Docket #0001 Date Filed: 4/1/2016

B104 (FORM 104) (08/07)

ADVERSARY PROCEEDING COVER SHEET (Instructions on Reverse)	ADVERSARY PROCEEDING NUMBER (Court Use Only)

PLAINTIFFS	DEFENDANTS
Stephen Darr, as he is the Trustee of the Chapter 11 Estates of Each of the Debtors	Leila Tatiana Xavier, et al.
ATTORNEYS (Firm Name, Address, and Telephone No.) Andrew G. Lizotte, Murphy & King, P.C., One Beacon Street, Boston, MA 02108	**ATTORNEYS** (If Known)
PARTY (Check One Box Only) □ Debtor □ U.S. Trustee/Bankruptcy Admin □ Creditor □ Other ☑ Trustee	**PARTY** (Check One Box Only) □ Debtor □ U.S. Trustee/Bankruptcy Admin ☑ Creditor □ Other □ Trustee

CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED)

To seek (i) a declaratory judgment that the Defendants do not have liens against, or an ownership interest in, property of the Estates; and (ii) the avoidance of the Defendants' asserted liens.

NATURE OF SUIT

(Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)

FRBP 7001(1) – Recovery of Money/Property
- ☐ 11-Recovery of money/property - §542 turnover of property
- ☐ 12-Recovery of money/property - §547 preference
- ☐ 13-Recovery of money/property - §548 fraudulent transfer
- ☐ 14-Recovery of money/property - other

FRBP 7001(2) – Validity, Priority or Extent of Lien
- ☑ 21-Validity, priority or extent of lien or other interest in property

FRBP 7001(3) – Approval of Sale of Property
- ☐ 31-Approval of sale of property of estate and of a co-owner - §363(h)

FRBP 7001(4) – Objection/Revocation of Discharge
- ☐ 41-Objection / revocation of discharge - §727(c),(d),(e)

FRBP 7001(5) – Revocation of Confirmation
- ☐ 51-Revocation of confirmation

FRBP 7001(6) – Dischargeability
- ☐ 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims
- ☐ 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud
- ☐ 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny

(continued next column)

FRBP 7001(6) – Dischargeability (continued)
- ☐ 61-Dischargeability - §523(a)(5), domestic support
- ☐ 68-Dischargeability - §523(a)(6), willful and malicious injury
- ☐ 63-Dischargeability - §523(a)(8), student loan
- ☐ 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support)
- ☐ 65-Dischargeability - other

FRBP 7001(7) – Injunctive Relief
- ☐ 71-Injunctive relief – imposition of stay
- ☐ 72-Injunctive relief – other

FRBP 7001(8) Subordination of Claim or Interest
- ☐ 81-Subordination of claim or interest

FRBP 7001(9) Declaratory Judgment
- ☐ 91-Declaratory judgment

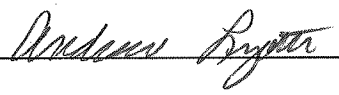
FRBP 7001(10) Determination of Removed Action
- ☐ 01-Determination of removed claim or cause

Other
- ☐ SS-SIPA Case – 15 U.S.C. §§78aaa *et.seq.*
- ☐ 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)

□ Check if this case involves a substantive issue of state law	□ Check if this is asserted to be a class action under FRCP 23
□ Check if a jury trial is demanded in complaint	Demand $

Other Relief Sought

1440987160513000000000156

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES		
NAME OF DEBTOR Telexfree, LLC, Telexfree, Inc., and Telexfree Financial, Inc.	BANKRUPTCY CASE NO. 14-40987-MSH	
DISTRICT IN WHICH CASE IS PENDING Massachusetts	DIVISION OFFICE Western	NAME OF JUDGE Hoffman
RELATED ADVERSARY PROCEEDING (IF ANY)		
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) 		
DATE April 1, 2016	PRINT NAME OF ATTORNEY (OR PLAINTIFF) Andrew G. Lizotte	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and **Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In re: TELEXFREE, LLC, TELEXFREE, INC. and TELEXFREE FINANCIAL, INC., Debtors.	Chapter 11 Cases 14-40987-MSH 14-40988-MSH 14-40989-MSH Jointly Administered
STEPHEN DARR AS HE IS THE TRUSTEE OF THE CHAPTER 11 ESTATES OF EACH OF THE DEBTORS, Plaintiff, v. LEILA TATIANA XAVIER, CHRIS ARAUJO, JORGE LOPES, ENERSTINA XAVIER, ATANAZIA XAVIER, VLADMIR XAVIER, NERIA XAVIER, JAILSON RAMOS, FRANCISCA XAVIER-DEPINA, SILVIO MIRANDA, AND IVANILDA NASCIMENTO, Defendant(s).	Adversary Proceeding No.

