Docket #0179 Date Filed: 7/14/2014

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
Central Division

In re:
TELEXFREE, LLC,

Debtor.

Chapter 11
Case No. 14-40987-MSH

WALDEMARA MARTIN AND LEANDRO VALENTIM – PUTATIVE CLAIMS REPRESENTATIVES AND THOSE SIMILARLY SITUATED,

Plaintiff,

v.

TELEXFREE, INC., f/k/a COMMON CENTS COMMUNICATIONS, INC.; TELEXFREE, LLC; TELEXFREE FINANCIAL, INC.; TELEXELECTRIC, LLLP; TELEX MOBILE, HOLDINGS, INC.; JAMES M. MERRILL; CARLOS N. WANZELER; STEVEN M. LABRIOLA; JOSEPH H. CRAFT, a/k/a JOE H. CRAFT; CRAFT FINANCIAL SOLUTIONS, LLC; CARLOS COSTA; GERALD P. NEHRA, individually and doing business as LAW OFFICES OF NERHA AND WAAK; GERALD P. NEHRA ATTORNEY AT LAW, PLLC; RICHARD W. WAAK, individually and doing business as LAW OFFICES OF NERHA AND WAAK; RICHARD W. WAAK, ATTORNEY AT LAW, PLLC; TD BANK, NA; CITIZENS FINANCIAL GROUP, INC.; CITIZENS BANK OF MASSACHUSETTS; FIDELITY COOPERATIVE BANK, doing business as FIDELITY BANK; MIDDLESEX SAVINGS BANK; GLOBAL PAYROLL GATEWAY INC.; INTERNATIONAL PAYOUT SYSTEMS INC.; PROPAY, INC., doing business as PROPAY.COM,; BANKS DOE; DOE INSIDE PROMOTERS; CREDIT PROCESSORS DOE and PARALEGAL DOE,
Defendants.

Adversary proceeding
No. 14-ap-04044-MSH

1440987160512000000000143

DEFENDANT CARLOS WANZELER"S
ANSWER TO THE COMPLAINT

Defendant Carlos N. Wanzeler ("Wanzeler") hereby responds to the numbered paragraphs of Plaintiffs' Complaint as follows:

Since the government has seized all of TelexFree's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Complaint. All allegations not specifically admitted are denied. To the extent that Wanzeler is required to respond to any allegation directed to one or more other Defendants, those allegations are denied.

INTRODUCTION

1. Wanzeler admits that plaintiffs seek compensation. Wanzeler denies the remaining allegations of this paragraph.
2. Wanzeler admits that TelexFree is a multi-level marketing company that sells telephone service plans that use "voice over internet" ("VoIP") technology and that the company has an office in Marlborough, Massachusetts. Wanzeler denies the remaining allegations of this paragraph.
3. Wanzeler denies the allegations contained in this paragraph.
4. Wanzeler denies the allegations contained in this paragraph.
5. Wanzeler denies the allegations contained in this paragraph.
6. Wanzeler denies the allegations contained in this paragraph.
7. Wanzeler denies the allegations contained in this paragraph.
8. Wanzeler denies the allegations contained in this paragraph.
9. Wanzeler denies the allegations contained in this paragraph.

10. Wanzeler denies the allegations contained in this paragraph.
11. Wanzeler denies the allegations contained in this paragraph.
12. Wanzeler denies the allegations contained in this paragraph.
13. Wanzeler denies the allegations contained in this paragraph.
14. Wanzeler denies the allegations contained in this paragraph.
15. Wanzeler denies the allegations contained in this paragraph.
16. Wanzeler denies the allegations contained in this paragraph.
17. Wanzeler admits that on or about June 19, 2013 a Brazilian court in Acre issued a preliminary injunction which had the effect of halting operations of TelexFree's Brazilian affiliate. Wanzeler denies the remaining allegations of this paragraph.
18. Wanzeler denies the allegations contained in this paragraph.
19. Wanzeler denies the allegations contained in this paragraph.
20. Wanzeler denies the allegations contained in this paragraph.
21. Wanzeler denies the allegations contained in this paragraph.
22. Wanzeler admits that TelexFree filed for bankruptcy protection on April 13, 2014. Wanzeler denies the remaining allegations of this paragraph.
23. Wanzeler states that the Plaintiff will be unable to prove any violations of the federal securities laws or other claims as alleged and is not entitled to the relief requested.
24. Wanzeler denies the allegations contained in this paragraph.
25. Wanzeler denies the allegations contained in this paragraph.
26. Wanzeler denies the allegations contained in this paragraph.
27. Wanzeler denies the allegations contained in this paragraph.
28. Wanzeler denies the allegations contained in this paragraph.

