 2016 (the "Amended Complaint") [Docket No. 21].

1. Defendants admit the factual allegations set forth in paragraph 1 of the Amended Complaint. (Defendants here make no response to the introduction by the Trustee in the Amended Complaint and, to the extent some response is here necessary, deny each aspect of the same.)

2. Defendants admit the factual allegations set forth in paragraph 2 of the Amended Complaint.

3. The allegations in paragraph 3 of the Amended Complaint merely set forth the Trustee's description of prior proceedings and pleadings, and therefore do not require an answer. To the extent as answer is deemed to be required to the Trustee's description, the Defendants deny the same.

4. Paragraph 4 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

5. Paragraph 5 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

6. Defendants admit the factual allegations set forth in paragraph 6 of the Amended Complaint.

7. Defendants admit the factual allegations set forth in paragraph 7 of the Amended Complaint.

8. Defendants admit the factual allegations set forth in paragraph 8 of the Amended Complaint.

9. Defendants admit the factual allegations set forth in paragraph 9 of the Amended Complaint.

10. Defendants are without knowledge as to any factual allegations set forth in paragraph 10 of the Amended Complaint and therefore deny the same.

11. Defendants are without knowledge as to any factual allegations set forth in paragraph 11 of the Amended Complaint and therefore deny the same.

12. The allegations in paragraph 12 of the Amended Complaint merely set forth the Trustee's description of prior proceedings and pleadings, and therefore do not require an answer. To the extent an answer is deemed to be required to the Trustee's description, the Defendants deny the same.

13. The allegations in paragraph 13 of the Amended Complaint merely set forth the Trustee's description of prior proceedings and pleadings, and therefore do not require an answer. To the extent an answer is deemed to be required to the Trustee's description, the Defendants deny the same.

14. Defendants are without knowledge as to any factual allegations set forth in paragraph 14 of the Amended Complaint and therefore deny the same

15. Defendants are without knowledge as to any factual allegations set forth in paragraph 15 of the Amended Complaint and therefore deny the same.

16. Defendants are without knowledge as to any factual allegations set forth in paragraph 16 of the Amended Complaint and therefore deny the same.

17. Defendants deny the factual allegations set forth in paragraph 17 of the Amended Complaint.

18. Defendants are without knowledge as to any factual allegations set forth in paragraph 18 of the Amended Complaint and therefore deny the same.

19. Defendants deny the factual allegations set forth in paragraph 19 of the Amended Complaint.

20. Defendants deny the factual allegations set forth in paragraph 20 of the Amended Complaint.

21. Paragraph 21 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

22. Paragraph 22 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

23. Defendants admit the factual allegations set forth in paragraph 23 of the Amended Complaint.

24. Defendants admit the factual allegations set forth in paragraph 24 of the Amended Complaint.

25. Defendants admit the factual allegations set forth in paragraph 25 of the Amended Complaint.

26. The allegations in paragraph 26 of the Amended Complaint merely set forth the Trustee's description of prior proceedings and pleadings, and therefore do not require an answer. To the extent as answer is deemed to be required to the Trustee's description, the Defendants deny the same.

27. Defendants admit the factual allegations set forth in paragraph 27 of the Amended Complaint.

28. The allegations at paragraph 28 of the Amended Complaint merely set forth the Trustee's description of prior proceedings and pleadings, and therefore do not require an answer. To the extent an answer is deemed to be required to the Trustee's description, the Defendants deny the same.

29. Paragraph 29 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

30. Defendants deny the factual allegations set forth in paragraph 30 of the Amended Complaint.

31. Paragraph 31 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

32. Paragraph 32 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

33. Defendants restate and incorporate by reference, as if fully set forth herein, their responses to paragraphs 1 through 32.

34. Paragraph 34 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

35. Paragraph 35 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

36. Paragraph 36 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

37. Paragraph 37 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

38. Defendants restate and incorporate by reference, as if fully set forth herein, their responses to paragraphs 1 through 37.

39. Paragraph 39 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

40. Defendants restate and incorporate by reference, as if fully set forth herein, their responses to paragraphs 1 through 39.

41. Paragraph 40 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

42. Paragraph 42 of the Amended Complaint states conclusions of law or otherwise describes certain documents and does not allege facts to which a response is necessary; to the extent of any factual allegations in such paragraph, Defendants deny the same.

43. Defendants deny the factual allegations set forth in paragraph 43 of the Amended Complaint.

**AFFIRMATIVE DEFENSES**

A. The Amended Complaint fails to state a cause of action.

B. The Amended Complaint should be dismissed for failure to state any claims upon which relief may be granted.

C. The Trustee delayed the commencement of this action for more than one year after the Defendants and the PIEC took actions to recover the payments at issue here, and in reliance on the Trustee's acquiescence (and, in certain respects, even support) for such efforts by the PIEC, the Trustee waived the relief sought in his Amended Complaint.

D. For the same reasons, the Trustee should be precluded from any relief under the Amended Complaint under the theories of laches and estoppel.

E. The Trustee has failed to name an indispensable party.

F. The Trustee does not have standing to recover money transferred from one Participant to another Participant.

## CONCLUSION

WHEREFORE, Defendants respectfully requests that the Debtors take nothing by its Amended Complaint and that the Court grant to Defendants reimbursement for its costs of defense (including attorneys' fees) and such other relief as the Court deems just and appropriate under the circumstances.

Dated: April 4, 2016
Boston, Massachusetts

Respectfully submitted,

**BONSIGNORE, PLLC**

/s/ Robert J. Bonsignore
Robert J. Bonsignore
NH Bar 21241
3771 Meadowcrest Drive
Las Vegas, Nevada 89121
Telephone: 781-856-7650
rbonsignore@classactions.us
*Interim Lead Counsel*

**BROWN RUDNICK LLP**

By: /s/ William R. Baldiga
William R. Baldiga, Esq. (BBO #542125)
Jill C. Wexler, Esq. (BBO #691811)
One Financial Center
Boston, MA 02111
Telephone: (617) 856-8200
Facsimile: (617) 856-8201

*For Rita Dos Santos, individually and as Putative Class Representative, and Maria Murdoch, Angela Batista Jiminez, Elisangela Oliveira, and Diogo de Araugo, as Putative Class Representatives*

CERTIFICATE OF SERVICE

I hereby certify that a true copy of this document was served on Plaintiff's Counsel on April 5, 2016 via the ECF filing system and first class mail.

By: /s/ William R. Baldiga
William R. Baldiga

62436147