

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS

In re:

TELEXFREE, LLC,
TELEXFREE, INC. and
TELEXFREE FINANCIAL, INC.,

STEPHEN B. DARR, CHAPTER 11 TRUSTEE OF THE
DEBTORS,

Plaintiff,

v.

BENJAMIN ARGUETA, ALEXANDRO ROCHA,
JOSE NETO, JULIO C. PAZ, EUZEBIO SUDRE NETO,
HUGO ALVARADO, ANA R. RAMOS, LINDA
SUZANNE HACKETT, RUDDY ABREAU, MARCO
ALMEIDA, RODRIGO MONTEMOR, LAUREANO
ARELLANO, AARON ATAIDE, ROSANE CRUZ,
OMAR QUINONEZ, CARLOS C. DEJESUS, BILKISH
SUNESARA, ANDRES BOLIVAR ESTEVEZ, JOSE
LOPEZ, ANA ROSA LOPEZ, FRANTZ BALAN,
MARCELO DASILVA, GLADYS ALVARADO,
MARIA TERESA MILAGRES NEVES, MARCOS
LANA, LUIZ ANTONIO DA SILVA, BRUNO
GRAZIANI, EDUARDO N. SILVA, MICHEL
CHRISTIANO SANTOLIN DE ARRUDA,
FRANCISDALVA SIQUEIRA, ALEXANDER N.
AURIO, AMILCAR LOPEZ, RENATO
SACRAMENTO, JULIO SILVA, DAVIDSON R.
TEIXEIRA, JOSE CARLOS MACIEL, JESUS OSUNA,
CHAI HOCK NG, EDILENE STORCK NAVARRO,
SORAYA FERREIRA, EDSON F. SOUZA, VAMING
SERVICES, JORGE ANTONIO MEJIA SEQUEIRA,
RODRIGO CASTRO, DAVID REIS, ANA SANTOS,
WESLEY DIAS, TIMEX RESEARCH CONSULTING,
INC., CELSO ROBERTO SILVA FILHO, TEAM
GLOBAL ADVERTISING LLC, LWC MARKETING,
INC., BARTOLO CASTLLO, GASPAS JESUS, LUISA
E. LOPEZ, MARCIO SOUZA NERY, DEBORA C.
BRASIL, JOELITO SOUZA CALDAS JUNIOR,
UNITED GROUP USA, JEAN 2004, ENTERPRISE

Chapter 11 Cases

14-40987-MSH
14-40988-MSH
14-40989-MSH

Jointly Administered

Adversary Proceeding
No. 16-04006

CORP., RUDMAR GENTIL, NEW GENERATION MED SUPPLY, INC., DANEUNG XIONG, CARLOS ALFARO, LUSETTE BALAN, TECHNOVIA, INC., FAITH SLOAN, MARIZA S. MORINELLI, NUBIA R. GLOULART, ROBERTO NUNEZ, GILSON NASSAR, BINGJIAN PAN, YUE CHEN, RODRIGO R. BREDAS, PAULO GIULIANO DIOGENES DE BESSA ROSADO, JOSE MIGUEL FILHO, LAN LAN JI, VENERANDO CONTRERAS, JAP INTERNATIONAL NETWORK, LLC, WALACE AUGUSTO DA SILVA, EZAU SOARES FERREIRA, EDDIT ALBERTO DUVERGE, GLOBAL MARKETING STRATEGIES, CAROL VANTERPOOL, DEVENDRA SHAH, PAT JACKSON, SILVERIO REYES, FABIANA ACACIA DA CRUZ DOS SANTOS, GERALD AGNEW, DWAYNE JONES, JOSEPH PIETROPAOLO, JAMILSON MARCO CONCEICAO, SONYA CROSBY, RANDY CROSBY, WESLEY NASCIMENTO ALVESBY, ANTONIO OLIVEIRA, RONEIL BARRETO, MILAGROS ADAMES, LM DAVAR, INC., PARROT BAY HOMES, INC., EDGAR BORELLI, RICHARDO FABIN, DANIEL CHAVEZ, FAUSTINO TORRES, HELIO BARBOSA, GELALIN-3377, LLC AND A DEFENDANT CLASS OF NET WINNERS,

Defendants.

