Docket #0129 Date Filed: 5/16/2016

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In re:	Chapter 11 Cases
TELEXFREE, LLC, TELEXFREE, INC. and TELEXFREE FINANCIAL, INC.,	14-40987-MSH 14-40988-MSH 14-40989-MSH
Debtors.	Jointly Administered
STEPHEN B. DARR AS HE IS THE TRUSTEE OF THE CHAPTER 11 ESTATES OF EACH OF THE DEBTORS,	
Plaintiff,	
v. PAOLA ZOLLO ALECCI, MARIA RICARDINA SOUSA DOS SANTOS DELGADO, FERNANDO DA SILVA GONZALEZ, YUNCHENG WU, YANMIN LIU, LIGIA MARIA FREITAS ANDRADE, RAFAEL A. DEMETRIO, MARCELO GONCALVES, JIE ZHANG, SUTHAKARAN RATNAM, JULIAN NUNEZ , ANA PAULA MELIM VITAL, MELBA ESTEVEZ, SOFIA JESUS NUGENT OLSEN, YUXIAN LIU, FRANCISCO HELIO de MOURA NOGUEIRA JR, SANDRO PAULO FREITAS, PEDRO TAVERAS, JOEL de JESUS JAVIEL, MARCELINO SONIA MARIA NUNES VIVEIROS, ABRAHAM PEREZ DOMINGUEZ, YONG WU, ROBERTO ARAUJO, RUI GOUVEIA, DIANA LUCIA MENDEZ, FELIPE FERNANDES, BRUNO EGIDIO COELHO GOMES, FERNANDO SILVA, JIANXIN WANG, ELVIS JANER DE AZA, DUARTE NELIO DIAS DE OLIVEIRA, ADRIANO SILVA ALVES, GRACIA LUISA ANDRADE, LIQUING LIU, SANDRO DIOSDADO SESMA, YUEN TING CHENG, YI ZHAO, MICHAEL WILLIAMS, ELIANA CANDIDO NEVES,	

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SERGIO SILVA, FABIO DE LIMA, WANWEN HUANG, SALAZAR BACILIO, JONATHAN VARGAS, GILDETE BARBOSA, CARLOS O PINA, FAUSTO FERMIN, FELIPE MATEO OLIVARES CAPUTO, DARWIN ALBERTO BARRERA NOLASCO, MARIA TERESA NORONHA, HUIPING HUANG, SILVANA RAUPP RIBEIRO, YESSENIA REYNOSO, CARLOS PINA, ANGEL MATEO POLANCO, QIANXI ZHANG, JUAN CARLOS MOLINA de HARO, RUBEN CUTIRE PACCOSONCCO, FERNANDO CARRIEL, HONG JUN LI, MARIA LUISA ABREU PAULO, MARIA TERESA FARIA CABRAL NORONHA FRANCO, OLIVIA RAMIREZ, J. ANGEL CEBALLOS BETANCUR, ILLIA VASYLIOHLO, ANTONIO FRANCSCO ROCHA, XUELIAN LI, CAROLIN VIRGINIA HEREDIA DURAN, MARIA JOAO ALVES FRANCISCO CARDOSO, CARLOS ALBERTO dos SANTOS NEVES, PEDRO EMANUEL SANTO SOUZA, ERMELINDA VITORIA de FREITAS, CHAO YANG, LICILENE DURIGOM, CHEN MINGBING, ARIDIO ADAMES, LUZHONG ZHANG, HUA JUN LI, HELDER COELHO, JING GONG, ROBERTA ZAPATA LA O, JOAQUIN MARIO SANTISEBAN VEGAS, FREDY JACUZZI, ROBIN WINTERS, JORGE TIAGO de COSTA de SA, VERA LUCIA FIGUEIRA FREITAS SANTOS, ANA MARIA JESUS e SILVA, ZHIHAI XUN, ROSA MARINA CABRAL SOUTO, NATIO GOMES SCHERR STAHL, JOAO LUIS GARCES DIAS, RUBEN CONDE CARVALHIDO, EDUARDA MARIA BRANCO FERNANDES, ROBERTA PRISCILA DO NASCIMENTO ESPINOLA de CARVALHO, CARLOS TEJEDA VICENT, MARIA JESUS TORRABA FORNET and a Defendant Class of Net Winners,

Defendant(s)

Adversary Proceeding
No. 16-04007

AMENDED COMPLAINT

Introduction

Stephen Darr is 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"). As Trustee, Mr. Darr brings this adversary proceeding to recover property fraudulently transferred by the Debtors to the Defendants and members of the Defendant class within two (2) years of the bankruptcy filings and preferential transfers made to the Defendants and members of the Defendant class within ninety (90) days of the bankruptcy filings.

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, Paola Zollo Alecci, is an individual who based upon the information provided by such Defendant resides at Rua Da Calcada N12, Canico, Portugal.

3. The Defendant, Maria Ricardina Sousa Dos Santos Delgado, is an individual who based upon the information provided by such Defendant resides at Urbanizacion Feiteririnhas No. 28, Machico, Portugal.

4. The Defendant, Fernando da Silva Gonzalez, is an individual who based upon the information provided by such Defendant resides at Caminho Das Preces N 96, Funchal, Portugal.

5. The Defendant, Yuncheng Wu, is an individual who based upon the information provided by such Defendant resides at Sihe Residential Area, Suixi Road, Luyang District, Hefei, Anhui, China.

6. The Defendant, Yanmin Liu, is an individual who based upon the information provided by such Defendant resides at Haerbinshi, Xianfangqu, Nonglinbadaojie 6Hao, Haerbin, China.

7. The Defendant, Ligia Maria Freitas Andrade, is an individual who based upon the information provided by such Defendant resides at Travessa Contracta e Corujeira, Ed. Belo Horizonte N 2C, Canico, Portugal.

8. The Defendant, Sonia Maria Nunes Viveiros, is an individual who based upon the information provided by such Defendant resides at Ed Varandas Do Pilar Bl. B 12 6 Esq, Funchal, Portugal.

