

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

(August 15, 2017 through August 15, 2018)

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 tenth report pursuant to section 8.2 of the Operating Agreement, and it covers the period from August 15, 2017 through August 15, 2018 (the “**Report Period**”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: Penson Worldwide, Inc. (6356); SAI Holdings, Inc. (3657); and Penson Financial Services, Inc. (3990). The Debtors’ mailing address is 5960 W. Parker Rd. #278-198, Plano, TX 75093.

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



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A summary of the cash holdings of each Debtor as of February 15, 2018 and as of August 15, 2018 is reported below:

Debtor	February 15, 2018 Cash	August 15, 2018 Cash
Penson Worldwide, Inc. ³	\$2,282,427.35	\$2,046,607.76
SAI Holdings, Inc. ⁴	\$5,858,352.59	\$5,744,612.14
Penson Financial Services, Inc.	\$1,890,442.78	\$1,483,653.30
Penson Financial Futures, Inc.	\$1,464.00	\$152,366.00
Penson Holdings, Inc.	\$0.00	\$0.00
Penson Execution Services, Inc.	\$0.00	\$0.00
Penson Futures	\$1,450.00	\$401,209.00
GHP2, LLC	\$0.00	\$0.00
TOTAL	\$10,034,136.72	\$9,828,448.20

A summary of the amounts of all Allowed Claims and Disputed Claims against PWI and SAI, effective as of August 15, 2018, is attached hereto as Exhibit A. All distributions required to be made under the Plan to holders of Allowed Claims against all of the Debtors other than PWI and SAI have been made, except for the Subordinated Loan Claims against Penson Financial Services, Inc. (“**PFSI**”) in the aggregate amount of \$57,000,000, which are held by PWI and SAI and will be paid *pari passu* with each other as the remaining assets in the PFSI estate (net of operating expenses) are distributed. Accordingly, claims against the Debtors other than PWI and SAI have been omitted from Exhibit A.

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

1. Administrative Matters:

- a. 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 operations of PTL.

³ Of these amounts, \$264,875.24 is required to be held in the PTL Reserve as of the end of the Report Period to be used to make distributions to the holder of the remaining Disputed Claim against Penson Worldwide, Inc. (“**PWI**”) if such claim is Allowed.

⁴ Of these amounts, \$416,232.52 is required to be held in the PTL Reserve as of the end of the Report Period to be used to make distributions to the holder of the remaining Disputed Claim against SAI Holdings, Inc. (“**SAI**”) if such claim is Allowed.

- b. PTL continues to deal with inquiries from the Securities and Exchange Commission (“**SEC**”), albeit at a reduced level.

2. Collection and Liquidation of PTL Assets:

- a. In the Report Period, PTL received cash in the amount of \$13,961,766.74 from the liquidation or other monetization of PTL Assets. This section includes a description of the transactions that materially contributed to this amount, as well as the status of efforts to liquidate the PTL Assets.
- b. PTL liquidated part of the Illiquid Instruments, primarily consisting of municipal bonds, previously held by SAI, specifically, the Leon County B Bonds were sold for \$9,540,000 on June 15, 2018. Additionally, PTL received \$211,311.00 of interest payments on certain Illiquid Instruments held by PTL during the Report Period.
- c. PTL reached a settlement on May 18, 2018 that resolved claims held by the estate of Penson Futures and Penson Financial Futures, Inc. (the “**Futures Debtors**”) against the debtor in the chapter 11 case of *In re Sentinel Management Group, Inc.*, Case No. 07-14987 (Bankr. N.D. Ill.) (such debtor and its successor liquidating trustee, “**Sentinel**”), adversary proceedings against the Futures Debtors in the Sentinel chapter 11 case, and claims filed in these chapter 11 cases by Sentinel against the Futures Debtors. The net result was a cash inflow of \$4,165,561.00.
- d. PTL is in the process of liquidating certain illiquid equity securities previously held by PFSI.
- e. PTL is monetizing the value of a portfolio of patents owned by PWI through, among other things, prosecution of claims for patent infringement. PTL has commenced and continues to pursue actions related to infringement against PWI’s patent portfolio.
- f. On November 16, 2016, PTL (as successor in interest to PWI and SAI) commenced an adversary proceeding, Case No. 16-51522 (LSS), against Schonfeld Group Holdings LLC (“**Schonfeld**”) seeking to recover damages in excess of \$20 million arising out of Schonfeld’s breaches of contract and to disallow claims filed by Schonfeld against SAI and PWI. On May 21, 2018, the Bankruptcy Court denied Schonfeld’s motion to dismiss the adversary proceeding. On July 31, 2018, Schonfeld moved for summary judgment on all counts in the adversary proceeding, and briefing on the motion for summary judgment is currently scheduled to conclude in November 2018.
- g. PTL has received \$26,789.95 in interest on cash deposits during the Report Period.