29. Wanzeler denies the allegations contained in this paragraph.

30. Wanzeler denies the allegations contained in this paragraph.

31. Wanzeler lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in this paragraph.

JURISDICTION AND VENUE

32. This paragraph states a legal conclusion and no response is required.

33. This paragraph states a legal conclusion and no response is required.

34. This paragraph states a legal conclusion and no response is required.

35. Wanzeler admits that plaintiffs purport to base jurisdiction on the grounds stated in this paragraph. Wanzeler denies the remaining allegations of this paragraph.

36. Wanzeler admits that plaintiffs purport to base venue on the grounds stated in this paragraph. Wanzeler denies the remaining allegations of this paragraph.

37. Wanzeler admits that TelexFree has an office in Marlborough, Massachusetts. Wanzeler denies the remaining allegations of this paragraph.

38. Wanzeler admits that TelexFree has an office in Marlborough, Massachusetts. Wanzeler denies the remaining allegations of this paragraph.

39. Wanzeler admits that plaintiffs purport to base jurisdiction on the grounds stated in this paragraph. Wanzeler denies the remaining allegations of this paragraph.

40. Wanzeler admits that plaintiffs purport to base venue on the grounds stated in this paragraph. Wanzeler denies the remaining allegations of this paragraph.

41. Wanzeler admits that plaintiffs purport to base venue on the grounds stated in this paragraph. Wanzeler denies the remaining allegations of this paragraph.

THE PARTIES

42. Wanzeler lacks knowledge or information sufficient to form a belief as to the allegations of this paragraph, except denies that either TelexFree or he were engaged in a Ponzi scheme, a Pyramid scheme or any other illegal activity, and further denies that either TelexFree or he were selling investments or securities.
43. Wanzeler lacks knowledge or information sufficient to form a belief as to the allegations of this paragraph, except denies that either TelexFree or he were engaged in a Ponzi scheme, a Pyramid scheme or any other illegal activity, and further denies that either TelexFree or he were selling investments or securities.
44. Admitted, except that Wanzeler lacks information sufficient to form a belief as whether TelexFree still has an office in Marlborough, Massachusetts.
45. Admitted.
46. Admitted.
47. This paragraph is directed to another Defendant and no response is required from Wanzeler.
48. Admitted, except that Wanzeler lacks information sufficient to form a belief as whether TelexFree still has an office in Marlborough, Massachusetts.
49. Admitted.
50. Admitted.
51. Admitted.
52. This paragraph is directed to another Defendant and no response is required from Wanzeler.
53. This paragraph is directed to another Defendant and no response is required from Wanzeler.

54. This paragraph is directed to another Defendant and no response is required from Wanzeler.

55. This paragraph is directed to another Defendant and no response is required from Wanzeler.

56. Wanzeler admits that he previously lived in Northborough, Massachusetts and is now living in Brazil.

57. Wanzeler admits that he is an owner, director and officer of TelexFree. Wanzeler denies the remaining allegations of this paragraph.

58. Wanzeler admits that he is an owner, director and officer of TelexFree. Wanzeler denies the remaining allegations of this paragraph.

59. Wanzeler admits that he is an owner, director and officer of TelexFree. Wanzeler denies the remaining allegations of this paragraph.

60. This paragraph is directed to another Defendant and no response is required from Wanzeler.

61. This paragraph is directed to another Defendant and no response is required from Wanzeler.

62. This paragraph is directed to another Defendant and no response is required from Wanzeler.

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105. This paragraph is directed to another Defendant and no response is required from Wanzeler.

106. This paragraph is directed to another Defendant and no response is required from Wanzeler.

107. Wanzeler lacks knowledge or information sufficient to form a belief as to the allegations of this paragraph, except denies that TelexFree or he were engaged in a Ponzi scheme, a Pyramid scheme or any other illegal activity.

108. Wanzeler denies the allegations contained in this paragraph.

109. Admitted

110. This paragraph is directed to another Defendant and no response is required from Wanzeler.

111. Wanzeler admits that plaintiff seek damages, restitution and injunctive relief. Wanzeler denies the remaining allegations contained in this paragraph.

GENERAL ALLEGATIONS

112. Admitted.

113. Wanzeler denies the allegations contained in this paragraph.

114. Admitted.

115. Admitted.

116. Admitted.

117. Admitted.

118. Wanzeler admits that he is an owner, director and officer of TelexFree. The remaining allegations of this paragraph are directed to other Defendants and no response is required from Wanzeler.

119. This paragraph is directed to another Defendant and no response is required from Wanzeler.

120. Wanzeler admits that he participated in the conduct of TelexFree's business at its office in Marlborough, Massachusetts. The remaining allegations of this paragraph are directed to other Defendants and no response is required from Wanzeler.

121. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

122. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

123. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

124. Admitted.

125. Wanzeler admits that TelexFree maintained an office in Marlborough, Massachusetts from about February 2012 until April 2014 and otherwise lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of this paragraph.

