

**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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**STATUS REPORT**

Penson Technologies, LLC (“PTL”) hereby submits the following in response to the *Order Pursuant to 11 U.S.C. § 105(d)(1) Requiring Status Report*, dated September 12, 2014:

1. On January 11, 2013 (the “Petition Date”), Penson Worldwide, Inc. (“PWI”) and its affiliated debtors (each a “Debtor”)<sup>2</sup> filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”).
2. The Debtors historically provided execution, clearing, custody, settlement, and technology products and services to financial firms. In May and June of 2012, prior to the commencement of these chapter 11 cases, Debtor Penson Financial Services, Inc. (“PFSI”) sold its securities and futures clearing businesses in two separate transactions.

<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); and Penson Futures (6207). The Debtors’ mailing address is 5960 W. Parker Rd. #278-198, Plano, TX 75093.

<sup>2</sup> The chapter 11 cases of Debtors Penson Financial Futures, Inc., Penson Holdings, Inc., Penson Execution Services, Inc., Nexa Technologies, Inc., and GHP2, LLC (collectively, the “Closed Debtors”) were jointly administered with the case of PWI until such cases were closed by order dated June 12, 2014. Pursuant to that order, pending matters related to the Closed Debtors will continue to be administered in the jointly administered case of PWI. GHP1, Inc., an affiliate of the Debtors, also filed a voluntary petition for chapter 11 relief on the Petition Date, and its case was jointly administered with the case of PWI until September 20, 2013. On September 20, 2013, the Court entered an order dismissing the chapter 11 case of GHP1, Inc.



3. The Debtors commenced their chapter 11 cases to complete the liquidation of the Debtors' assets and wind-down of their affairs, including a section 363 sale of the assets of the technology services business operated by Debtors Nexa Technologies, Inc. ("Nexa") and PWI (such business, the "Nexa Business"). On March 26, 2013, the Court entered an order approving the sale of the Nexa Business, which closed in April 2013.

4. On July 31, 2013, the Court entered an order confirming the *Fifth Amended Joint Plan of Liquidation of Penson Worldwide, Inc., and its Affiliated Debtors* [Docket No. 774] (the "Plan"). The Effective Date of the Plan occurred on August 15, 2013.

5. Debtor PWI has approximately \$280 million in claims on account of pre-petition funded indebtedness issued under two separate indentures, which represents the super-majority in known dollar amount of claims of the Debtors on a collective basis. The balance of the claims in these cases represent either trade debt, contract damages, contingent and unliquidated claims for indemnification of the Debtors' former officers and directors, and contingent and unliquidated claims for damages asserted by the Debtors' former customers and related parties. With respect to the latter two classes of claims PTL has recently filed a request to estimate the maximum allowed amount of such claims as they related to PFSI. Further, a number of former customers' claims are subject to a court approved alternative dispute resolution process, which includes a provision for binding arbitration (including arbitration before FINRA), and it is likely that the adjudication of such claims (if necessary) will take place outside of the bankruptcy court.

6. PTL was created under the Plan to complete the wind-down and liquidation of the Debtors. Substantially all of the assets of each Debtor were transferred to PTL, and PTL is responsible for liquidating and reducing to cash those assets. In turn, PTL will

distribute the proceeds of the assets of each Debtor's Estate to each Debtor's creditor body, in accordance with the priorities established under the Plan. In addition, PTL is responsible for overseeing the reconciliation of the claims asserted against the Debtors in these chapter 11 cases.

7. As of confirmation of the Plan, the Debtors' non-cash assets consisted of certain ownership interests in non-debtor parties, certain illiquid securities, and various litigation claims against former officers, directors and business partners. The Plan vests PTL with authority to sell assets and commence and resolve litigation without the need for intervention by the Court.

8. There are no pending adversary proceedings in this court to which the Debtors or PTL (as successor to the Debtors) are a party. The deadline under section 546(a)(1)(a) for commencing proceedings under chapter 5 of the Bankruptcy Code is January 11, 2015. PTL currently is a plaintiff in a number of litigations pending in other courts and before other tribunals. Based on facts presently known to PTL, PTL does not contemplate commencing any further adversary proceedings in these cases, including chapter 5 actions, but reserves the right to do so or to remove pending actions to this court.

9. There are a small number of remaining disputed claims that are contingent and unliquidated. Certain of these disputed claims were subject to litigation pending as of the Petition Date. The Court has previously approved an alternative dispute resolution process (as mentioned earlier) and granted parties relief from stay to pursue causes of action in non-bankruptcy fora. PTL anticipates that a substantial number (if not all) of the remaining disputed claims will be resolved outside of this Court. However, PTL reserves the right to seek to have this Court resolve any remaining disputed claims as necessary and appropriate.

10. As of the date of this report, the matters pending before the Court are: (i) the second omnibus objection with respect to certain claims filed by Christopher Hehmeyer (such claims, the “Hehmeyer Claims”) and Steven J. Rosenberg (such claims, the “Rosenberg Claims”); (ii) the seventh omnibus objection with respect certain claims of Phillip Pendergraft (such claims, the “Pendergraft Claims”) and Roger Engemoen, Jr. (such claims, the “Engemoen Claims”); (iii) PTL’s eleventh omnibus objection to claims; (iv) PTL’s request to estimate the maximum allowed amount of the remaining disputed claims against PFSI; and (v) a motion for relief from the automatic stay and the injunctive provision under the Plan filed by a customer of one of PFSI’s former correspondent brokers.

- PTL anticipates that the objections to the Hehmeyer Claims, Pendergraft Claims, and Engemoen Claims, which all assert contingent and unliquidated claims for indemnification, will continue to be adjourned until the resolution of certain ancillary litigation.
- PTL anticipates moving forward with the objection to the Rosenberg Claims in the near term.
- Matters (iii) through (v) in the preceding sentence are all scheduled for a hearing on October 21, 2014 and are expected to be heard on that date.

Finally, PTL previously objected to the claims of Mark Wesley and James Avola. After briefing on those objections, the Court denied the objection without prejudice and requested that PTL conduct discovery regarding the claims and matters asserted therein. PTL anticipates bringing a renewed objection to those claims in the near term.

Dated: October 13, 2014  
Wilmington, Delaware

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