9. The Defendant, Abraham Perez Dominguez, is an individual who based upon the information provided by such Defendant resides at Calle Diego Velazquez 71, Huelva, Spain.

10. The Defendant, Yong Wu, is an individual who based upon the information provided by such Defendant resides at Wanlongxiang, Shuangcheng, China.

11. The Defendant, Roberto Araujo, is an individual who based upon the information provided by such Defendant resides at Rua Do Dom Sucesso 79, Funchal, Portugal.

12. The Defendant, Rui Gouveia, is an individual who based upon the information provided by such Defendant resides at Caminho Municipal Da Ti Clara, Santa Cruz, Portugal

13. The Defendant, Diana Lucia Mendez, is an individual who based upon the information provided by such Defendant resides at Calle 21 Sur #22-63 Apto 201 Bloque 2 Los Nogales, Neiva, Colombia.

14. The Defendant, Felipe Fernandes, is an individual who based upon the information provided by such Defendant resides at Caminho de Santa Quiteria, Ed Quiteria Park III, Bl. A, Apt. N, Funchal, Portugal.

15. The Defendant, Bruno Egidio Coelho Gomes, is an individual who based upon the information provided by such Defendant resides at Rua Da Baixinha, Nâ°6, Canical, Portugal.

16. The Defendant, Fernando Silva, is an individual who based upon the information provided by such Defendant resides at Rua Nossa Senhora Fatima, 122 Reimonda, Barcelos, Portugal.

17. The Defendant, Jianxin Wang, is an individual who based upon the information provided by such Defendant resides at Haerbinshi Nangangqu Xuanxixiaoqu, Haerbin, China.

18. The Defendant, Elivs Janer de Aza, is an individual who based upon the information provided by such Defendant resides at Calle Eugenio A. Miranda 70, La Romana, Dominican Republic.

19. The Defendant, Duarte Nelio Dias de Oliveira, is an individual who based upon the information provided by such Defendant resides at Caminho do Ampara, 6T, 61, Funchal, Portugal.

20. The Defendant, Adriano Silva Alves, is an individual who based upon the information provided by such Defendant resides at Rua Das Feiteirinhas 25, Machico, Portugal.

21. The Defendant, Gracia Luisa Andrade, is an individual who based upon the information provided by such Defendant resides at Rua Velha Ajuda RC-B, Funchal, Portugal.

22. The Defendant, Liquing Liu, is an individual who based upon the information provided by such Defendant resides at Heilogjiangsheng Binxian Binzhouzhen Wenhuajie Wuwei, Haerbin, China.

23. The Defendant, Sandro Diosdado Sesma, is an individual who based upon the information provided by such Defendant resides at Ave. Reforma 1755, Irapuato, Mexico.

24. The Defendant, Yuen Ting Cheng, is an individual who based upon the information provided by such Defendant resides at 21 Latchford Lane, Shrewsbury SY1 4YG, United Kingdom.

25. The Defendant, Yi Zhao, is an individual who based upon the information provided by such Defendant resides at 233 Invergordon Ave, Toronto, Ontario, M1S 3Z1, Canada.

26. The Defendant, Michael Williams, is an individual who based upon the information provided by such Defendant resides at 2009 Jans Boulevard, Innisfil, Ontario, L9S 5A4, Canada.

27. The Defendant, Eliana Candido Neves, is an individual who based upon the information provided by such Defendant resides at Accadia Court Flat 2, London, NW9 8RP, England.

28. The Defendant, Sergio Silva, is an individual who based upon the information provided by such Defendant resides at Flat 5 Springbourne, Bournemouth, BH8 8NG, United Kingdom.

29. The Defendant, Fabio De Lima, is an individual who based upon the information provided by such Defendant resides at 54 Hermit Road, London, E16 4LF, United Kingdom.

30. The Defendant, Wanwen Huang, is an individual who based upon the information provided by such Defendant resides at 1016-2627 McCowan Road, Scarborough, Ontario, M1S 5T1, Canada.

31. The Defendant, Rafael A. Demetrio, is an individual who based upon the information provided by such Defendant resides at 3 Chester Street, Oxford, OX4 1SL, United Kingdom.

32. The Defendant, Marcelo Goncalves, is an individual who based upon the information provided by such Defendant resides at 10 Courtland Terrace, Flat 2, Merthyr Tydfill, CF47 0DT, United Kingdom

33. The Defendant, Jie Zhang, is an individual who based upon the information provided by such Defendant resides at 17 Oxfordshire Street, Markham, Ontario, L6C 2J7, Canada .

34. The Defendant, Suthakaran Ratnam, is an individual who based upon the information provided by such Defendant resides at 167 Smoothwater Terrace, Markham, Ontario, L6B ON1, Canada.

34-A. The Defendant, Julian Nunez, is an individual who based upon the information provided by such Defendant resides at Pedro A. Lluberes # 162, La Romana RD 22000 Dominican Republic.

34-B. The Defendant, Ana Paula Melim Vital, is an individual who based upon the information provided by such Defendant resides at 32-D Estrada do Garajau, Santa Cruz 9125-067 Portugal.

34-C. The Defendant, Melba Estevez is an individual who based upon the information provided by such Defendant resides at Calle Hector P. Quezada # 66, La Romana 22000 Dominican Republic.

34-D. The Defendant, Sofia Jesus Nugent Olsen is an individual who based upon the information provided by such Defendant resides at Pedro Ruiz Gallo L14, Callao Callao01 Peru.

34-E. The Defendant, Yuxian Liu is an individual who based upon the information provided by such Defendant resides at gan jing zi qu hua bei lu 9 hua 3-1-1, Da Lian 116031 China.

34-F. The Defendant, Francisco Helio de Moura Nogueira Jr. is an individual who based upon the information provided by such Defendant resides at Cusco #787, Tambopata Peru.

34-G. The Defendant, Sandro Paulo Freitas is an individual who based upon the information provided by such Defendant resides at Caminho Casa Velha # 32, Funchal MA 9060-028 Portugal.