126. Wanzeler admits that he is an owner, director and officer of TelexFree. The remaining allegations of this paragraph are directed to other Defendants and no response is required from Wanzeler.

127. This paragraph is directed to another Defendant and no response is required from Wanzeler.

128. Wanzeler admits that he participated in the conduct of TelexFree's business at its office in Marlborough, Massachusetts. The remaining allegations of this paragraph are directed to other Defendants and no response is required from Wanzeler.

129. Admitted.

130. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

131. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the truth of the allegations of this paragraph.

132. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

133. Wanzeler denies the allegations of this paragraph.

134. Wanzeler admits that he is an owner, director and officer of TelexFree. The remaining allegations of this paragraph are directed to other Defendants and no response is required from Wanzeler.

135. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

136. Wanzeler admits that TelexFree filed for bankruptcy protection on April 13, 2014. Wanzeler denies knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in this paragraph.

137. Wanzeler denies the allegations of this paragraph.

138. Admitted.

139. Wanzeler denies the allegations of this paragraph.

140. Wanzeler denies the allegations of this paragraph.

141. Admitted.

142. Wanzeler denies knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

143. Wanzeler denies the allegations of this paragraph.

144. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

145. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

146. Wanzeler admits that in March 2014 TelexFree changed its compensation plan and denies the remaining allegations of this paragraph.

147. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

148. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

149. Wanzeler admits that the change in the compensation plan led to protests and lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations of this paragraph.

150. Wanzeler denies the allegations of this paragraph.

151. Wanzeler lacks knowledge or information sufficient to form a belief as to the truth of the allegations of this paragraph.

152. Wanzeler denies the allegations of this paragraph.

153. Wanzeler denies the allegations of this paragraph.

154. Wanzeler denies the allegations of this paragraph.

155. Wanzeler denies the allegations of this paragraph, except respectfully refers the Court to the contract for a full and complete statement of its contents.

156. Wanzeler denies the allegations of this paragraph.

157. Wanzeler denies the allegations of this paragraph, except respectfully refers the Court to the contract for a full and complete statement of its contents.

158. Admitted.

159. Admitted.

160. Admitted.

161. Admitted.

162. Admitted.

163. Admitted.

164. Admitted.

165. Wanzeler denies the allegations of this paragraph.

166. Wanzeler admits that amounts may have been listed as loans on TelexFree's financial statements. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Complaint. Accordingly, Wanzeler denies the remaining allegations of this paragraph.

167. Wanzeler admits that amounts may have been listed as loans on TelexFree's financial statements. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Complaint. Accordingly, Wanzeler denies the remaining allegations of this paragraph.

168. Wanzeler denies the allegations of this paragraph.

169. Wanzeler denies the allegations of this paragraph.

170. Wanzeler admits that he participated in the conduct of TelexFree's business. Wanzeler denies the other allegations as to him. The remaining allegations of this paragraph are directed to other Defendants and no response is required from Wanzeler.

171. Wanzeler denies the allegations of this paragraph.

172. This paragraph is directed to another Defendant and no response is required from Wanzeler.

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179. This paragraph is directed to another Defendant and no response is required from Wanzeler.

180. Wanzeler admits that he is an owner, director and officer of TelexFree. Wanzeler denies the remaining allegations contained in this paragraph.

181. Wanzeler admits that he is an owner, director and officer of TelexFree. Wanzeler denies the remaining allegations contained in this paragraph.

182. Wanzeler admits that he is an owner, director and officer of TelexFree. Wanzeler denies the remaining allegations contained in this paragraph.

183. Wanzeler admits that he is an owner, director and officer of TelexFree. Wanzeler denies the remaining allegations contained in this paragraph.

184. Wanzeler denies the allegations contained in this paragraph.

185. Wanzeler admits that he participated in discussions concerning TelexFree and that videos of these discussions may have been posted on the internet. Wanzeler denies the remaining allegations contained in this paragraph.

186. This paragraph is directed to another Defendant and no response is required from Wanzeler.

187. This paragraph is directed to another Defendant and no response is required from Wanzeler.

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192. This paragraph is directed to another Defendant and no response is required from Wanzeler.

193. Wanzeler lacks knowledge or information sufficient to form a belief as to the allegations of this paragraph.

194. Wanzeler denies the allegations contained in this paragraph.

195. Wanzeler lacks knowledge or information sufficient to form a belief as to the allegations of this paragraph.

196. Wanzeler denies the allegations contained in this paragraph.

197. Wanzeler denies the allegations contained in this paragraph.

198. Wanzeler denies the allegations contained in this paragraph.

199. Wanzeler denies the allegations contained in this paragraph.

200. This paragraph is directed to another Defendant and no response is required from Wanzeler.

201. This paragraph is directed to another Defendant and no response is required from Wanzeler.

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233. This paragraph is directed to another Defendant and no response is required from Wanzeler.