**ANSWER OF CLASS REPRESENTATIVE
FRANTZ BALAN TO THE AMENDED COMPLAINT**

As his preliminary response, Frantz Balan as Class Representative, hereby responds on behalf of the Defendant Class of Net Winners to each numbered allegation set forth in the Amended Complaint.

Introduction

No response is necessary to this introductory paragraph. To the extent a response is deemed necessary, the Class Representative denies the allegations contained in this paragraph.

Parties

1. The Class Representative admits that Plaintiff Stephen Darr is the Chapter 7 Trustee in Bankruptcy for TelexFree, Inc., TelexFree, LLC, and TelexFree Financial, Inc. (collectively, the “Debtors”). The Class Representative lacks sufficient knowledge to admit or deny the remaining allegations contained in Paragraph 1.

2. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

3. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

4. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

5. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

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11. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

12. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

13. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

14. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

15. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

16. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

17. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

18. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

19. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

20. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

21. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

22. The Class Representative denies the allegations contained in Paragraph 22 of the Amended Complaint.

23. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-A. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-B. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-C. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-D. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-E. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-F. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-G. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-H. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-I. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-J. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-K. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-L. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-M. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-N. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-O. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-P. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Q. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-R. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-S. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-T. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-U. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-V. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-W. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-X. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Y. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Z. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-A(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-B(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-C(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-D(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-E(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-F(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-G(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-H(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-I(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-J(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-K(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-L(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-M(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-N(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-O(1). The Class Representative denies the allegations contained in this Paragraph of the Amended Complaint.

24-P(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Q(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-R(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-S(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-T(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-U(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-V(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-W(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-X(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Y(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Z(1). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-A(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-B(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-C(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-D(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-E(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-F(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

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24-I(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-J(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-K(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-L(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-M(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

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24-O(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-P(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Q(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-R(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-S(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-T(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-U(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-V(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-W(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-X(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Y(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-Z(2). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-A(3). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-B(3). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-C(3). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

24-D(3). The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

25. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in Paragraph 25 of the Amended Complaint.

26. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in Paragraph 26 of the Amended Complaint.

27. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in Paragraph 57 of the Amended Complaint.

28. The Class Representative admits the allegations contained in Paragraph 28 of the Amended Complaint.

Jurisdiction

29. Paragraph 29 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

30. Paragraph 30 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

31. Paragraph 31 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Defendant Class Allegations

32. The Class Representative admits that the Trustee brings the present action against a class of "Net Winners." The remainder of Paragraph 32 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

33. With regard to the first sentence of Paragraph 33, the Class Representative denies the allegations in this sentence. With regard to the second sentence of paragraph 33, this sentence contains a legal conclusion to which no response is necessary. To the

extent a response is required, the Class Representative denies the allegations in this sentence.

34. Paragraph 34 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

35. Paragraph 35 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

36. The Class Representative denies the allegations contained in Paragraph 36 of the Amended Complaint.

37. Paragraph 37 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

38. Paragraph 38 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

39. Paragraph 39 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

40. Paragraph 40 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

41. Paragraph 41 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Statement of Facts

42. With regard to the first sentence, the Class Representative lacks sufficient knowledge to admit or deny the allegations contained therein. With regard to the second sentence, the Class Representative admits the allegations contained therein. With regard to the third sentence, the Class Representative lacks sufficient knowledge to admit or deny the allegations contained therein.

43. With regard to the first sentence, the Class Representative admits that many individuals purchased membership plans, but the Class Representative lacks sufficient knowledge to admit or deny the remaining allegations contained therein. With regard to the second sentence, the Class Representative lacks sufficient knowledge to admit or deny the allegations contained therein. With regard to the third sentence, the Class Representative admits that the many Participants were promised wages in the form of commissions and non-discretionary bonuses in exchange for placing ads on the internet and recruiting additional Participants, but denies the remaining allegations.

44. Paragraph 44 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative admits that some Participants were promised wages in the form of commissions and non-discretionary bonuses in exchange for placing ads on the internet and recruiting additional Participants and that Participants did not have to sell VoIP phone plans in

order to receive credits, but the Class Representative otherwise lacks sufficient knowledge to admit or deny the remainder of the allegations contained in this paragraph of the Amended Complaint.

45. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

46. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

47. The documents referenced speak for themselves, and to the extent the allegations in this paragraph exceed or contradict the text of the documents, the Class Representative denies such allegations. The Class Representative further denies that he received adequate notice of the referenced motion for relief or the legal implications of said motion.

User Accounts

48. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

49. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

50. The Class Representative admits the allegations contained in Paragraph 50 of the Amended Complaint.

51. The Class Representative admits the allegations contained in Paragraph 51 of the Amended Complaint.

Types of Transactions

52. The Class Representative admits that invoices could be satisfied by direct cash payments or through the use of credits but lacks sufficient knowledge to admit or deny that those were the only ways invoices could be satisfied. The Class Representative denies the remaining allegations of Paragraph 52.

53. The Class Representative lacks sufficient knowledge to admit or deny the allegation that the statements comprising subparagraphs (i)-(v) of Paragraph 53 constitute how a Participant “generally” satisfied his/her invoice payment.

54. The Class Representative admits that a Participant could monetize credits by using such credits to satisfy a membership invoice and receiving funds in exchange but otherwise lacks sufficient knowledge to admit or deny the remaining allegations.

55. The Class Representative lacks sufficient knowledge to admit or deny the allegation that the statements comprising subparagraphs (i)-(v) of Paragraph 53 constitute how the process of opening a new User Account with the use of accumulated credits in another User Account “generally” worked.

56. Paragraph 56 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Count One

Declaratory Judgment for Determination of Net Winner

57. The Class Representative incorporates by reference his responses to Paragraphs 1 to 56 as stated above.

58. The Class Representative admits that some Participants had multiple User Accounts. The Class Representative denies the remaining allegations contained in Paragraph 58 of the Amended Complaint.

59. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in Paragraph 59 of the Amended Complaint.

60. Paragraph 60 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Count Two

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

61. The Class Representative incorporates by reference his responses to Paragraphs 1 to 60 as stated above.

62. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in Paragraph 62 of the Amended Complaint.

63. Paragraph 63 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

64. The Class Representative denies the allegations contained in Paragraph 64 of the Amended Complaint.

65. The Class Representative lacks sufficient knowledge to admit or deny the allegation in this paragraph.

66. Paragraph 66 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

67. Paragraph 67 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Count Three

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

68. The Class Representative incorporates by reference his responses to Paragraphs 1 to 67 as stated above.

69. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in Paragraph 69 of the Amended Complaint.

70. Paragraph 70 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

71. Paragraph 71 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

72. Paragraph 72 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

73. Paragraph 73 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Count Four

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

74. The Class Representative incorporates by reference his responses to Paragraphs 1 to 73 as stated above.

75. The Class Representative lacks sufficient knowledge to admit or deny the allegations contained in this paragraph of the Amended Complaint.

76. Paragraph 76 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

77. Paragraph 77 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

78. Paragraph 78 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Count Five

Declaratory Judgment

79. The Class Representative incorporates by reference his responses to Paragraphs 1 to 78 as stated above.

80. Paragraph 80 does not contain any allegations to which a response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

81. The Class Representative denies that the procedure outlined in Paragraph 81 constitutes an appropriate procedure for determination of monetary liability.

82. Paragraph 82 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

83. Paragraph 83 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

Count Six

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

84. The Class Representative incorporates by reference his responses to Paragraphs 1 to 83 as stated above.

85. Paragraph 85 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

86. Paragraph 86 contains a legal conclusion to which no response is necessary. To the extent a response is required, the Class Representative denies the allegations in this paragraph.

AFFIRMATIVE DEFENSES

Without further admitting any of the allegations in the Amended Complaint, the Class representative asserts the following affirmative defenses:

First Defense

The Amended Complaint fails, in whole or in part, to state a claim upon which relief can be granted.

Second Defense

Some or all of the claims are barred by the applicable statute of limitations.

Third Defense

Plaintiff's claims are barred by the doctrine of *In Pari Delicto*.

Fourth Defense

Pursuant to the "earmarking doctrine," the Plaintiff is barred from recovery, in whole or in part, because there was an agreement between a third party and the Debtors that new funds would be used to pay antecedent debt, the agreement was performed according to its terms, and the transaction, when viewed as a whole, did not result in any diminution of the bankruptcy estate.