34-H. The Defendant, Pedro Taveras is an individual who based upon the information provided by such Defendant resides at Calle 5 Este No. 6, La Romana RD 22000 Dominican Republic.

34-I. The Defendant, Joel de Jesus Javiel is an individual who based upon the information provided by such Defendant resides at Calle Maguana #56, La Romana 22000 Dominican Republic.

34-J. The Defendant, Marcelino Salazar Bacilio is an individual who based upon the information provided by such Defendant resides at Ave. Aviacion # 2695, Lima 028 Peru.

34-K. The Defendant, Jonathan Vargas is an individual who based upon the information provided by such Defendant resides at Calle Trinitaria #45, La Romana 22000 Dominican Republic.

34-L. The Defendant, Gildete Barbosa is an individual who based upon the information provided by such Defendant resides at 81 Chamberlyne Avenue, London ha98ss Great Britain.

34-M. The Defendant, Carlos O Pina is an individual who based upon the information provided by such Defendant resides at Carretera Higuey Yuma # 15, Edif. Claribel, Higuey 23000 Dominican Republic.

34-N. The Defendant, Carlos Pina is an individual who based upon the information provided by such Defendant resides at Calle Gaston F. Deligne # 75, La Romana 21000 Dominican Republic.

34-O. The Defendant, Fausto Fermin is an individual who based upon the information provided by such Defendant resides at Calle 3 # 2 Villa Olga, Santiago 51000 Dominican Republic.

34-P. The Defendant, Angel Mateo Polanco is an individual who based upon the information provided by such Defendant resides at Calle Marcial Guerrero #143, Higuey 22000 Dominican Republic.

34-Q. The Defendant, Felipe Mateo Olivares Caputo is an individual who based upon the information provided by such Defendant resides at Calle 4ta # 7, Urbanizacion Oriental, San Pedro De Macoris 21000 Dominican Republic.

34-R. The Defendant, Qianxi Zhang is an individual who based upon the information provided by such Defendant resides at haizhouqu xishanhuayuanxiaoqu2-102, Liaoning 123099 China.

34-S. The Defendant, Darwin Alberto Barrera Nolasco is individual who based upon the information provided by such Defendant resides at Calle Dajabon # 46, Santo Domingo DI 10402 Dominican Republic.

34-T. The Defendant, Juan Carlos Molina de Haro is individual who based upon the information provided by such Defendant resides at Calle Las Meninas #5, Sevilla 41920 Spain.

34-U. The Defendant, Maria Teresa Noronha is an individual who based upon the information provided by such Defendant resides at Rua José Joaquim Pestana Vasconcelos, Porto Santo MA 9400-134 Portugal.

34-V. The Defendant, Ruben Cutire Paccosoncco is an individual who based upon the information provided by such Defendant resides at Ave. Tullumayo # 682, Cusco 084 Peru.

34-W. The Defendant, Huiping Huang is an individual who based upon the information provided by such Defendant resides at fu jian hui an dong yuan jin feng hou cai 354 hao, Quanzhou 362122 China.

34-X. The Defendant, Fernando Carriel is an individual who based upon the information provided by such Defendant resides at Ave. la Lorena # 2, Santo Domingo De Los Tsachilas A 0000 Ecuador.

34-Y. The Defendant, Silvana Raupp Ribeiro is an individual who based upon the information provided by such Defendant resides at Calle Habana # 30, Maracena GR 18200 Spain.

34-Z. The Defendant, Hong Jun Li is an individual who based upon the information provided by such Defendant resides at bei jing hai din qu da you bei li 133lou 301 hao, Bei Jing 0086 China.

34-A(1). The Defendant, Yessenia Reynoso is an individual who based upon the information provided by such Defendant resides at Calle Camino del Norte Bloque 14 #5, Santo Domingo RD 10100 Dominican Republic.

34-B(1). The Defendant, Maria Luisa Abreu Paulo is an individual who based upon the information provided by such Defendant resides at Caminho do Monte #55, Funchal MA 9050-084 Portugal.

34-C(1). The Defendant, Maria Teresa Faria Cabral Noronha Franco is an individual who based upon the information provided by such Defendant resides at Rua Princesa D. Amelis , Ed. Princesa n22 4F, Funchal MA 9000-019 Portugal.

34-D(1). The Defendant, Carlos Alberto dos Santos Neves is an individual who based upon the information provided by such Defendant resides at Rua Arquiteto Afonso Alvares # 10, Algueirao LI 2725090 Portugal.

34-E(1). The Defendant, Olivia Ramirez is an individual who based upon the information provided by such Defendant resides at Calle 2da #14, Higuey 23000 Dominican Republic.

34-F(1). The Defendant, Pedro Emanuel Santo Souza is an individual who based upon the information provided by such Defendant resides at Estrada de São Lourenço # 16, Machico MA 9200038 Portugal.

34-G(1). The Defendant J. Angel Ceballos Betancur is an individual who based upon the information provided by such Defendant resides at Calle 45 #79 A 100 Int 072, Medellin 5001000 Spain.

34-H(1). The Defendant J. Ermelinda Vitoria de Freitas is an individual who based upon the information provided by such Defendant resides at Avenida 1 Fevereiro 12, Ponta Do Sol MA 9360410 Portugal.

34-I(1). The Defendant J. Illia Vasyliohlo is an individual who based upon the information provided by such Defendant resides at Aldeia das Acoteias No. 20, Albufeira AL 8200252 Portugal.

34-J(1). The Defendant J. Chao Yang is an individual who based upon the information provided by such Defendant resides at henansheng nanyangshi, Nanyang 473000 China.

34-K(1). The Defendant J. Antonio Francsco Rocha is an individual who based upon the information provided by such Defendant resides at Praceta da Beira #5 1FTE, Oeiras OE 2780004 Portugal.

34-L(1). The Defendant J. Licilene Durigom is an individual who based upon the information provided by such Defendant resides at 21 Lowther Road, Bournemouth DO bh8 8ng Great Britain.

34-M(1). The Defendant J Xuelian Li is an individual who based upon the information provided by such Defendant resides at Beijing, Beijing BJ 100025 China.