3. Liquidation of Claims:

- a. As of the end of the Report Period, there were 453 claims filed against the Debtors.
- b. As of the end of the Report Period, there were only two (2) proofs of claim filed in the Chapter 11 Cases that remain Disputed Claims, and those proofs of claim are subject to objection in the adversary proceeding commenced against Schonfeld. *See* Part 2(c) and footnotes 3 and 4.

4. Distributions to Creditors:

- a. All Priority Claims and Administrative Expense Claims have been resolved, and all of such claims that have been Allowed have been paid.
- b. All holders of Allowed claims against Nexa have received distributions that satisfy their claims in full in accordance with the Plan, and the remaining assets of the Nexa estate have been distributed to SAI.
- c. As of December 22, 2015, PTL authorized and effectuated distributions in the amount necessary to pay in full all Allowed General Unsecured Claims against PFSI plus post-Effective Date interest. The total amount distributed to holders of Allowed General Unsecured Claims against PFSI, inclusive of post-Effective Date interest, was \$24,843,667.
- d. In addition to making final distributions to pay in full all Allowed General Unsecured Claims against PFSI, PTL made distributions on account of Subordinated Loan Claims to the estates of SAI, in the amount of \$5,864,271.01, and Penson Worldwide, Inc., in the amount of \$21,991,355.55.
- e. On or about December 30, 2015, PTL caused a distribution to be made on account of claims against the SAI estate in Classes 3C and 4C, equal to 5% of the Allowed amount of such Claims. This resulted in a distribution of \$10,847,030 in the aggregate to holders of Allowed claims against SAI. Additionally, PTL has placed \$189,196.60 in the PTL Reserve on account of Disputed Claims in those Classes.
- f. On or about June 6, 2017, PTL caused a distribution to be made on account of claims against the PWI estate in Classes 3A (General Unsecured Claims), 4A (Second Lien Note Claims) and 5A (Convertible Note Claims), equal to 7% of the Allowed amount of such Claims. This resulted in a distribution of \$19,944,029 in the aggregate to holders of Allowed Claims in Classes 3A, 4A and 5A against PWI. Additionally, PTL has placed \$264,875.24 in the PTL Reserve on account of Disputed Claims in Class 3A against PWI.
- g. On or about June 25, 2018, PTL caused a distribution to be made on account of claims against the SAI estate in Classes 3C and 4C, equal to 6% of the Allowed amount of such Claims. This resulted in a distribution of \$13,016,436.30 in the aggregate to holders of Allowed claims against SAI. Additionally, PTL has placed \$227,035.92 in the PTL Reserve on account of Disputed Claims in those Classes.

Dated: August 24, 2018

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 PWI and SAI as of August 15, 2018:

Debtor	Admin Priority	Priority	Secured	General Unsecured	Securities Law Claims
Penson Worldwide, Inc.	\$0.00	\$248,118.40	\$216,967,490.02	\$71,758,038.43	\$33,225,813.49
SAI Holdings, Inc.	\$0.00	\$0.00	\$0.00	\$3,783,932.00	\$0.00

Notes:

1. No amount has been included in these totals for Disputed Claims asserted in “unknown” or “unliquidated” amounts; provided that, solely with respect to PFSI, this summary uses the Estimated Amount (as defined in the PFSI Claims Estimation Order) for all Disputed Claims against PFSI. Allowance of Disputed claims that have not been estimated in a maximum amount by the Court may increase the total amount of claims against any particular Debtor.
2. 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. PWI is the primary obligor on account of such claims, and 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/penson/creditor/search>.