234. This paragraph is directed to another Defendant and no response is required from Wanzeler.

235. This paragraph is denied to the extent that it is directed at Wanzeler. To the extent that this paragraph is directed to other Defendants, no response is required from Wanzeler.

236. This paragraph is directed to another Defendant and no response is required from Wanzeler.

237. This paragraph is denied to the extent that it is directed at Wanzeler. To the extent that this paragraph is directed to other Defendants, no response is required from Wanzeler.

238. Wanzeler denies the allegations contained in this paragraph.

239. Wanzeler denies the allegations contained in this paragraph.

240. Wanzeler denies the allegations contained in this paragraph.

241. This paragraph is denied to the extent that it is directed at Wanzeler. To the extent that this paragraph is directed to other Defendants, no response is required from Wanzeler.

242. This paragraph is denied to the extent that it is directed at Wanzeler. To the extent that this paragraph is directed to other Defendants, no response is required from Wanzeler.

243. This paragraph is directed to another Defendant and no response is required from Wanzeler.

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286. This paragraph is directed to another Defendant and no response is required from Wanzeler.

287. This paragraph is directed to another Defendant and no response is required from Wanzeler.

288. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Complaint. Accordingly, Wanzeler denies the allegations contained in this paragraph.

289. This paragraph is directed to another Defendant and no response is required from Wanzeler.

290. This paragraph is directed to another Defendant and no response is required from Wanzeler.

291. This paragraph is directed to another Defendant and no response is required from Wanzeler.

292. Wanzeler admits that TelexFree sold products and services to customers in Brazilian-American and Dominican-American communities. Wanzeler denies the remaining allegations contained in this paragraph.

293. Wanzeler denies the allegations contained in this paragraph.

294. Wanzeler admits that certain investigations are pending and otherwise denies the allegations contained in this paragraph.

295. Wanzeler denies the allegations contained in this paragraph.

296. Wanzeler denies the allegations contained in this paragraph.

297. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Complaint. Accordingly, Wanzeler denies the remaining allegations contained in this paragraph.

298. Wanzeler denies the allegations contained in this paragraph.

299. Wanzeler denies the allegations contained in this paragraph.

300. Wanzeler denies the allegations contained in this paragraph.

301. Wanzeler denies the allegations contained in this paragraph.

302. Wanzeler admits that TelexFree's Brazilian affiliate was the subject of an investigation in Brazil and otherwise denies the allegations contained in this paragraph, except to respectfully refer the Court to the documents cited for a true and complete statement of their contents.

NOTE: THE PARAGRAPHS OF THE COMPLAINT ARE MISNUMBERED, BUT THE FOLLOWING TRACKS THE NUMBERED PARAGRAPHS AS THEY APPEAR.

283. Wanzeler admits that TelexFree's Brazilian affiliate was the subject of an investigation in Brazil and otherwise denies the allegations contained in this paragraph, except to respectfully refer the Court to the documents cited for a true and complete statement of their contents.

284. Wanzeler admits that TelexFree's Brazilian affiliate was the subject of an investigation in Brazil and otherwise denies the allegations contained in this paragraph, except to respectfully refer the Court to the documents cited for a true and complete statement of their contents.

285. Wanzeler admits that TelexFree's Brazilian affiliate was the subject of an investigation in Brazil and otherwise denies the allegations contained in this paragraph,

except to respectfully refer the Court to the documents cited for a true and complete statement of their contents.

286. Wanzeler denies the allegations contained in this paragraph.

287. Wanzeler admits that in March 2014 TelexFree changed its compensation plan, which change led to protests, and denies the remaining allegations of this paragraph.

288. Wanzeler admits that the change in TelexFree's compensation plan led to protests and that in April 2014, TelexFree filed for bankruptcy protection, and denies the remaining allegations of this paragraph.

289. Wanzeler denies the allegations contained in this paragraph.

290. Wanzeler denies the allegations contained in this paragraph.

291. Wanzeler denies knowledge or information sufficient to form a belief as to the allegations of this paragraph.

292. Wanzeler admits that TelexFree's business centered on the sale of its VoIP product, but denies the remaining allegations contained in this paragraph.

293. Admitted.

294. Admitted.

295. Wanzeler denies the allegations contained in this paragraph, except admits that TelexFree and Disk a Vontade have common management.

