

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

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

(February 16, 2014 through August 15, 2014)

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 Date² 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, 2013 through August 15, 2014 (the “**Report Period**”).³

¹ 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.

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

³ 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 Debtor⁴ as of the February 15, 2014 and as of August 15, 2014 is reported below:

Debtor	February 15, 2014 Cash	August 15, 2014 Cash
Penson Worldwide, Inc.	\$1,845,467.79	\$319,687.67
SAI Holdings, Inc.	\$246,443.99	\$3,564,349.39
Penson Financial Services, Inc.	\$3,258,919.33	\$1,522,980.77
Penson Financial Futures, Inc.	\$1,364.00	\$714.00
Penson Holdings, Inc.	\$10,029.51	\$0.00
Penson Execution Services, Inc.	\$1,350.00	\$0.00
Nexa Technologies, Inc.	\$3,165,865.41	\$0.00
Penson Futures	\$1,350.00	\$700.00
GHP2, LLC	\$1,350.00	\$0.00
TOTAL	\$8,532,140.03	\$5,408,431.83

A summary of the asserted amount of all Allowed Claims and Disputed Claims (based on asserted amounts), effective as of August 15, 2014, is attached hereto as Exhibit A.

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.
- c. PTL continues to spend a significant amount of time dealing with inquiries from the Securities and Exchange Commission ("SEC") regarding inquiries related to two separate investigations arising out of pre-petition conduct by the Debtors and their former officers and directors.
- d. PTL has closed the chapter 11 cases of Debtors GHP2, LLC, Nexa Technologies, Inc. ("Nexa"), Penson Execution Services, Inc., and Penson Holdings, Inc.

⁴ 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.

2. Collection and Liquidation of PTL Assets:

- a. PTL collected proceeds from PTL Assets of \$1,299,702 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. During the Report Period, PTL sold certain bonds issued by Will County, Illinois for gross proceeds of \$462,825.
- d. PTL is in the process of liquidating certain illiquid equity securities previously held by Debtor PFSI.
- e. PTL is reviewing the patent portfolio held by Debtor PWI and assessing the ability to monetize the value of these patents through, among other things, prosecution of claims for patent infringement. PTL is in the process of engaging new counsel in connection with such review and 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. Following the Effective Date, PTL continued 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**"). PTL entered into a settlement of the SAMCO Arbitration that will yield proceeds of \$1.625 million to the PFSI estate, which was approved by the Bankruptcy Court on August 6, 2014. The settlement proceeds are due to PTL by August 27, 2014.

3. Liquidation of Claims:

- a. As of the end of the Report Period, there were 451 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 to resolve 16 separate disputes that were subject to the ADR Procedures (19 total claims). There are 4 remaining disputes that are subject to the ADR Procedures (12 total claims).
- 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 seven (7) omnibus objections to claims (the third through tenth omnibus objections filed in the Chapter 11 Cases) seeking to disallow (in whole or in part) or reclassify 169 claims.
- e. As of the end of the Report Period, there were approximately 85 proofs of claim filed in the Chapter 11 Cases that remain Disputed Claims.

4. Distributions to Creditors:

- a. All creditors of Debtor Nexa have received distributions satisfying their claims in full, and the remaining assets of the Nexa estate have been distributed to Debtor SAI Holdings, Inc.
- b. Substantially all Priority Claims and Administrative Expense Claims have been resolved, and all of such claims that have been Allowed have been paid.
- c. PTL has distributed an aggregate amount of \$718,343 to pre-petition creditors.

Dated: August 28, 2014

Penson Technologies LLC

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

EXHIBIT A**Summary of Pending Claims**

The following table is a summary of the aggregate amount of Allowed Claims and Disputed Claims asserted against the Debtors, as of August 15, 2014.

Debtor	Admin Priority	Priority	Secured	General Unsecured	Securities Law Claims
GHP2, LLC	\$0.00	\$0.00	\$0.00	\$753,617.00	\$0.00
Nexa Technologies, Inc.	\$27,184.52	\$28,280.92	\$0.00	\$286,098.74	\$0.00
Penson Execution Services, Inc.	\$0.00	\$0.00	\$0.00	\$753,617.00	\$0.00
Penson Financial Futures, Inc.	\$0.00	\$0.00	\$0.00	\$753,733.11	\$0.00
Penson Financial Services, Inc.	\$0.00	\$1,083,971.11	\$58,003.12	\$107,606,775.13	\$0.00
Penson Futures	\$0.00	\$0.00	\$34,190.81	\$949,891.56	\$0.00
Penson Holdings, Inc.	\$0.00	\$0.00	\$0.00	\$753,617.00	\$0.00
Penson Worldwide, Inc.	\$0.00	\$248,118.40	\$216,967,490.02	\$72,511,655.43	\$33,225,813.49
SAI Holdings, Inc.	\$0.00	\$0.00	\$5,500,000.00	\$4,537,549.00	\$0.00

Notes:

1. 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.
2. The deadline for PTL to object to claims has not yet passed. PTL reserves the rights to object to any and all claims 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.
3. The Second Lien Note Claims were Allowed in the amount of \$216,940,625.00. Debtor Penson Worldwide, Inc. (“PWI”) is the primary obligor on account of such claims, and Debtors SAI Holdings, Inc. (“SAI”) and Penson Holdings, Inc. (“PHI”) are guarantors of such amounts. Additionally, the primary obligation is secured by the equity in SAI, and the guaranty obligations are secured by the equity of Debtors PHI and Penson Financial Services, Inc., the equity of non-Debtor GHP 1, Inc., and 65% of the equity of PHI’s non-Debtor Canadian subsidiary. For purposes of this summary, the amounts owed on account of the Second Lien Note Claim are only reflected as a secured claim against PWI, although such claims may be treated and satisfied as secured claims against SAI and PHI, as well as deficiency claims against PWI, SAI or PHI.
4. A complete copy of the claims register in these cases can be accessed at <http://www.kccllc.net/penon/creditor/search>.