Fifth Defense

If the Plaintiff has sustained damages as alleged in the Amended Complaint, they were caused by acts of a third person or persons, which acts the Defendants had no reason to anticipate and of which person or persons the Defendants had no knowledge, and over whom they had no control.

Sixth Defense

If the Plaintiff suffered any damage as alleged, such damage was caused by the intervening act or acts or omissions of parties other than the Defendants, and said acts or omissions superseded any action or omission by the Defendants for which they might be considered liable to the Plaintiff, and which the Defendants could not reasonably have foreseen, nor for which they can be held liable in this action.

Seventh Defense

The Plaintiff is equitably estopped, in whole or in part, from asserting the claims advanced in the Amended Complaint.

Eighth Defense

The claims asserted by the Plaintiff are not property of the Debtors' Estates.

Ninth Defense

The Plaintiff cannot avoid the alleged transfers received from the Debtors because the transfers were intended by the Debtors and the creditor to be contemporaneous exchanges for new value given to the Debtor and the transfers were in fact a substantially contemporaneous exchange.

Tenth Defense

The Plaintiff cannot avoid the alleged transfers received from the Debtors because the payments were made in the ordinary course of business of Debtor and creditor

Eleventh Defense

The Plaintiff cannot avoid the alleged transfers received from the Debtors because the payments were small transfers in a commercial context pursuant to 11 U.S.C. § 547(c)(9).

Twelfth Defense

To the extent that the Debtors' Estates have suffered any damages, such damages should be set-off in an amount to be proven.

Thirteenth Defense

The Plaintiff is barred from recovery because if the Defendants received any transfers from the Debtors, it was in good faith and they gave value in return.

Fourteenth Defense

The Plaintiff is barred from recovery because an avoidance of the alleged transfers would result in unjust enrichment.

Fifteenth Defense

The Amended Complaint fails, in whole or in part, because the value of earned credits cannot be re-incorporated into the Debtors' Estates to the extent the earned credits and/or value received were paid as wages, commissions, or non-discretionary bonuses.

Sixteenth Defense

The Amended Complaint fails, in whole or in part, because any claw-back of value received and/or extinguishment of earned credits would violate applicable federal and

state fair labor laws, wage and hour acts, minimum wage laws or regulations, and/or overtime laws or regulations.

Seventeenth Defense

The Amended Complaint fails, in whole or in part, because the value of purchased credits cannot be re-incorporated into the Debtors' Estates to the extent that the Debtors gave the purchased credits for value.

Eighteenth Defense

The Amended Complaint fails, in whole or in part, any credits transferred to the Defendants by the Debtors were worthless and without value and therefore not recoverable.

Nineteenth Defense

The Amended Complaint fails, in whole or in part, because the Defendants were fraudulently induced into relying on false statements by the Debtors to the Defendants detriments.

Twentieth Defense

This Court lacks subject matter jurisdiction over the Complaint.

Twenty-first Defense

This Court does not have the constitutional authority to grant the relief sought in the Complaint.

Twenty-second Defense

This Court does not have the statutory authority to grant the relief sought in the Complaint.

Twenty-third Defense

This is a non-core proceeding pursuant to 28 U.S.C. §157(c)(1).

Twenty-fourth Defense

The Defendants do not consent to the entry of final orders or judgment by this Court if it is determined that this Court, absent consent of the parties, cannot enter final orders or judgment consistent with Article III of the United States Constitution.

Twenty-fifth Defense

The Amended Complaint fails, in whole or in part, because the Plaintiff lacks standing to bring the claims.

Twenty-sixth Defense

The Amended Complaint fails, in whole or in part, in violation of the doctrine of laches.

Twenty-seventh Defense

Recovery is barred by *res judicata* and/or collateral estoppel.

Twenty-eighth Defense

The claims in the Amended Complaint fails are barred by the doctrine of unclean hands.

Twenty-ninth Defense

The Amended Complaint fails, in whole or in part, because the doctrine of accord and satisfaction bars any claims against the Defendants.

Thirtieth Defense

The Amended Complaint fails, in whole or in part, because the statute of frauds bars any claims against the Defendants.

Thirty-first Defense

The Amended Complaint fails, in whole or in part, because the parties to the transfers consented to the acts causing the alleged harm.

