Docket #0210 Date Filed: 12/19/2024

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 Substantively Consolidated
STEPHEN DARR, LIQUIDATING TRUSTEE OF THE CHAPTER 11 ESTATES OF EACH OF THE DEBTORS, Plaintiff, v. CARLOS WANZELER, et al Defendants.	Adversary Proceeding No. 16-4032

STIPULATION OF SETTLEMENT RESPECTING KATIA WANZELER AND RELATED PARTIES

This Stipulation of Settlement ("Stipulation") is entered into this 4th day of December, 2024 by and among Stephen B. Darr, the duly appointed Liquidating Trustee (the "Trustee") of the substantively consolidated bankruptcy estates ("Estates") of TelexFree, LLC, TelexFree, Inc., and TelexFree Financial, Inc. (collectively, the "Debtors" or "TelexFree"), the Faith Nominee Realty Trust ("FNR Trust"), Forever Diamond Realty, LLC, and Katia Wanzeler (collectively, the "Parties").

RECITALS

1. 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.

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2. By order dated May 6, 2014, the Nevada Bankruptcy Court approved a motion to change venue filed by the Securities and Exchange Commission ("SEC"). The cases were transferred to this Court on May 9, 2014.

3. On May 30, 2014, the Court approved the motion of the Office of the United States Trustee to appoint a Chapter 11 trustee, and Stephen Darr was appointed as the Chapter 11 Trustee on June 6, 2014.

4. The principals of TelexFree were initially James Merrill, Carlos Wanzeler, and Carlos Costa (the "Principals").

5. The Debtors ostensibly operated a "multi-level marketing" company with its headquarters in Marlborough, Massachusetts. It represented itself as being in the business of selling telephone service plans that use "voice over internet protocol", or "VoIP" technology. The Trustee asserted that the sale of VoIP, however, constituted only a minor portion of their business, and that the Debtors' actual business was the recruitment of participants.

6. On November 25, 2015, the Court, on motion by the Trustee and after notice, 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.

7. On July 9, 2020, the Court entered an order confirming the *First Amended Liquidating Plan of Reorganization of Stephen Darr, Chapter 11 Trustee of TelexFree LLC, TelexFree Inc., and TelexFree Financial, Inc.* The plan became effective on July 14, 2020. Stephen Darr was appointed liquidating trustee under the confirmed plan. The plan resulted in the substantive consolidation of the Debtors.

8. On or about April 1, 2016, the Trustee commenced this adversary proceeding against the Principals and certain individuals who were related to the Principals or who the Trustee alleged facilitated the implementation of the scheme.

9. On June 22, 2022, the Court entered judgment in favor of the Trustee against Carlos Wanzeler in the amount of $3,785,192 plus interest from the date of judgment at the federal judgment rate [Docket No. 142].

10. In furtherance of collection on that judgment, the Trustee commenced an investigation into transfers made by Carlos Wanzeler to or for the benefit of Katia Wanzeler, or assets held by Katia Wanzeler in which Carlos Wanzeler might have an interest.

11. On March 24, 2024, the Trustee conducted a deposition of Nicholas Wanzeler, the adult child of Carlos and Katia Wanzeler.

12. On July 2, 2024, the Trustee conducted a deposition of Katia Wanzeler.

13. As a result of these depositions, a review of documents on file with the registry of deeds, and documents produced by the deponents, the Trustee determined the following:

(i) Carlos Wanzeler was formerly the owner in fee of the following residential real properties: (a) 655 Plantation Street, Unit 17B, Worcester, Massachusetts ("Plantation Street"); (b) 41A Mount Avenue, Worcester, Massachusetts ("Mount Avenue"); and (c) 2321 NW 37th Ave., Coconut Creek, Florida ("Coconut Creek" and, together with Plantation Street and Mount Avenue, the "Real Properties");

(ii) On or about October 16, 2018, the FNR Trust was established. Nicholas Wanzeler was appointed trustee of the FNR Trust and Katia Wanzeler was and is the one hundred percent (100%) beneficiary;

(iii) On October 16, 2018, Carlos Wanzeler conveyed his interest in Plantation Street to the FNR Trust for nominal consideration;

(iv) On October 16, 2018, Carlos Wanzeler conveyed his interest in Mount Avenue to the FNR Trust for nominal consideration;

(v) On February 28, 2019, Carlos Wanzeler conveyed his interest in Coconut Creek to Forever Diamond Realty, LLC, an entity wholly owned by Katia Wanzeler, for nominal consideration.