34-N(1). The Defendant Chen Mingbing is an individual who based upon the information provided by such Defendant resides at de jiang xian chang feng xiang, Dejiang 13 550002 China.

34-O(1). The Defendant Carolin Virginia Heredia Duran is an individual who based upon the information provided by such Defendant resides at Calle 1 #8 Villa Aura, Santo Domingo 22000 Spain.

34-P(1). The Defendant Aridio Adames is an individual who based upon the information provided by such Defendant resides at Calle 5 #6, La Romana 22000 Dominican Republic.

34-Q(1). The Defendant Maria Joao Alves Francisco Cardoso is an individual who based upon the information provided by such Defendant resides at Rua Prof. Modesto Trindade #6, Funchal MA 9060-109 Portugal.

34-R(1). The Defendant Luzhong Zhang is an individual who based upon the information provided by such Defendant resides at Beijing, Beijing 100026 China.

34-S(1). The Defendant Hua Jun Li is an individual who based upon the information provided by such Defendant resides at he nan nei xiang wa ting chunjing cun, Henan H 473000 China.

34-T(1). The Defendant Vera Lucia Figueira Freitas Santos is an individual who based upon the information provided by such Defendant resides at Caminho dos Saltos # 238, Funchal MA 9050-211 Portugal.

34-U(1). The Defendant Helder Coelho is an individual who based upon the information provided by such Defendant resides at Rua Rio Mau # 4a, Braga 4700-760 Portugal.

34-V(1). The Defendant Ana Maria Jesus e Silva is an individual who based upon the information provided by such Defendant resides at Avenida Arriaga # 75, Funchal 9004-507 Portugal.

34-W(1). The Defendant Jing Gong is an individual who based upon the information provided by such Defendant resides at Shangzhi, Haerbin 1506500 China.

34-X(1). The Defendant Zhihai Xun is an individual who based upon the information provided by such Defendant resides at heilongjiangsheng jixishi chengzihequ chengzhuanwei4zu, Jixi 158100 China.

34-Y(1). The Defendant Roberta Zapata La O is an individual who based upon the information provided by such Defendant resides at Calle Cardenal Cisneros #53 Casa 14, Sevilla 41930 Spain.

34-Z(1). The Defendant Rosa Marina Cabral Souto is an individual who based upon the information provided by such Defendant resides at Caminho Lombo de SÃ£o Tiago #19-A, Ponta Do Sol MA 9360347 Portugal.

34-A(2). The Defendant Joaquin Mario Santisteban Vegas is an individual who based upon the information provided by such Defendant resides at Av. Echenique #570, 2 Piso, Huacho LI 01 Peru.

34-B(2). The Defendant Natio Gomes Scherr Stahl is an individual who based upon the information provided by such Defendant resides at Calle Las Avutardas # 9, Caceres CA 10004 Spain.

34-C(2). The Defendant Fredy Jacuzzi is an individual who based upon the information provided by such Defendant resides at Rua Henrique Franco. Ed. Belever Apt. 3, Funchal MA 9000 767 Portugal.

34-D(2). The Defendant Joao Luis Garces Dias is an individual who based upon the information provided by such Defendant resides at Rua Dom Dinis - Edif. Joel Camacho - Bloco C 2Âº Dir, Santa Cruz MD 9125-128 Portugal.

34-E(2). The Defendant Robin Winters is an individual who based upon the information provided by such Defendant resides at 98 New Dover Road, Canterbury KE ct13eh Great Britain.

34-F(2). The Defendant Ruben Conde Carvalhido is an individual who based upon the information provided by such Defendant resides at Rua do Foro Barradas # 15, Leiria LE 2400 762 Portugal.

34-G(2). The Defendant Jorge Tiago de Costa de Sa is an individual who based upon the information provided by such Defendant resides at Bairro da Tabaqueira # 15 Equina 3, Lisboa LI 2635-088 Portugal.

34-H(2). The Defendant Eduarda Maria Branco Fernandes is an individual who based upon the information provided by such Defendant resides at Bairro Fundo #15 Fumento Habitação, Vila Real de Santo Antonio PT 8900-222 Portugal.

34-I(2). The Defendant Roberta Priscila Do Nascimento Espinola de Carvalho is an individual who based upon the information provided by such Defendant resides at Avenida del Maresme #247 Apt. 5, Mataró CA 08301 Spain.

34-J(2). The Defendant Maria Jesus Torraba Fornet is an individual who based upon the information provided by such Defendant resides at Calle Tinaja #8, Castilleja De La Cuesta ES 41850 Spain.

34-K(2). The Defendant Carlos Tejeda Vicent is an individual who based upon the information provided by such Defendant resides at Calle las Palmeras #14, Playa Blanca 35580 Spain.

35. TelexFree, Inc. is a Massachusetts corporation that had its principal place of business in Marlborough, Massachusetts. Prior to February 2012, it was known as Common Cents Communications, Inc., which was incorporated by James Merrill ("Merrill"), Carlos Wanzeler ("Wanzeler") and Steven Labriola in 2002.

36. TelexFree, LLC is a Nevada limited liability company with its principal place of business at the same address in Marlborough as TelexFree, Inc. It was formed by Merrill, Wanzeler and Carlos Costa (a resident of Brazil) in July 2012, and it registered to do business in Massachusetts in April 2013.

37. 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.

38. On April 13, 2014, the Debtors filed for bankruptcy under Chapter 11 with the United States Bankruptcy Court for the District of Nevada. The cases were transferred to this Court by Order dated May 23, 2014.

Jurisdiction

39. This adversary proceeding is brought pursuant to §§ 547, 548, 550 and 551 of Title 11 of the United States Code for the avoidance and recovery of fraudulent conveyances and preferential transfers.

40. 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), (F), (H), and (O).

