

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

INTERNATIONAL FOREIGN EXCHANGE
CONCEPTS HOLDINGS, INC., et al.

Debtors.

Chapter 11

Case No. 13-13379 (REG)

Jointly Administered

Monthly Operating Report

August 2014

Prior activities

1. On October 17, 2013 International Foreign Exchange Concepts Holdings, Inc and International Foreign Exchange Concepts, LP, filed for Chapter 11 bankruptcy protection in the U.S. Bankruptcy Court of the Southern District of New York (this "**Court**"). On October 23, 2013, FX Concepts LLC (together with the other two debtors, the "**Debtors**" or the "**Company**") filed for Chapter 11 bankruptcy protection in this Court. Prior to October 17th, the Debtors were a global investment management and research firm specializing in foreign exchange and interest rate risk management with extensive experience trading currencies and derivatives in both the developed and emerging markets. Established in 1981 and headquartered in New York, the Debtors once managed over \$14 billion in assets for institutional clients worldwide with representatives in London, Singapore, Sydney and Tokyo.

2. The Debtors received (and have subsequently repaid) a DIP loan in the amount of approximately \$1.5 million.

3. The Company moved quickly to arrange for an auction of its primary assets and to close out operations. This included executing an extensive marketing process for its primary assets (the “**Primary Assets**”) and setting up sale procedures with Court approval.

4. A thorough marketing process was conducted including contacting a large pool of funds and individuals who were identified as potential buyers. This activity resulted in an expedited sale process in which a stalking horse was identified within two weeks for the purchase of the Primary Assets at a price of \$1.45 million.

5. An auction was held on November 25, 2013 (the “Auction”). After numerous rounds of bids, Ruby Commodities, Inc. was declared the winning bidder with an aggregate bid in the amount of \$7.48 million for the Debtors’ Primary Assets (excluding the Debtors’ newsletter business).

6. On November 26, 2013, this Court approved the sale of the Primary Assets to Ruby Commodities pursuant to the Auction.

7. The sale of the Primary Assets closed in December and the Company subsequently moved out of its headquarters. Activities were then undertaken to address financial, operational and legal requirements to close out the estate and to pursue claims as well as to develop a Plan of Liquidation

August

8. In August, the Company focused on:
- finalizing and documenting the settlement with the Debtors’ former CEO;
 - settlement discussions with a number of creditors;
 - claims review;

- plan structuring;
- asset allocation;
- accounting and reporting required for the close out of affiliated funds and entities; and
- tax preparation and IRS information requests.

9. In July, the Company was able to reach a settlement with the former CEO which provided for the payment of certain proceeds from the sale of his apartment on July 31 which were deposited on August 1. This settlement allowed the Company to bring to closure one of the most important elements of the Company's Chapter 11 proceeding and resulted from an extensive, complex and difficult negotiation process. The settlement was submitted to the Court for approval and received such approval on July 30. The settlement addressed the imminent sale of the former CEO's apartment, the sharing of proceeds from that apartment sale, and the mechanism for repayment of remaining obligations. The settlement is a critical step in the Company's restructuring and provides a key component for the development of a plan of liquidation

10. Another major activity was the finalization of settlements with two former employees. The Company had been engaged in litigation with one of these employees for years and had spent significant sums in the years prior to filing Chapter 11 on related litigation. Based on extended and complicated negotiations, the Debtors were able to reach settlements which resolved these two employee claims at the end of July which were documented and submitted to the Court in August. These settlements represent another critical step in the development of a plan of liquidation.

11. Potentially the most significant remaining major issue in the Company's liquidation is the resolution of claims filed by the IRS against International Foreign Exchange Concepts Holdings, Inc.; claims that were filed in excess of \$17 million. In August, the Company has been working with the IRS including in person meetings and phone conferences to respond to information requests and to attempt to resolve these claims. This includes working with tax counsel and former auditors and researching prior tax structure information and filings going back to 2008.