COMPLAINT

INTRODUCTION

Pursuant to Sections 544 and 549 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 7001(2) and (9), Stephen Darr, the duly appointed and acting trustee (the "Trustee") of the Chapter 11 bankruptcy estates ("Estates") of TelexFree, Inc., TelexFree, LLC and TelexFree Financial, Inc. (collectively, the "Debtors"), brings this action seeking (i) a declaratory judgment that the Defendants do not have liens against, or an ownership interest in,

property of the Estates; and (ii) the avoidance of the Defendants' asserted liens. In further support of his complaint, the Trustee alleges as follows:

THE PARTIES

1. On June 6, 2014, the Plaintiff Stephen Darr was duly appointed Trustee of the Estates of the Debtors. The Trustee has a principal place of business in Boston, Massachusetts.

2. The Defendant, Leila Tatiana Xavier, is an individual who, upon information and belief, resides at 2311 Topaz Trail, Kissimmee Florida, 34743.

3. The Defendant, Chris Araujo, is an individual who, upon information and belief, resides in Florida and has a mailing address of P.O. Box 421295, Kissimmee, Florida 34742.

4. The Defendant, Jorge Lopes, is an individual who, upon information and belief, resides at 2107 Flintlock Boulevard, Kissimmee, Florida 34743.

5. The Defendant, Ernestina Xavier, is an individual who, upon information and belief, resides at 12 Marie Street, Apartment 2, Boston Massachusetts 02122.

6. The Defendant, Atanazia Xavier, is an individual who, upon information and belief, resides at 25 Florence Street, Apartment 1, Brockton, Massachusetts 02301.

7. The Defendant, Vladmir Xavier, is an individual who, upon information and belief, resides at 30 Vassar Street, Dorchester, Massachusetts 02121.

8. The Defendant, Neria Xavier, is an individual who, upon information and belief, resides at 6 Brinsley Street, Dorchester, Massachusetts 02121.

9. The Defendant, Jailson Ramos, is an individual who, upon information and belief, resides at 35 Hartwell Street, Dorchester, Massachusetts 02121.

10. The Defendant, Francisca Xavier-DePina, is an individual who, upon information and belief, resides at 12 Marie Street, Dorchester, Massachusetts 02122.

11. The Defendant, Silvio Miranda, is an individual who, upon information and belief, resides at 2107 Flintlock Boulevard, Kissimmee, Florida 34743.

12. The Defendant, Ivanilda Nascimento, is an individual who, upon information and belief, resides at 25 Florence Street, Apartment 1, Brockton, Massachusetts 02301.

13. TelexFree, Inc. is a Massachusetts corporation that had its principal place of business in Marlborough, Massachusetts.

14. TelexFree, LLC is a Nevada limited liability company with its principal place of business at the same address in Marlborough as TelexFree, Inc.

15. TelexFree Financial, Inc. is a corporation duly organized under the laws of the State of Florida and having a principal place of business in Marlborough as the other Debtors.

JURISDICTION

16. This adversary proceeding is brought, pursuant to §§ 544 and 549 of Title 11 of the United States Code and Federal Rule of Bankruptcy Procedure 7001(2) and (9), for a declaratory judgment as to the Defendants' interest in the Estates' property and for avoidance of any liens the Defendants may have in such property.

17. This Court has jurisdiction over the adversary proceeding pursuant to 28 U.S.C. §§ 157, 1334, this adversary proceeding being a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (B), (K), and (O).

18. Venue in this district is proper under 28 U.S.C. § 1409.

FACTUAL BACKGROUND

19. On April 13, 2014 (the "Petition Date"), the Debtors filed for bankruptcy under Chapter 11 with the United States Bankruptcy Court for the District of Nevada. The cases were

transferred to the United States Bankruptcy Court for the District of Massachusetts (the "Court") by Order dated May 23, 2014.

20. Prior to the Petition Date, the Commonwealth of Massachusetts, Office of Secretary of State, Securities Division (the "MSD") commenced an investigation into the Debtors' business practices.

21. On or about April 15, 2014, the MSD commenced an administrative proceeding against the Debtors. Also on April 15, 2014, the Securities and Exchange Commission (the "SEC") commenced an action against the Debtors and others in the United States District Court for the District of Massachusetts. The foregoing actions alleged, among other things, that the Debtors were engaged in an illegal Ponzi/pyramid scheme and the fraudulent unregistered offering of securities.

22. On or about April 22, 2014, the Office of the United States Trustee filed a motion for the appointment of a Chapter 11 Trustee based upon the allegations of illegal activity.

23. On May 30, 2014, this Court allowed the United States Trustee's motion to appoint a Chapter 11 trustee, and the Trustee was appointed on June 6, 2014.

24. On October 7, 2015, the Trustee filed a motion seeking, among other things, an order finding that the Debtors operated a Ponzi scheme [docket no. 623]. On November 25, 2015, the Court entered an order finding, among other things, that the Debtors operated a Ponzi scheme and that this finding would constitute law of the case in each of the Debtors' bankruptcy cases.