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

Defendant Class Allegations

42. The Trustee brings this action as a defendant class action pursuant to Federal Rules of Civil Procedure 23(a), (b)(1)(A), and (b)(1)(B) against a class (the "Net Winner Class") consisting of all persons or entities who, as a result of their participation in the Debtors, were "Net Winners" (as defined below) and who reside outside of the United States.[1]

43. For the purposes of inclusion in the Net Winner Class, a "Net Winner" is a person who received more money from the Debtors (as "profit payments," "commissions," "bonuses" or any other payments) and from other persons in connection with the purchase of membership plans or VoIP Packages, than that person paid to the Debtors or to other persons in connection with the purchase of membership plans or VoIP Package ("Net Winner Payment") as determined

[1] Claims against Net Winners who reside within the United States will be brought in a separate action.

based upon an aggregation of all the User Accounts of a Participant. Determination of the Net Winner Payment shall not include unredeemed credits, as described below.

44. The members of the Net Winner Class are so numerous that joinder of all members is impracticable. There are approximately 78,000 persons who are members of the Net Winner Class.[2]

45. There are questions of law and fact that are common to the Net Winner Class. These questions include, but are not limited to, the following: (i) what transfers should be included in the determination of a Net Winner; (ii) whether Net Winners should be determined by an aggregation of Related User Accounts; (iii) whether the Net Winner Payments are avoidable as fraudulent transfers because the Debtors had the actual intent to hinder, delay, or defraud creditors; (iv) whether the Net Winner Payments are avoidable as fraudulent transfers because the transfers were made for less than fair consideration while the Debtors were insolvent, undercapitalized, or unable to pay debts as they became due; (v) whether the Net Preference Payments may be recovered as preferential transfers; (vi) whether the Court's finding that the Debtors engaged in a Ponzi and pyramid scheme may be applied, along with any applicable presumptions, in determining the Trustee's claims.

46. The named Defendants are Net Winners in the following amounts:

Named Defendant	Net Winner Payment	Net Preference Payment[3]
Paola Zollo Alecci	$2,528,899	$1,037,748
Maria Ricardina Sousa DosSantos Delgado	$2,292,890	$ 516,806
Fernando da Silva Gonzalez	$1,929,151	$ 721,341
Yuncheng Wu	$1,488,075	$ 914,728
Yanmin Liu	$1,425,657	$ 814,476

[2] Additionally, there are approximately 15,000 persons who are net winners and reside within the United States and who will be subject to a separate action by the Trustee.
[3] Net Preference Payment is defined in paragraph 85 and is a subset of Net Winner Payment.

Named Defendant	Net Winner Payment	Net Preference Payment3
Ligia Maria Freitas Andrade	$1,275,690	$ 467,831
Sonia Maria Nunes Viveiros	$1,181,950	$ 666,714
Abraham Perez Dominguez	$1,151,105	$ 684,228
Yong Wu	$1,131,604	$ 735,742
Roberto Araujo	$1,043,260	$ 489,851
Rui Gouveia	$ 997,629	$ 456,530
Diana Lucia Mendez	$ 991,451	$ 291,634
Felipe Fernandes	$ 937,556	$ 525,939
Bruno Egidio Coelho Gomes	$ 828,854	$ 490,198
Fernando Silva	$ 787,974	$ 450,631
Jianxin Wang	$ 735,082	$ 61,896
Elvis Janer de Aza	$ 730,532	$ 292,748
Duarte Nelio Dias de Oliveira	$ 729,672	$ 490,373
Adriano Silva Alves	$ 798,928	$ 351,958
Gracia Luisa Andrade	$ 691,211	$ 431,083
Liquing Liu	$ 688,041	$ 286,074
Sandro Diosdado Sesma	$ 461,187	$ 313,028
Yuen Ting Cheng	$ 459,052	$ 405,853
Yi Zhao	$ 310,195	$ 4,975
Michael Williams	$ 352,441	$ 130,596
Eliana Candido Neves	$ 216,816	$ 97,847
Sergio Silva	$ 265,790	$ 51,967
Fabio De Lima	$ 268,736	$ 104,762
Wanwen Huang	$ 285,880	$ 215,184
Rafael A. Demetrio	$ 169,372	$ 133,308
Marcelo Goncalves	$ 138,782	$ 66,997
Jie Zhang	$ 231,901	$ 78,455
Suthakaran Ratnam	$ 137,390	$ 141,203
Julian Nunez	$2,085,324	$647,867
Ana Paula Melim Vital	$1,827,560	$822,772
Melba Estevez	$1,812,166	$879,093
Sofia Jesus Nugent Olsen	$1,750,833	$819,144
Yuxian Liu	1,692,764	$1,012,007
Francisco Helio de Moura Nogueira	$1,648,513	$1,103,757
Sandro Paulo Freitas	$1,647,863	$849,655
Pedro Taveras	$1,559,132	$506,721
Joel de Jesus Javiel	$1,446,112	$677,320
Marcelino Salazar Bacilio	$1,275,404	$8,262
Jonathan Vargas	$1,103,228	$225,645
Gildete Barbosa	$1,073,748	$526,734
Carlos O Pina	$1,072,144	$ (6,083)
Carlos Pina	$1,020,551	$541,481

