Docket #0015 Date Filed: 7/20/2016

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. ATW TRAINING & CONSULTING, INC., Defendant.	Adversary Proceeding No. 16-4027

STIPULATION OF SETTLEMENT BETWEEN CHAPTER 11 TRUSTEE AND ATW TRAINING & CONSULTING, INC.

This stipulation (the "Stipulation") is entered into on this 20th day of July, 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 ATW Training & Consulting, Inc. ("ATW"), the Defendant herein. The Trustee and ATW (sometimes collectively referred to as the "Parties") stipulate and agree as follows:

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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 employee sales force manuals.

F. Days before the Petition Date, the Debtors paid the sum of $20,000 to the Defendant (the "Transfer").

G. On or about April 4, 2016, the Trustee commenced this action against ATW seeking avoidance of the Transfer as a fraudulent and/or preferential transfer and for preservation of such transfer for the benefit of the estates pursuant to 11 U.S.C. §§547, 548, 550, 551.

H. ATW provided the Trustee with an informal response to the Complaint on or about May 23, 2016.

I. 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) ATW shall pay the sum of $7,500 to the Trustee;

(ii) The Trustee, for himself and on behalf of the Debtors' bankruptcy estates, shall release and forever discharge ATW from any and all claims and liabilities that the Trustee or the Debtors' bankruptcy estates have or may have against ATW;

(iii) ATW shall release and forever discharge the Trustee and the Debtors' bankruptcy estates from any and all claims and liabilities that ATW may have;

(iv) The releases provided herein shall be self-executing;

(v) While the Trustee shall retain no causes of action against ATW, nothing contained in the Stipulation shall impair, release, or discharge claims that have been or could be asserted, whether or not such claims have to date been asserted, by the plaintiffs in the multi-district litigation pending in the United States District Court for the District of Massachusetts, *captioned* In re TelexFree Securities Litigation, MDL No. 4:14-md-2566- TSH. For the avoidance of doubt, the Trustee agrees he shall not attempt to assert any claims or causes of action against ATW in this multi-district litigation or otherwise. Nothing in this release grants the plaintiffs in the multi-district litigation any claims or causes of action that they would otherwise not have absent the Stipulation.

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.

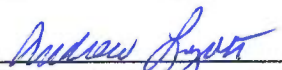
5. This Stipulation may be executed in counterparts, each of which shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument. This Stipulation may be executed by facsimile or portable document format ("pdf").

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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