25. Each of the above-captioned defendants (collectively the "Defendants") are, upon information and belief, individuals who became involved in the Debtors' scheme ("Participants") and established one or more accounts ("User Accounts") with the Debtors.

26. Upon information and belief, the Defendants claim to be owed money by the Debtors.

27. The Debtors did not grant a security interest in, or ownership of, any of their assets to any of the Defendants prior to the Petition Date.

28. On April 15, 2014, Defendant Leila Tatiana Xavier filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

29. On April 16, 2014 Defendant Chris Aruajo filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

30. On April 16, 2014, Defendant Jailson Ramos filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

31. On April 16, 2014, Defendant Ernestina Xavier filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

32. On April 16, 2014, Defendant Atanazia Xavier filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

33. On April 17, 2014, Defendant Jorge Lopes filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

34. On April 17, 2014, Defendant Francisca Xavier-DePina filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

35. On April 22, 2014, Defendant Silvio Miranda filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

36. On April 22, 2014, Defendant Ivanilda Nascimento filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtors.

37. On April 24, 2014, Defendant Vladmir Xavier filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtor.

38. On May 29, 2014, Defendant Neria Xavier filed a UCC-1 Financing Statement asserting a security or ownership interest in substantially all assets of the Debtor.

39. The UCC-1 Financing Statements filed by the Defendants and referenced above shall be hereinafter referred to as the "Financing Statements."

COUNT I – DECLARATORY JUDGMENT AS TO DEFENDANTS' ASSERTED LIENS
(11 U.S.C. § 544)

40. The Trustee repeats and realleges each allegation set forth above as though fully set forth herein.

41. The Debtors did not grant, and the Defendants did not obtain, a security interest or ownership rights in any of the Debtors' property.

42. The Financing Statements do not grant a lien in the Debtors' property and were not signed by the Debtors.

43. The Defendants hold no secured claim against the Estates, either on account of the Financing Statements filed or otherwise.

44. Pursuant to Section 544 of the Bankruptcy Code and Fed.R.Bankr.P. 7001(2) and (9), the Trustee is entitled to a declaratory judgment determining that the liens asserted by the Defendants are invalid and the Defendants have no claims secured by property of the Estates and no ownership interest in the Debtors' assets.

COUNT II –AVOIDANCE OF POSTPETITION TRANSFERS TO DEFENDANTS, RECOVERY OF TRANSFERS, AND PRESERVATION OF PROPERTY FOR BENEFIT OF ESTATES
(11 U.S.C. §§ 549, 550, 551)

45. The Trustee repeats and reasserts each allegation set forth above as though fully set forth herein.

46. In the event that the Defendants were granted security interests in the Debtors' property prior to the Petition Date, the attempted perfection of such security interests by the filing of the Financing Statements after the Petition Date constituted transfers (the "Transfers") of an interest in assets of the Debtors that occurred after the commencement of the Chapter 11 cases.

47. The Transfers were not authorized under the Bankruptcy Code or by the Court.

48. The Transfers may be avoided by the Trustee pursuant to Section 549 of the Bankruptcy Code.

49. Pursuant to Sections 550(a) and 551 of the Bankruptcy Code, the Trustee is entitled to recover, and preserve for the benefit of the Estates, the avoided Transfers, or their value, from the Defendants.

COUNT III –VIOLATION OF AUTOMATIC STAY
(11 U.S.C. §§ 362)

50. The Trustee repeats and reasserts each and every allegation contained above as though fully set forth herein.

51. Section 362 of the Bankruptcy Code provides that the filing of a bankruptcy petition operates as a stay of any act to obtain possession of property of the estate or of property from the estate or to exercise control over property of the estate. 11 U.S.C. §362(a)(3).

52. Section 362 stays any act to collect, assess, or recover on a claim against the debtor that arose before the commencement of the case. 11 U.S.C. §362(a)(6).

53. The Transfers are void as a violation of the automatic stay.

WHEREFORE, the Trustee respectfully requests that this Court enter judgment in his favor and against the Defendants:

(a) On Count I, determining, pursuant to 11 U.S.C. § 544, that the liens asserted by the Defendants are invalid liens against Property of the Estates and that the Defendants have no ownership interest in the Debtors' assets;

(b) On Count II, avoiding the Transfers pursuant to 11 U.S.C. § 549 and determining that the Trustee is entitled to recover, and preserve for the benefit of the Estates, the avoided Transfers, or their value, from the Defendants Pursuant to 11 U.S.C. §§ 550(a) and 551;

(c) On Count III, voiding the Transfers as violations of the automatic stay set forth in 11 U.S.C. §362; and

(d) Granting to the Trustee such other and further relief as this Court may deem necessary and proper in the circumstances.

STEPHEN DARR AS HE IS THE TRUSTEE OF THE CHAPTER 11 ESTATES OF TELEXFREE, INC., TELEXFREE, LLC AND TELEXFREE FINANCIAL, INC.

By his attorneys,

/s/ Andrew G. Lizotte

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Dated: April 1, 2016

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