Named Defendant	Net Winner Payment	Net Preference Payment3
Fausto Fermin	$996,673	$413,027
Angel Mateo Polanco	$991,258	$485,328
Odilon Barreto de Macedo Monteiro	$970,602	$529,606
Felipe Mateo Olivares Caputo	$936,483	$416,417
Qianxi Zhang	$934,856	$530,783
Darwin Alberto Barrera Nolasco	$926,399	$465,330
Juan Carlos Molina de Haro	$900,316	$517,612
Maria Teresa Noronha	$886,448	$326,903
Ruben Cutire Paccosoncco	$843,270	$365,750
Huiping Huang	$840,980	$268,623
Fernando Carriel	$828,247	$ 140,969
Silvana Raupp Ribeiro	$823,311	$413,716
Hong Jun Li	$809,096	$269,573
Yessenia Reynoso	$771,670	$416,811
Maria Luisa Abreu Paulo	$738,518	$448,104
Maria Teresa Faria Cabral Noronha Franco	$735,139	$25
Carlos Alberto dos Santos Neves	$733,076	$230,963
Olivia Ramirez	$726,274	$345,025
Pedro Emanuel Santo Souza	$665,789	$332,326
J. Angel Ceballos Betancur	$643,677	$257,455
Ermelinda Vitoria de Freitas	$618,794	$407,501
Illia Vasyliohlo	$616,565	$40,638
Chao Yang	$611,164	$539,937
Antonio Francsco Rocha	$608,474	$407,842
Licilene Durigom	$600,091	$389,075
Xuelian Li	$598,630	$429,205
Chen Mingbing	$597,961	$276,255
Carolin Virginia Heredia Duran	$ 595,423	$290,090
Aridio Adames	$582,220	$324,196
Maria Joao Alves Francisco Cardoso	$574,724	$230,040
Lanying Zhang	$573,221	$172,553
Hua Jun Li	$570,359	$392,904
Vera Lucia Figueira Freitas Santos	$567,268	$356,562
Helder Coelho	$540,589	$236,665
Ana Maria Jesus e Silva	$536,937	$355,362
Jing Gong	$535,741	$261,326
Zhihai Xun	$521,392	$127,127
Roberta Zapata La O	$502,655	$252,414
Rosa Marina Cabral Souto	$455,593	$159,532
Joaquin Mario Santisteban Vegas	$435,559	$195,971
Natio Gomes Scherr Stahl	$284,597	$ (2,384)
Fredy Jacuzzi	$282,246	$

Named Defendant	Net Winner Payment	Net Preference Payment3
Joao Luis Garces Dias	$136,285	$53,811
Robin Winters	$98,233	$25,336
Ruben Conde Carvalhido	$93,013	$4,686
Jorge Tiago de Costa de Sa	$92,658	$20,744
Eduarda Maria Branco Fernandes	$86,223	$31,543
Roberta Priscila Do Nascimento Espinola de Carvalho	$78,846	$14,612
Maria Jesus Torraba Fornet	$36,025	$46,100
Carlos Tejeda Vicent	$20,657	$30,060

47. The named individual defendants were among the largest Net Winners of the Debtors' scheme and should be appointed, without cost to the Estates, as representatives of the Net Winner Class (the "Class Representatives").

48. The Class Representatives will be adequate and appropriate representatives of the Net Winner Class in the course of and by virtue of their own defense to the same claims. Because they have substantially more (or certainly at least as much) incentive to vigorously defend against the Trustee's claims as any unnamed class member, these Defendants will fairly and adequately protect and represent the interests of the unnamed members of the Net Winner Class.

49. The claims against and anticipated defenses of the Class Representatives are typical of the claims against and anticipated defenses of the unnamed members of the Net Winner Class. Like the Class Representatives, each of the unnamed members of the Net Winner Class participated in the Debtors' Ponzi and pyramid scheme and received more money than they paid during the course of their participation. The claims for return of "net winnings" against all the Net Winners are the same and should be calculated the same way for all class members.

50. The nature of the defenses that may be asserted by the Class Representatives also would be the same, as liability for repayment of the fraudulent transfers made by the Debtors to

the Net Winner Class does not depend on the personal circumstances of particular individuals (other than in the mathematical calculation of the amount of their liability, which will be resolved independently of the determination of liability).

51. Prosecuting separate actions against individual class members would create a risk of inconsistent judgments with respect to individual class members.

Statement of Facts

52. The Debtors operated a massive Ponzi and pyramid scheme, which involved as many as 1,900,000 participants ("Participants") from multiple countries under the guise of a "multi-level marketing" company with its headquarters in Marlborough, Massachusetts. The Debtors represented themselves as being in the business of selling telephone service plans that use "voice over Internet" ("VoIP") technology. However, the sale of VoIP constituted only a minor portion of their business; the Debtors' actual business was the recruitment of Participants.

53. From April 2012 to April 2014, individuals throughout the world, including many Participants of the Brazilian and Dominican immigrant communities in the United States, purchased membership plans with a transaction value of approximately $3,000,000,000. The memberships promised substantial returns – 200% per year or more – for becoming "promoters" of the business. The Debtors promised to pay Participants for placing ads on obscure classified ad sites on the internet and recruiting other Participants to do the same.

54. The basic features of the Debtors' membership program had all the hallmarks of a Ponzi and pyramid scheme: (1) Participants were promised unusually high returns – over 200% per year – for doing virtually nothing except posting meaningless internet ads; (2) Participants were promised bonuses if they recruited new Participants, who would do virtually nothing except post ads and recruit new Participants (and so on and so on); and (3) while there were some VoIP

plans sold, Participants did not have to sell the plans in order to receive redeemable credits. Because Participants were strongly encouraged to recruit new Participants and were not required to sell the VoIP plans, the Debtors were using funds from later Participants to pay earlier Participants.

55. The membership fees from Participants constituted more than ninety-nine percent (99%) of the monies taken in by the Debtors. Prior to March 9, 2014, the Debtors did not require Participants to sell the VoIP service in order to qualify for credits which could be monetized.

56. The revenues from retail VoIP sales were only a tiny fraction of the money the Debtors promised to pay to Participants. Credit card and banking transactions indicate that, from August 2012 to March 2014, the Debtors received approximately $6,600,000 from the retail sale of monthly VoIP contracts. During the same period, the Debtors received more than $340,000,000 from Participants who purchased contracts. Through the sale of those one-year contracts, the Debtors effectively promised to pay more than $5,000,000,000 to the Participants on account of the guaranteed return for posting internet advertisements. In other words, the revenues from retail VoIP sales covered barely 0.1% of the Debtors' obligations to pay Participants for placing advertisements, without taking into account obligations to pay Participants the commissions associated with recruiting other Participants. As a result, the Debtors paid earlier Participants not with revenues from selling the VoIP services but with money received from later Participants.

57. On November 25, 2015, the Court, on motion by the Trustee and after notice and hearing, entered an Order, as amended on December 21, 2015, finding that the Debtors were engaged in a Ponzi scheme and that this ruling was the law of the case in each of the jointly administered cases.

