

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re:	:	Chapter 11
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PENSON WORLDWIDE, <i>et al.</i> , <sup>1</sup>	:	Case No. 13-10061 (PJW)
	:	
Debtors.	:	(Jointly Administered)
	:	
	:	
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**SEMI-ANNUAL REPORT OF CHIEF OFFICER REGARDING DISTRIBUTIONS**

The following is the report of Bryce Engel, Chief Officer of Penson Technologies LLC (“**PTL**”) the successor in interest to the above-captioned debtors (collectively, the “**Debtors**”), pursuant to section 8.2 of the Operating Agreement of Penson Technologies LLC (the “**Operating Agreement**”):

The Effective Date<sup>2</sup> of the Fifth Amended Joint Liquidation Plan of Penson Worldwide, Inc. and its Affiliated Debtors (the “**Plan**”) occurred on August 15, 2013, at which time PTL was formed. I was appointed as the Chief Officer of PTL in accordance with the terms of the Plan. This is my first report pursuant to section 8.2 of the Operating Agreement and it covers the period from August 15, 2014 through February 15, 2014 (the “**Report Period**”).<sup>3</sup>

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Penson Worldwide, Inc. (6356); SAI Holdings, Inc. (3657); Penson Financial Services, Inc. (3990); Penson Financial Futures, Inc. (6207); Penson Holdings, Inc. (4821); Penson Execution Services, Inc. (9338); Nexa Technologies, Inc. (7424); GHP1, Inc. (1377); GHP2, LLC (1374); and Penson Futures (6207). The Debtors’ mailing address is 800 Klein Road, Suite 200, Plano, Texas 75074.

<sup>2</sup> Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Plan or the Operating Agreement.

<sup>3</sup> The Report Period for this initial report is six month. All subsequent reports will cover the prior 12-months period.



A summary of the cash holdings of each Debtor<sup>4</sup> as of the Effective Date and as of February 15, 2014 is reported below:

Debtor	August 15, 2013 Cash	February 15, 2014 Cash
<b>Penson Worldwide, Inc.</b>	\$0.00	\$1,845,467.79
<b>SAI Holdings, Inc.</b>	\$0.00	\$246,443.99
<b>Penson Financial Services, Inc.</b>	\$9,497,323.64	\$3,258,919.33
<b>Penson Financial Futures, Inc.</b>	\$0.00	\$1,364.00
<b>Penson Holdings, Inc.</b>	\$0.00	\$10,029.51
<b>Penson Execution Services, Inc.</b>	\$0.00	\$1,350.00
<b>Nexa Technologies, Inc.</b>	\$1,766,862.04	\$3,165,865.41
<b>Penson Futures</b>	\$0.00	\$1,350.00
<b>GHP2, LLC</b>	\$0.00	\$1,350.00
<b>TOTAL</b>	<b>\$11,264,185.68</b>	<b>\$8,532,140.03</b>

A summary of the asserted amount of all Allowed Claims and Disputed Claims (based on asserted amounts), effective as of February 5, 2014, is set forth below:<sup>5</sup>

Debtor	Admin Priority	General Unsecured	Priority	Secured
<b>GHP2, LLC</b>	\$0.00	\$753,617.00	\$0.00	\$0.00
<b>Nexa Technologies, Inc.</b>	\$27,184.52	\$296,139.63	\$61,189.59	\$0.00
<b>Penson Execution Services, Inc.</b>	\$0.00	\$0.00	\$0.00	\$0.00
<b>Penson Financial Futures, Inc.</b>	\$0.00	\$116.11	\$0.00	\$0.00
<b>Penson Financial Services, Inc.</b>	\$0.00	\$145,212,574.60	\$433,295.17	\$368,337.31
<b>Penson Futures</b>	\$0.00	\$949,891.56	\$2,517.51	\$34,190.81
<b>Penson Holdings, Inc.</b>	\$0.00	\$0.00	\$0.00	\$0.00
<b>Penson Worldwide, Inc.</b>	\$399,591.86	\$88,376,484.61	\$535,668.34	\$219,615,310.86
<b>SAI Holdings, Inc.</b>	\$0.00	\$3,783,932.00	\$0.00	\$0.00

<sup>4</sup> The amount of cash reflected in the foregoing table does not take into account any borrowing among the Debtors or their estates which would be required to be repaid prior to making distributions to pre-Petition Date creditors.

<sup>5</sup> A complete copy of the claims register in these cases can be accessed at <http://www.kccllc.net/penon/creditor/search>.

No amount has been included in these totals for Disputed Claims asserted in “unknown” or “unliquidated” amounts. Allowance of such claims may increase the total amount of claims against any particular Debtor.

The deadline for PTL to object to claims has not yet passed. PTL reserves the rights to object to any and all claims listed on Exhibit B except to the extent that such claims are Allowed under the express terms of the Plan or a Final Order. Successful objections to claims may decrease the total amount of claims against any particular Debtor.