14. Katia Wanzeler has represented that there are no mortgages or liens other than real estate taxes encumbering Coconut Creek.

15. Katia Wanzeler has represented that approximately $14,000 in real estate taxes are due on Coconut Creek.

16. The Trustee has asserted that the transfers of the Real Property by Carlos Wanzeler to the FNR Trust and Forever Diamond Realty may constitute fraudulent transfers and/or that the transferees holds the Real Properties in constructive or resulting trust for the benefit of Carlos Wanzeler. Katia Wanzeler, the FNR Trust, and Forever Diamond Realty dispute these allegations.

17. The Parties have engaged in negotiations in an effort to resolve the disputes pending in the Bankruptcy Court. As a result of these negotiations, the Parties have agreed to the terms of this Stipulation.

Stipulation of Settlement

A. Forever Diamond Realty, LLC shall forthwith convey its fee interest in Coconut Creek to the Trustee. The deed of conveyance shall be held in escrow by counsel to the Trustee and may be recorded upon Bankruptcy Court approval of this Stipulation.

B. Katia Wanzeler, the FNR Trust, and Forever Diamond Realty (collectively, the "Defendants") covenant and agree:

(i) Not to voluntarily encumber nor to permit involuntary encumbrance of Coconut Creek prior to recordation of the deed of conveyance to the Trustee;

(ii) To insure Coconut Creek and to pay all ordinary and necessary expenses of Coconut Creek prior to recordation of the deed of conveyance to the Trustee.

C. The Trustee, on behalf of himself and the TelexFree estates, shall release the Defendants from any and all liens, debts, demands, actions, causes of action, claims, suits, dues, sum and sums of money, account reckonings, bonds, specialties, covenants, contracts, controversies, agreements, promises, doings, omissions, variances, warranties of any type whether express or implied, damages, claims of every kind, nature and description whatsoever, whether known or unknown, both in LAW and EQUITY, which the Trustee now has, ever had, or ever may have, from the beginning of the world to this date, against the Defendants.

D. The Defendants shall release the Trustee and the estate of TelexFree of any and all liens, debts, demands, actions, causes of action, claims, suits, dues, sum and sums of money, account reckonings, bonds, specialties, covenants, contracts, controversies, agreements, promises, doings, omissions, variances, warranties of any type whether express or implied, damages, claims of every kind, nature and description whatsoever, whether known or unknown, both in LAW and EQUITY, which the Defendants now have, ever had, or ever may have, from the beginning of the world to this date, against the Trustee and the estate of TelexFree.

E. If any of the covenants or representations made by the Defendants herein are breached, the releases provided by the Trustee shall be void and of no effect, but the Stipulation shall otherwise be enforceable.

F. The Stipulation shall be subject to the approval of the Bankruptcy Court.

G. This Stipulation shall be binding upon and inure to the benefit of the Parties, and their respective administrators, representatives, successors, heirs, and assigns.

H. 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.

I. 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").

J. 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.

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

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Stephen Darr, Trustee

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Stephen Darr, Trustee

Stephen Darr, Trustee

Faith Nominee Realty Trust,
By:

Nicholas Wanzeler, Trustee

Katia Wanzeler

Katia Wanzeler, 100% beneficiary

Forever Diamond Realty, LLC,
By:

Katia Wanzeler, sole member

Katia Wanzeler

Nicholas Wanzeler

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CERTIFICATE OF SERVICE

I, Andrew G. Lizotte, hereby certify that on December 19, 2024, I caused a copy of the following documents:

(1) Motion By Trustee to Approve Stipulation of Settlement Respecting Katia Wanzeler and Related Parties; and
(2) Stipulation of Settlement Respecting Katia Wanzeler and Related Parties

To be served via this Court's CM/ECF System.

Dated: December 19, 2024

/s/ Andrew G. Lizotte
Andrew G. Lizotte (BBO #559609)
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