296. Wanzeler denies the allegations contained in this paragraph.

297. Wanzeler denies the allegations contained in this paragraph.

298. Wanzeler denies the allegations contained in this paragraph.

299. Wanzeler denies the allegations contained in this paragraph.

300. Wanzeler denies the allegations contained in this paragraph.

301. Wanzeler denies the allegations contained in this paragraph.

302. Wanzeler denies the allegations contained in this paragraph.

303. Wanzeler denies the allegations contained in this paragraph.

304. Wanzeler denies the allegations contained in this paragraph.

305. Wanzeler denies the allegations contained in this paragraph.

306. Wanzeler denies the allegations contained in this paragraph.

307. Wanzeler denies the allegations contained in this paragraph.

308. Wanzeler denies the allegations contained in this paragraph.

309. Wanzeler denies the allegations contained in this paragraph.

310. Wanzeler denies the allegations contained in this paragraph.

311. Wanzeler denies the allegations contained in this paragraph.

312. Wanzeler denies the allegations contained in this paragraph.

313. Wanzeler denies the allegations contained in this paragraph.

314. Wanzeler denies the allegations contained in this paragraph.

315. Wanzeler denies the allegations contained in this paragraph.

316. Wanzeler denies the allegations contained in this paragraph.

317. Wanzeler denies the allegations contained in this paragraph.

318. Wanzeler denies the allegations contained in this paragraph.

319. Wanzeler denies the allegations contained in this paragraph.

320. Wanzeler denies the allegations contained in this paragraph.

321. Wanzeler denies the allegations contained in this paragraph.

322. Wanzeler denies the allegations contained in this paragraph.

323. Wanzeler denies the allegations contained in this paragraph.

324. Wanzeler denies the allegations contained in this paragraph.

325. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Complaint. Accordingly, Wanzeler denies the allegations contained in this paragraph.

326. Wanzeler denies the allegations contained in this paragraph.

327. Wanzeler denies the allegations contained in this paragraph.

328. Wanzeler denies the allegations contained in this paragraph.

329. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Complaint. Accordingly, Wanzeler denies the allegations contained in this paragraph.

330. Wanzeler denies the allegations contained in this paragraph.

331. Wanzeler denies the allegations contained in this paragraph.

332. Wanzeler denies the allegations contained in this paragraph.

333. Wanzeler denies the allegations contained in this paragraph.

334. Wanzeler denies the allegations contained in this paragraph.

335. Wanzeler denies the allegations contained in this paragraph.

336. Wanzeler denies the allegations contained in this paragraph.

337. Wanzeler denies the allegations contained in this paragraph.

338. Wanzeler denies the allegations contained in this paragraph.

339. Wanzeler denies the allegations contained in this paragraph.

340. Wanzeler denies the allegations contained in this paragraph.

341. Wanzeler denies the allegations contained in this paragraph.

342. Wanzeler denies the allegations contained in this paragraph.

343. Wanzeler denies the allegations contained in this paragraph, except admits that TelexFree and its affiliates have common owners.

344. Wanzeler denies the allegations contained in this paragraph, except admits that TelexFree and its affiliates have common owners.

345. Wanzeler denies the allegations contained in this paragraph, except admits that TelexFree and its affiliates have common owners.

346. Wanzeler denies the allegations contained in this paragraph, except admits that TelexFree and its affiliates share resources.

347. Wanzeler denies the allegations contained in this paragraph.

348. Wanzeler denies the allegations contained in this paragraph.

349. Wanzeler denies the allegations contained in this paragraph.

350. Wanzeler denies the allegations contained in this paragraph.

351. Wanzeler denies the allegations contained in this paragraph.

352. Wanzeler denies the allegations contained in this paragraph.

353. Wanzeler admits that in March 2014 TelexFree changed its compensation plan, and denies the remaining allegations of this paragraph.

354. Wanzeler denies the allegations contained in this paragraph.

355. Wanzeler denies the allegations contained in this paragraph.

356. Wanzeler denies knowledge or information sufficient to form a belief as to the truth of the allegations contained in this paragraph.

357. Wanzeler denies the allegations contained in this paragraph.

358. Wanzeler admits that in April 2014, TelexFree sought bankruptcy protection and denies the remaining allegations of this paragraph.

359. Wanzeler admits that TelexFree and Disk A Vontade have common management and denies the remaining allegations of this paragraph.

360. Admitted.

361. This paragraph is directed to another Defendant and no response is required from Wanzeler.

362. Admitted.

363. Wanzeler denies that TelexFree provided any fraudulent loans. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Amended Complaint. Accordingly, Wanzeler denies the remaining allegations contained in this paragraph.

364. Wanzeler denies that TelexFree provided any fraudulent loans. Since the government has seized all of the company's records and computers, counsel has not been able to review and confirm the accuracy of most of the factual allegations contained in the Amended Complaint. Accordingly, Wanzeler denies the remaining allegations contained in this paragraph.

365. Wanzeler denies the allegations contained in this paragraph.

366. Wanzeler admits that plaintiff seek damages, restitution and injunctive relief. Wanzeler denies the remaining allegations contained in this paragraph.

CLASS ACTION ALLEGATIONS

367. Wanzeler admits that Plaintiffs purport to bring this action as a class action. The remaining allegations of this paragraph state a legal conclusion as to which no response is required.

368. Wanzeler states that the Plaintiffs will be unable to prove that they meet the requirements for class action treatment.