As Chief Officer, I have taken and overseen the following actions, among others, in the Report Period:

1. Administrative Matters:

- a. I spent the initial weeks following the Effective Date establishing the business operations of PTL, including retaining a former employee of the Debtors as an independent consultant to assist in the Debtors' wind-down, retaining legal and financial advisors to represent PTL's interest, and establishing a business office and bank accounts for PTL.
- b. I have had multiple meetings with the Board of Managers of PTL to brief them on the PTL Assets, the Claims against the Debtors in the Chapter 11 Cases, and the operation of PTL.

2. Collection and Liquidation of PTL Assets:

- a. PTL collected proceeds from PTL Assets of \$771,878 in the Report Period.
- b. I have been engaged in extensive negotiations with Peak6 Investment, L.P. regarding the monetization of PTL's 93.75% ownership interest in Apex Clearing Holdings LLC ("Apex"), as well as the adversary proceeding commenced against Apex arising out of the NAV True-Up and Penson-Apex Credit Facility. These negotiations are on-going.
- c. PTL is continuing to market the Illiquid Instruments, primarily consisting of municipal bonds, previously held by Debtor SAI. PTL has not entered into any agreements to sell the Illiquid Instruments.
- d. PTL is in the process of liquidating certain illiquid equity securities previously held by Debtor PFSI.
- e. PTL has retained a law firm to review the patent portfolio held by the Debtor PWI and to assess the ability to monetize the value of these patents through, among other things, prosecution of claims for patent infringement. PTL has not commenced any actions related to its patent portfolio or entered into any other monetization transaction.
- f. PTL retained a law firm to investigate and prosecute causes of action against the Debtors' officers and directors. On February 24, 2014 (just after the conclusion of the Report Period), PTL commenced a cause of action in the County Court at law No. 3 of Dallas County, Texas, styled as Penson Technologies LLC v. Pendergraft, et al., Case No. CC-14-00873-E, against certain of the Debtors' former directors and officers seeking damages for breaches of fiduciary duties, aiding and abetting breaches of fiduciary duties, unjust enrichment and equitable disgorgement, and negligence and gross negligence (the "D&O Litigation").

- g. On January 27, 2014, PTL commenced an arbitration proceeding against Opus Trading Fund LLC (“Opus”) before FINRA, styled as Opus Trading Fund LLC v. Penson Technologies, LLC (the “Opus Arbitration”), which seeks damages arising from Opus’s breach of its contract with Debtor PFSI.
- h. PTL continues to prosecute claims against SAMCO Capital Markets, Inc. and Roger J. Engemoen (together “SAMCO”), a former officer and director of the Debtors. The claims against SAMCO were originally asserted prepetition in an arbitration proceeding before FINRA (the “SAMCO Arbitration”) but on January 13, 2014, the Bankruptcy Court entered an order permitting SAMCO to commence a declaratory judgment action to determine whether FINRA had continuing jurisdiction to arbitrate the claims asserted in the SAMCO Arbitration. The request for a declaratory judgment was *sub judice* at the conclusion of the Report Period but on March 17, 2014, PTL successfully defeated SAMCO’s request for declaratory relief, and PTL anticipates that the SAMCO Arbitration will proceed before FINRA in June 2014.

3. Liquidation of Claims:

- a. As of the end of the Report Period, there were 445 claims filed against the Debtors.
- b. The Chief Officer, in his capacity as administrator of the ADR Procedures approved by the Court, designated the claims of 20 separate persons or entities (31 claims in total) for inclusion in the ADR Procedures. The Chief Officer participated in 5 separate mediations through the ADR Procedures. To date, the Chief Officer has either settled or reached an agreement in principle with 11 claimants (12 claims total) to resolve claims subject to the ADR Procedures.
- c. The Chief Officer has also entered into settlement discussions and alternative dispute resolution processes outside of the ADR Procedures that have resulted in the resolution and allowance of a number of other claims.
- d. PTL filed and prosecuted 4 omnibus objections to claims (the second through sixth omnibus objections filed in the Chapter 11 Cases) seeking to disallow (in whole or in part) or reclassify 102 claims.
- e. As of the end of the Report Period, there were approximately 150 proofs of claim filed in the Chapter 11 Cases that remain Disputed Claims.

4. Distributions to Creditors:

- a. PTL distributed an aggregate amount of \$435,576 to creditors. These amounts consist of a substantial amount, in number, of Allowed Administrative Expense Claims and Allowed Priority Claims asserted in the Chapter 11 Cases.

- b. In addition as of February 28, 2014 (shortly after the conclusion of the Report Period), Debtor Nexa had made distributions to all but one of the creditors asserting claims against its estate. PTL has reserved for the an amount necessary to satisfy the asserted amount of the remaining claim and has distributed the balance of the assets in the Nexa estate to Nexa's sole shareholder, Debtor SAI.

Dated: March 24, 2014

Penson Technologies LLC

/s/ Bryce B. Engel  
Bryce B. Engel, Chief Officer