Thirty-second Defense

The claims in the Amended Complaint are barred or limited in whole or in part by the doctrines of estoppel, ratification, release, and/or waiver.

Thirty-third Defense

The Amended Complaint fails, in whole or in part, because the Debtors' have no actual injury.

Thirty-fourth Defense

The Amended Complaint fails, in whole or in part, because the parties to the transfers released the Defendants of the rights giving rise to the claims in the Amended Complaint.

Thirty-fifth Defense

The Amended Complaint fails, in whole or in part, because the Debtors failed to mitigate their damages.

Thirty-sixth Defense

The Amended Complaint fails, in whole or in part, because the Debtors' injuries were not caused by the Defendants.

Thirty-seventh Defense

The Amended Complaint fails, in whole or in part, because the Plaintiff is seeking to recover damages that are completely speculative in nature.

Thirty-eighth Defense

The Amended Complaint fails, in whole or in part, because part or all of the injuries alleged are due to the actions of third parties not named in this action.

Thirty-ninth Defense

The claims in the Amended Complaint are barred or limited in whole or in part by the Debtor's own material breaches of contract.

Fortieth Defense

The claims in the Amended Complaint are barred or limited in whole or in part by any injured parties' own material breaches of contract.

Forty-first Defense

The claims in the Amended Complaint are barred or limited in whole or in part because there was a lack of privity between the parties.

Forty-second Defense

The claims in the Amended Complaint are barred or limited in whole or in part because any contract was voidable due to the doctrine of mutual mistake.

Forty-third Defense

The claims in the Amended Complaint are barred or limited in whole or in part because the Plaintiff has failed to plead fraud with the requisite level of specificity.

Forty-fourth Defense

The claims in the Amended Complaint are barred or limited in whole or in part because the Debtors were solvent at the time of the transfers.

Forty-fifth Defense

The claims in the Amended Complaint are barred or limited in whole or in part because the Debtors' Estates do not have an interest in the property that the debtor transferred.

Forty-sixth Defense

The claims in the Amended Complaint are barred or limited in whole or in part because the Debtors were solvent at the time of the transfers and the transfers did not render the Debtors insolvent as a result of such transfer.

Forty-seventh Defense

The claims in the Amended Complaint are barred or limited in whole or in part because the Debtors did not have an actual intent to hinder, delay, or defraud any creditor.

Forty-eighth Defense

The claims in the Amended Complaint are barred or limited in whole or in part because the Debtors received reasonably equivalent value in exchange for any transfers made.

Forty-ninth Defense

The claims in the Amended Complaint are barred or limited in whole or in part because any injured parties received the benefit of the bargain.

Fiftieth Defense

The claims in the Amended Complaint are barred or limited in whole or in part by the doctrine of novation.

Fifty-first Defense

The claims in the Amended Complaint are barred or limited in whole or in part by the doctrine of merger.

Fifty-second Defense

The Defendants reserve the right to assert additional defenses that discovery or other investigation might reveal pursuant to the Bankruptcy Rules of Procedure, the Local Rules, and any other order of this Court. Additionally, due to the bifurcated or sequenced nature of this class action defense, the Class Representative, on behalf of the class of Defendants, reserves the right to assert any additional individualized or class-wide defenses at the appropriate stage of this proceeding.

WHEREFORE Defendants request that the Amended Complaint be dismissed against them.

DEMAND FOR JURY TRIAL

Defendants hereby demand a jury trial on all claims in dispute.

Respectfully submitted,

DEFENDANT FRANTZ BALAN,

As Class Representative,

By his counsel,

Dated: December 21, 2016

/s/ Ilyas J. Rona

Ilyas J. Rona, Esq. (BBO# 642964)
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CERTIFICATE OF SERVICE

I, Ilyas J. Rona, hereby certify that I have caused a copy of the **Answer of Frantz Balan, as Class Representative, to the Amended Complaint** to be served on counsel for the Trustee by email as follows and all registered electronic filers appearing in this case via the Court's CM/ECF system:

Charles R. Bennett, Jr.
MURPHY & KING P.C.
One Beacon Street, 21st Floor
Boston, MA 02108
cbennett@murphyking.com

Dated: December 21, 2016

/s/ Ilyas J. Rona

Ilyas J. Rona, Esq.