369. Wanzeler states that the Plaintiffs will be unable to prove that they meet the requirements for class action treatment.

370. Wanzeler states that the Plaintiffs will be unable to prove that this action meets the requirements for class action treatment.

371. Wanzeler denies the allegations contained in this paragraph.

372. Wanzeler denies the allegations contained in this paragraph.

373. Wanzeler denies the allegations contained in this paragraph.

374. Wanzeler denies the allegations contained in this paragraph.

375. Wanzeler denies the allegations contained in this paragraph.

FIRST CLAIM FOR RELIEF

376. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

377. Wanzeler denies the allegations contained in this paragraph.

378. Wanzeler denies the allegations contained in this paragraph.

379. Wanzeler denies the allegations contained in this paragraph.

380. Wanzeler denies the allegations contained in this paragraph.

381. Wanzeler denies the allegations contained in this paragraph.

382. Wanzeler denies the allegations contained in this paragraph.

383. Wanzeler denies the allegations contained in this paragraph.

384. Wanzeler denies the allegations contained in this paragraph.

385. Wanzeler denies the allegations contained in this paragraph.

386. Wanzeler denies the allegations contained in this paragraph.

SECOND CLAIM FOR RELIEF

387. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

388. Wanzeler denies the allegations contained in this paragraph.

389. Wanzeler denies the allegations contained in this paragraph.

390. Wanzeler denies the allegations contained in this paragraph.

391. Wanzeler denies the allegations contained in this paragraph.

THIRD CLAIM FOR RELIEF

392. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

393. Wanzeler denies the allegations contained in this paragraph.

394. Wanzeler denies the allegations contained in this paragraph.

395. Wanzeler denies the allegations contained in this paragraph.

396. Wanzeler denies the allegations contained in this paragraph.

397. Wanzeler denies the allegations contained in this paragraph.

398. Wanzeler denies the allegations contained in this paragraph.

399. Wanzeler denies the allegations contained in this paragraph.

400. Wanzeler denies the allegations contained in this paragraph.

401. Wanzeler denies the allegations contained in this paragraph.

FOURTH CLAIM FOR RELIEF

402. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

403. Wanzeler denies the allegations contained in this paragraph.

404. Wanzeler denies the allegations contained in this paragraph.

405. Wanzeler denies the allegations contained in this paragraph.

406. Wanzeler denies the allegations contained in this paragraph.

407. Wanzeler denies the allegations contained in this paragraph.

408. Wanzeler denies the allegations contained in this paragraph.

409. Wanzeler denies the allegations contained in this paragraph.

410. Wanzeler denies the allegations contained in this paragraph.

411. Wanzeler denies the allegations contained in this paragraph.

412. Wanzeler denies the allegations contained in this paragraph.

FIFTH CLAIM FOR RELIEF

413. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

414. Wanzeler denies the allegations contained in this paragraph.

415. Wanzeler denies the allegations contained in this paragraph.

416. Wanzeler denies the allegations contained in this paragraph.

417. Wanzeler denies the allegations contained in this paragraph.

418. Wanzeler denies the allegations contained in this paragraph.

419. Wanzeler denies the allegations contained in this paragraph.

420. Wanzeler denies the allegations contained in this paragraph.

421. Wanzeler denies the allegations contained in this paragraph.

422. Wanzeler denies the allegations contained in this paragraph.

SIXTH CLAIM FOR RELIEF

423. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

424. Wanzeler denies the allegations contained in this paragraph.

425. Wanzeler denies the allegations contained in this paragraph.

426. Wanzeler denies the allegations contained in this paragraph.

427. Wanzeler denies the allegations contained in this paragraph.

428. Wanzeler denies the allegations contained in this paragraph.

429. Wanzeler denies the allegations contained in this paragraph.

430. Wanzeler denies the allegations contained in this paragraph.

431. Wanzeler denies the allegations contained in this paragraph.

432. Wanzeler denies the allegations contained in this paragraph.

433. Wanzeler denies the allegations contained in this paragraph.

SEVENTH CLAIM FOR RELIEF

434. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

435. Wanzeler denies the allegations contained in this paragraph.

436. Wanzeler denies the allegations contained in this paragraph.

437. Wanzeler denies the allegations contained in this paragraph.

438. Wanzeler denies the allegations contained in this paragraph.

EIGHTH CLAIM FOR RELIEF

439. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

440. Wanzeler denies the allegations contained in this paragraph.

441. Wanzeler denies the allegations contained in this paragraph.

442. Wanzeler denies the allegations contained in this paragraph.

NINTH CLAIM FOR RELIEF

443. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

444. Wanzeler denies the allegations contained in this paragraph.