User Accounts

58. Each time that a Participant purchased a membership plan or VoIP Package, the Participant established an account with the Debtors (the "User Account") that recorded the Participant's transactions with the Debtors, including payments of invoices, accumulation of credits, bonuses, and commissions, use of credits to satisfy invoices, and cash receipts.

59. At the time a User Account was established, the Participant was directed to provide his/her name, address, email address, phone numbers, passcodes, and other identifying information (the "Common Identifiers").

60. A Participant could establish more than one User Account and, in practice, many Participants had multiple User Accounts.

61. The User Accounts tracked credits issued to Participants for placing advertisements, selling membership plans and VoIP Packages, and the activities of certain other affiliated Participants. These credits could be redeemed by a Participant for cash, transferred by a Participant to another User Account, or applied by a Participant in satisfaction of an invoice for another User Account in exchange for cash payment from the recruited Participant.

Types of Transactions

62. Invoices issued by the Debtors to Participants for the purchase of a membership plan could be satisfied in one of two ways. Participants could satisfy the invoice by payment in cash to the Debtors, or Participants could use their accumulated credits in one User Account to satisfy an invoice for a membership plan sold to a new User Account, for themselves or for another Participant.

63. In the case of a Participant satisfying his/her own invoice by payment in cash to the Debtors, the process worked, generally, as follows:

(i) The Participant established an online account;

(ii) The Debtors' database recorded the data entered by the new Participant and the identity of the recruiting Participant, and assigned an identification number to the new User Account;

(iii) The Debtors recorded the purchase, issued a numbered invoice, and marked the invoice as 'pending';

(iv) A Participant could pay the invoice by cash, check, cashier's check, wire transfer, or through a third-party online payment processing account. When the invoice was paid, the Debtors would update the invoice;

(v) The new Participant could then start building a pyramid underneath the newly created User Account by recruiting other members (or by purchasing new User Accounts themselves) and generating bonuses and commissions.

64. A Participant could monetize accumulated credits by recruiting a new Participant using his/her accumulated credits to satisfy the invoice issued by the Debtors to the new Participant for the purchase of a membership plan, and the new Participant paid the membership fee to the recruiting member, rather than to the Debtors (hereinafter a "Triangular Transaction").

65. In the case of a new User Account being opened with the use of accumulated credits in another User Account, the process worked, generally, as follows:

(i) A Participant created his/her online account, or used their existing account information, to establish a new User Account;

(ii) The Debtors' database recorded the details entered by the new Participant and assigned an identification number to the new User Account;

(iii) The Debtors recorded the purchase, issued an invoice to the new User Account, and marked the invoice as 'pending';

(iv) The new Participant forwarded the invoice to the recruiting Participant, who satisfied the invoice with accumulated credits in the existing User Account;

(v) The new Participant paid the invoice amount to the recruiting Participant (in those cases where there were two separate Participants involved).

66. The substantive result of the Triangular Transaction is that funds otherwise payable to the Debtors from Participants for the purchase of membership plans were paid to the recruiting Participants, who in turn satisfied the invoice issued by the Debtors to the new Participant by reducing the recruiting Participant's accumulated credits.

Count One

Declaratory Judgment for Determination of Net Winner

67. The Trustee realleges and repeats the allegations contained in paragraphs 1 through 66 above and by reference incorporates them herein.

68. Participants often had multiple User Accounts, which can be identified to the Participant by, among other means, Common Identifiers. These multiple User Accounts of a Participant are hereinafter referred to as "Related User Accounts."

69. The Trustee has determined the Net Winners by aggregating Related User Accounts to include money paid to the Debtors, received from the Debtors, and money paid to and received from other Participants in connection with the purchase or membership plans and VoIP Packages.

70. The Trustee is entitled to a judgment declaring that a Net Winner is determined by aggregating Related User Accounts.

Count Two

Fraudulent Transfer -- Constructive – 11 U.S.C. §§ 548(a)(1)(B), 550 and 551

71. The Trustee realleges and repeats the allegations contained in paragraphs 1 through 70 above and by reference incorporates them herein.

72. The Net Winner Payments were made within two years of the Petition Date.

73. Each of the Net Winner Payments constitutes a "transfer," as that term is defined in 11 U.S.C. § 548, of an asset or interest in an asset of the Debtors.

74. Each Net Winner Payment was made for less than fair consideration.

75. Each Net Winner Payment was made while the Debtors were insolvent, undercapitalized, or unable to pay their debts as they became due.

76. Each of the Net Winner Payments constitutes a fraudulent transfer avoidable by the Trustee pursuant to § 548(a)(1)(B) of the Bankruptcy Code and recoverable from the Defendants and members of the Net Winner Class pursuant to § 550(a) of the Bankruptcy Code.

77. As a result of the foregoing, pursuant to §§ 548(a)(1)(B), 550(a) and 551 of the Bankruptcy Code, the Trustee is entitled to a judgment against the Defendants and each member of the Net Winner Class: (a) avoiding and preserving the Net Winner Payments, (b) directing that the Net Winner Payments be set aside, and (c) recovering the Net Winner Payments, or the value thereof, from the Defendants or members of the Net Winner Class for the benefit of the Estates.

Count Three

Fraudulent Transfer -- Actual – 11 U.S.C. §§ 548(a)(1)(A), 550, and 551

78. The Trustee realleges and repeats the allegations contained in paragraphs 1 through 77 above and by reference incorporates them herein.

79. Each of the Net Winner Payments was made on or within two years before the commencement of these Chapter 11 cases.

80. Each of the Net Winner Payments constitutes a "transfer," as that term is defined in 11 U.S.C. § 548, of an asset or interest in an asset of the Debtors.

81. Each of the Net Winner Payments was made with the actual intent to hinder, delay or defraud some or all of the Debtors' then existing and/or future creditors.

82. Each of the Net Winner Payments constitutes a fraudulent transfer avoidable by the Trustee pursuant to 11 U.S.C. § 548(a)(1)(A) and recoverable from the Defendants pursuant to §§ 550(a) and 551 of the Bankruptcy Code.

