

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,

Adversary Proceeding
No. 16-4036

v.

JOELE FRANK WILKINSON BRIMMER
KATCHER,

Defendant.

**STIPULATION OF SETTLEMENT BETWEEN CHAPTER 11 TRUSTEE AND JOELE,
FRANK, WILKINSON, BRIMMER, KATCHER**

This stipulation (the "Stipulation") is entered into on this 12th day of May, 2016, by and between Stephen Darr, the duly appointed Chapter 11 Trustee (the "Trustee") of TelexFree, LLC, TelexFree, Inc. and TelexFree Financial, Inc. ("TelexFree" or the "Debtors"), and Joele Frank Wilkinson Brimmer Katcher ("Joele Frank"), the Defendant herein. The Trustee and Joele Frank (sometimes collectively referred to as the "Parties") stipulate and agree as follows:



RECITALS

- A. On April 13, 2014 (the "Petition Date"), the Debtors filed voluntary Chapter 11 petitions with the United States Bankruptcy Court for the District of Nevada.
- B. By order dated May 6, 2014, the Nevada Bankruptcy Court approved a motion to change venue filed by the Securities and Exchange Commission. The cases were transferred to this Court on May 9, 2014.
- C. On May 30, 2014, this Court approved the motion of the Office of the United States Trustee to appoint a Chapter 11 trustee, and the Trustee was appointed on June 6, 2014.
- D. On November 25, 2015, the Court, on motion by the Trustee and after notice, entered an Order, as amended on December 21, 2015, 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.
- E. The Defendant provides public relations services.
- F. Two days before the Petition Date, the Debtors paid the sum of \$85,000 to the Defendant (the "Transfer") as a nonrefundable advance.
- G. On or about April 4, 2016, the Trustee commenced this action against Joele Frank seeking avoidance of the Transfer as a fraudulent transfer and for preservation of such transfer for the benefit of the estates pursuant to 11 U.S.C. §§548, 550, 551.
- H. The Complaint was served on or about April 11, 2016.
- I. Joele Frank provided the Trustee with an informal response to the Complaint on or about April 13, 2016.
- J. The Parties have since had discussions and exchanged information regarding the merits of the Trustee's claims and any defenses. As a result of these discussions, and in order to avoid the costs, delays and uncertainty of litigation, the Parties have entered into this Stipulation.

NOW THEREFORE, the Parties hereby stipulate and agree, subject to the approval of the Court, as follows:

1. Upon Court approval of this Stipulation:
 - (i) Joele Frank shall pay the sum of \$20,000 to the Trustee;
 - (ii) The Trustee, for himself and on behalf of the Debtors' bankruptcy estates, shall release and forever discharge Joele Frank from any and all claims and liabilities that the Trustee or the Debtors' bankruptcy estates have or may have against Joele Frank;
 - (iii) Joele Frank shall release and forever discharge the Debtors' bankruptcy estates from any and all claims and liabilities that Joele Frank may have;
 - (iv) The releases provided herein shall be self-executing.
2. This Stipulation shall be binding upon and inure to the benefit of the Parties, and their respective administrators, representatives, successors and assigns.
3. This Stipulation constitutes the complete and exclusive agreement of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, oral or written, between the Parties with respect to such subject matter.
4. This Stipulation shall be governed by and construed in accordance with the Bankruptcy Code (11 U.S.C. § 101 *et seq.*) and the substantive law of the Commonwealth of Massachusetts, and shall have the force and effect of an instrument executed and delivered under seal under the law of the Commonwealth of Massachusetts.
5. This Stipulation may be executed in counterparts, each of which shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument. This Stipulation may be executed by facsimile or portable document format ("pdf").
6. Each party represents and warrants that it has had an opportunity to fully review the provisions of this Stipulation with attorneys of its own choice as a result of which the Parties

hereto acknowledge and agree (a) that any rule of law that provides that ambiguities are to be construed against the drafting party shall not be employed in the interpretation of this Stipulation and (b) that each party signing this Stipulation is entering into this Stipulation knowingly, voluntarily and of its own free will.

7. The Court shall retain jurisdiction to resolve any dispute arising under or in connection with this Stipulation.

8. This Stipulation shall have no force or effect unless it is approved by the Court.

STEPHEN DARR AS HE IS THE
TRUSTEE OF THE CHAPTER 11
ESTATES OF EACH OF THE DEBTORS
By his attorneys,



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Dated: May 12, 2016

JOELE FRANK WILKINSON,
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