445. Wanzeler denies the allegations contained in this paragraph.

446. Wanzeler denies the allegations contained in this paragraph.

447. Wanzeler denies the allegations contained in this paragraph.

TENTH CLAIM FOR RELIEF

448. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

449. Wanzeler denies the allegations contained in this paragraph.

450. Wanzeler denies the allegations contained in this paragraph.

451. Wanzeler denies the allegations contained in this paragraph.

452. Wanzeler denies the allegations contained in this paragraph.

ELEVENTH CLAIM FOR RELIEF

452. This claim is directed to other Defendants and no response is required from Wanzeler.

453. This claim is directed to other Defendants and no response is required from Wanzeler.

454. This claim is directed to other Defendants and no response is required from Wanzeler.

455. This claim is directed to other Defendants and no response is required from Wanzeler.

456. This claim is directed to other Defendants and no response is required from Wanzeler.

457. This claim is directed to other Defendants and no response is required from Wanzeler.

458. This claim is directed to other Defendants and no response is required from Wanzeler.

459. This claim is directed to other Defendants and no response is required from Wanzeler.

460. This claim is directed to other Defendants and no response is required from Wanzeler.

TWELFTH CLAIM FOR RELIEF

461. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

462. Wanzeler denies the allegations contained in this paragraph.

463. Wanzeler denies the allegations contained in this paragraph.

464. Wanzeler denies the allegations contained in this paragraph.

465. Wanzeler denies the allegations contained in this paragraph.

466. Wanzeler denies the allegations contained in this paragraph.

467. Wanzeler denies the allegations contained in this paragraph.

468. Wanzeler denies the allegations contained in this paragraph.

469. Wanzeler denies the allegations contained in this paragraph.

470. Wanzeler denies the allegations contained in this paragraph.

THIRTEENTH CLAIM FOR RELIEF

471. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

472. Wanzeler denies the allegations contained in this paragraph.

473. Wanzeler denies the allegations contained in this paragraph.

474. Wanzeler denies the allegations contained in this paragraph.

475. Wanzeler denies the allegations contained in this paragraph.

476. Wanzeler denies the allegations contained in this paragraph.

477. Wanzeler denies the allegations contained in this paragraph.

478. Wanzeler denies the allegations contained in this paragraph.

479. Wanzeler denies the allegations contained in this paragraph.

480. Wanzeler denies the allegations contained in this paragraph.

FOURTEENTH CLAIM FOR RELIEF

481. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

482. Wanzeler denies the allegations contained in this paragraph.

483. Wanzeler denies the allegations contained in this paragraph.

484. Wanzeler denies the allegations contained in this paragraph.

FIFTHTEENTH CLAIM FOR RELIEF

485. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

486. Wanzeler denies the allegations contained in this paragraph.

487. Wanzeler denies the allegations contained in this paragraph.

488. Wanzeler denies the allegations contained in this paragraph.

489. Wanzeler denies the allegations contained in this paragraph.

490. Wanzeler denies the allegations contained in this paragraph.

491. Wanzeler denies the allegations contained in this paragraph.

492. Wanzeler denies the allegations contained in this paragraph.

493. Wanzeler denies the allegations contained in this paragraph.

494. Wanzeler denies the allegations contained in this paragraph.

SIXTEENTH CLAIM FOR RELIEF

495. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

496. Wanzeler denies the allegations contained in this paragraph.

497. Wanzeler denies the allegations contained in this paragraph.

498. Wanzeler denies the allegations contained in this paragraph.

499. Wanzeler denies the allegations contained in this paragraph.

SEVENTEENTH CLAIM FOR RELIEF

500. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

501. Wanzeler denies the allegations contained in this paragraph.

502. Wanzeler denies the allegations contained in this paragraph.

503. Wanzeler denies the allegations contained in this paragraph.

504. Wanzeler denies the allegations contained in this paragraph.

505. Wanzeler denies the allegations contained in this paragraph.

EIGHTEENTH CLAIM FOR RELIEF

506. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

507. Wanzeler denies the allegations contained in this paragraph.

508. Wanzeler denies the allegations contained in this paragraph.

509. Wanzeler denies the allegations contained in this paragraph.

510. Wanzeler denies the allegations contained in this paragraph.

511. Wanzeler denies the allegations contained in this paragraph.

NINETEENTH CLAIM FOR RELIEF

512. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

513. Wanzeler denies the allegations contained in this paragraph.

514. Wanzeler denies the allegations contained in this paragraph.

TWENTIETH CLAIM FOR RELIEF

515. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

516. Wanzeler denies the allegations contained in this paragraph.