83. As a result of the foregoing, pursuant to 11 U.S.C. § 548, the Trustee is entitled to a judgment against the Defendants and members of the Net Winner Class: (a) avoiding and preserving the Net Winner Payments, (b) directing that the Net Winner Payments be set aside, and (c) recovering the Net Winner Payments, or the value thereof, from the Defendants and the members of the New Winner Class for the benefit of the Estates.

Count Four

Preferences – 11 U.S.C. §§ 547, 550 and 551

84. The Trustee realleges and repeats the allegations contained in paragraphs 1 through 83 above and by reference incorporates them herein.

85. Certain members of the Net Winner Class received more payments from the Debtors (whether from payments directly from the Debtors or from Triangular Transactions) than they paid (whether from payments to the Debtors or through Triangular Transactions) within ninety (90) days of the commencement of these cases (the "Net Preference Payment").

86. To the extent a Defendant received Net Preference Payments of not less than $6,225, such payments were made:

(a) to or for the benefit of the Defendant, who claims to be a creditor at the time of the transfers;

(b) for or on account of an antecedent debt owed by the Debtors before such transfer was made;

(c) while the Debtors were insolvent;

(d) within 90 days (within one year) of the petition date; and

(e) enabling the Defendant to receive more than a creditor would receive if the case was one under Chapter 7, the transfer was not made and the Defendant received payment of such debt to the extent provided by the provisions of Title 11 of the United States Code.

87. The Net Preference Payments, to the extent totaling at least $6,225 as to each Defendant, may be avoided as a preferential transfer pursuant to 11 U.S.C. § 547 and recovered from the Defendants pursuant to 11 U.S.C. § 550, and 551.

88. The Trustee is entitled to a judgment against the Defendants: (a) avoiding and preserving the Net Preference Payments, (b) directing that the Net Preference Payments be set aside, and (c) recovering the Net Preference Payments, or the value thereof, from the Defendants and the members of the New Winner Class for the benefit of the Estates.

Count Five

Declaratory Judgment

89. The Trustee realleges and repeats the allegations contained in paragraphs 1 through 88 above and by reference incorporates them herein.

90. Upon a judgment that the Net Winner Payments and Net Preference Payments are recoverable by the Trustee, the Trustee requests the Court enter an order determining the calculation of the liability of the Defendants and each member of the Net Winner Class to the Trustee.

91. The Trustee requests the Court determine that the following constitute an appropriate procedure for determination of monetary liability:

a. The Trustee submits to each Defendant and each member of the Net Winner Class a statement setting forth:

(i) A listing of all User Accounts identified to each Defendant or member of the Net Winner Class as a Related User Account,

(ii) A summary of the transactions within each Related User Account,

(iii) The net amount due based upon an aggregation of the Related User Accounts;

b. Each Defendant and member of the Net Winner Class shall respond within forty-five (45) days if he/she disagrees with the Trustee's statement of the Net Winner Payment or Net Preference Payments, and if so, provide a detailed statement of the basis of the disagreement;

92. If no timely objection is submitted, the Court shall enter judgment for the amount of the statement.

93. If a timely objection is filed, the amount of the judgment shall be determined by the Court.

Count Six

Disallowance of Claims Pursuant to 11 U.S.C. §502(d)

94. The Trustee realleges and repeats the allegations contained in paragraphs 1 through 93 above and by reference incorporates them herein.

95. Pursuant to 11 U.S.C. §502(d), the Court shall disallow any claim of a Net Winner from whom property is recoverable under Section 550 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under Sections 547 or 548 of the Bankruptcy Code, unless

such Net Winner has paid the amount or turned over any such property for which the Net Winner is liable under Section 550.

96. To the extent the a Net Winner fails to pay to the Trustee a Net Winner Payment or Net Preference Payment, any claims of such Net Winner in these bankruptcy cases shall be disallowed without further order of Court.

WHEREFORE, Stephen Darr as he is the Trustee of the Chapter 11 Estates of TelexFree, Inc., TelexFree, LLC and TelexFree Financial, Inc. respectfully prays that the Court enter judgment for him against the Defendants and the members of the New Winner Class as follows:

1. On Count One, enter a declaratory judgment in favor of the Trustee that a Net Winner is to be determined in accordance with the methodology set forth in paragraphs 67 to 69.

2. On Count Two, pursuant to 11 U.S.C. §§ 548(a)(1)(B), 550(a) and 551 of the Bankruptcy Code: (a) avoiding and preserving the Net Winner Payments, (b) directing the Net Winner Payments be set aside and (c) recovering the Net Winner Payments from the Defendants and each member of the Net Winner Class for the benefit of the Estates.

3. On Count Three, pursuant to 11 U.S.C. §§ 548(a)(1)(A), 550(a) and 551 of the Bankruptcy Code: (a) avoiding and preserving Net Winner Payments, (b) directing the Net Winner Payments be set aside and (c) recovering the Net Winner Payments from the Defendants and each member of the Net Winner Class for the benefit of the Estates.

4. On Count Four, pursuant to 11 U.S.C. § 547, (a) avoiding Net Preference Payments received by each Defendant and each member of the Net Winner Class as preferential payments, to the extent such payments total at least $6,225, and (b) recovering such payments for the benefit of the Estates.

5. On Count Five, enacting a procedure by which the amount each Defendant and each member of the Net Winner Class owes to the Trustee is determined and upon which a monetary judgment will be entered for the Trustee.

6. On Count Six, disallowing the claims of any Net Winner who does not pay to the Trustee a Net Winner Payment or Net Preference Payment, in accordance with 11 U.S.C. §502(d).

7. And for such other and further relief as this Court deems just and proper.

STEPHEN DARR AS HE IS THE TRUSTEE OF THE CHAPTER 11 ESTATES OF EACH OF THE TELEXFREE DEBTORS

By his attorneys,

/s/ Charles R. Bennett, Jr.
Charles R. Bennett, Jr. (BBO #037380)
Harold B. Murphy (BBO #326610
Murphy & King, Professional Corporation
One Beacon Street
Boston, MA 02108
(617) 423-0400
CBennett@murphyking.com
HMurphy@murphyking.com

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