517. Wanzeler denies the allegations contained in this paragraph.

518. Wanzeler denies the allegations contained in this paragraph.

TWENTY-FIRST CLAIM FOR RELIEF

519. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

520. Wanzeler denies the allegations contained in this paragraph.

521. Wanzeler denies the allegations contained in this paragraph.

522. Wanzeler denies the allegations contained in this paragraph.

523. Wanzeler denies the allegations contained in this paragraph.

TWENTY-SECOND CLAIM FOR RELIEF

524. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

525. Wanzeler denies the allegations contained in this paragraph.

526. Wanzeler denies the allegations contained in this paragraph.

527. Wanzeler denies the allegations contained in this paragraph.

528. Wanzeler denies the allegations contained in this paragraph.

529. Wanzeler denies the allegations contained in this paragraph.

530. Wanzeler denies the allegations contained in this paragraph.

531. Wanzeler denies the allegations contained in this paragraph.

532. Wanzeler denies the allegations contained in this paragraph.

533. Wanzeler denies the allegations contained in this paragraph.

TWENTY-THIRD CLAIM FOR RELIEF

534. Wanzeler repeats and incorporates by reference his responses to the allegations contained in paragraphs 1-375 of the Complaint as if set forth fully herein.

535. Wanzeler denies the allegations contained in this paragraph.

536. Wanzeler denies the allegations contained in this paragraph.

537. Wanzeler denies the allegations contained in this paragraph.

538. Wanzeler denies the allegations contained in this paragraph.

539. Wanzeler denies the allegations contained in this paragraph.

PRAYER FOR RELIEF

Wanzeler states that the Plaintiffs are not entitled to any relief since their claims are unfounded and legally unsupportable.

FIRST AFFIRMATIVE DEFENSE

The Complaint fails to state a claim upon which relief can be granted against Wanzeler.

SECOND AFFIRMATIVE DEFENSE

The Complaint is subject to dismissal for lack of personal jurisdiction and insufficient service of process.

THIRD AFFIRMATIVE DEFENSE

The Complaint fails to allege the sale of a "security" satisfying the definition thereof under the Securities Act of 1933 or the Securities Exchange Act of 1934.

FOURTH AFFIRMATIVE DEFENSE

The Complaint fails to allege the alleged fraud with the particularity required by Fed.R.Civ.P. Rule 9(b) and the Private Securities Litigation Reform Act of 1995.

FIFTH AFFIRMATIVE DEFENSE

The Complaint fails to allege facts giving rise to an inference of scienter on the part of Wanzeler with the particularity required by Fed.R.Civ.P. Rule 9(b) and the Private Securities Litigation Reform Act of 1995.

FIFTH AFFIRMATIVE DEFENSE

The Complaint fails to allege that any false statements, misrepresentations and omissions were made by Wanzeler to Plaintiffs.

SIXTH AFFIRMATIVE DEFENSE

The Complaint fails to allege that Wanzeler had ultimate authority over, or was even aware of, the statements made by others (such as promoters) to Plaintiffs.

SEVENTH AFFIRMATIVE DEFENSE

The Complaint fails to allege that Plaintiffs relied upon any allegedly any false statements, misrepresentations and omissions made by Wanzeler or others.

EIGHTH AFFIRMATIVE DEFENSE

The Complaint fails to allege any cognizable injury attributable, in whole or in part, to any conduct by Wanzeler.

NINTH AFFIRMATIVE DEFENSE

Plaintiffs' RICO claim is barred by the Private Securities Litigation Reform Act of 1995.

TENTH AFFIRMATIVE DEFENSE

Plaintiffs' Lanham Act claims fails to plead an injury to a commercial interest in sales or business reputation proximately caused by the Defendant's alleged misrepresentations.

ELEVENTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred, in whole or in part, by the applicable statute of limitations.

TWELVTH AFFIRMATIVE DEFENSE

Plaintiff's claims are barred, in whole or in part, by the doctrines of laches, waiver, estoppel and/or unclean hands.

THIRTEENTH AFFIRMATIVE DEFENSE

Wanzeler adopts each of the Affirmative Defenses pleaded by the other answering defendants to the extent such defenses are not inconsistent with, and are applicable to, Wanzeler's Answer.

EIGHTEENTH AFFIRMATIVE DEFENSE

Wanzeler reserves the right to assert any and all additional legal and/or equitable affirmative defenses that may become apparent during the course of discovery and trial.

Wherefore, having fully answered Plaintiffs' Complaint, Wanzeler requests that it be dismissed with prejudice; that judgment be entered for Wanzeler; and that Wanzeler be awarded his costs, expenses and attorneys' fees herein.

DEFENDANT DEMANDS A TRIAL BY JURY

Respectfully submitted,

CARLOS WANZELER

By his attorneys,

/s/ *Paul V. Kelly*
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Fax (617) 367-2155

Dated: July 14, 2014

CERTIFICATE OF SERVICE

I hereby certify that a true copy of this document was served on Plaintiff's Counsel on above date via the EDF filing system.

/s/ *Paul V. Kelly*
Jackson Lewis P.C.

CERTIFICATE OF SERVICE

I certify that this document was filed through the ECF system and will be sent electronically to the registered participants as identified on the Notice of Electronic Filing.

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