12. The Company continued to work to identify actions required to close out various affiliated entities both domestic and foreign. This included addressing regulatory issues associated with the funds previously managed by affiliated entities requiring calls, emails and preparation of financial information.

13. In August, the Company also worked with its tax preparer with respect to necessary tax filings required to be submitted by September 15. In addition to the standard complications associated with a liquidating entity with several layers of regulatory oversight, and with dwindling institutional knowledge, this work was complicated by the merger of the historic entity with another firm.

14. In addition to operational requirements, the Company communicated with creditors, prepared its monthly operating report and processed required payments.

Plan for Septmeber

15. In September, the Debtors intend to finalize agreements for certain claims including ancillary documentation and have these approved by the Court.

16. Based on the September 15 due date for a large number of Federal, state and city tax returns, a major portion of Company's activity will be working with its tax preparer to gather financial information for tax and reporting purposes to finalize required tax returns.

17. A key element of the Company's activities in September will be working with the IRS to attempt to resolve their claims against IFEC Holdings. This includes research, analysis and discussions with the IRS in person and telephonically.

18. The Company will also continue the research, documentation, evaluation and analysis required to identify and plan the execution of the close out of existing entities from a financial, legal and regulatory perspective.

19. The Company will continue to review claims and potentially submit objections as necessary based on research and analysis.

20. The Company will need to continue to review and initiate action required by regulatory agencies related to affiliated entities including providing financial information and documentation.

21. The Company will continue to address structural and substantive issues in the draft plan of liquidation based on the issues and developments discussed above.

International Foreign Exchange Concepts Holdings, et al

US Bankruptcy Court Southern District of New York (Case No 13-13379)

Cash Receipts and Disbursements**All Debtors- August 2014**

	<u>IFEC Holdings</u>	<u>IFEC LP</u> <u>Operating Account</u>	<u>IFEC LP</u> <u>Petty Cash</u>	<u>IFEC LP</u> <u>Money Market -LC</u>	<u>FX Concepts LLC</u> <u>Operating Account</u>
Opening Balances as of 8/01/2013	\$584,265.46	\$5,196,988.88	\$9,441.02	\$2,365.94	\$2,040,297.33
Cash Flows:					
Receipts	\$0.00	\$1,225,233.28			\$ 329,280.00
Others					
Intercompany					
Total Inflows	<u>\$0.00</u>	<u>\$1,225,233.28</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$329,280.00</u>
Cash Outflows:					
Disbursements	\$ -	\$4,162.93			
Payroll, Payroll Taxes and Benefits		\$18,398.67			
Operating Cost					
Professional Fees		\$184,750.49			
Intercompany					
AMF DIP					
Others/Adjustments					
US Trustee					
Total Cash Outflow	<u>\$0.00</u>	<u>\$207,312.09</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
Net Cash Flows:	<u>\$0.00</u>	<u>\$1,017,921.19</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$329,280.00</u>
Cash Balance as of 8/31/13	<u>\$584,265.46</u>	<u>\$6,214,910.07</u>	<u>\$9,441.02</u>	<u>\$2,365.94</u>	<u>\$2,369,577.33</u>

23. The Company received two relatively large receipts in August including a payment in excess of \$1.2 million from the settlement with the Company's former CEO and \$329 thousand for a receivable due from the San Francisco Employee Retirement System. Both of these receipts resulted from extended negotiations with the respective parties.

24. Primary disbursements in August were for accrued professional fees. Professional fees included payments made to Finn Dixon & Herling LLP, Withers Bergman LLP, DiConza Traurig Kadish LLP, CDG Group LLC and Logan & Company totaling \$184,750. Other expenses included payroll totaling \$18,398, rental costs for the longer term location of computer hardware of \$2,535 and bank fees of \$1,627.

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US Bankruptcy Court Southern District of New York (Case No 13-13379)

Cash Receipts and Disbursements**All Debtors since Filing****Schedule of Cash Receipts and Disbursements
for the Period of October 18, 2013 through August 31, 2014**

	<u>IFEC LP Holdings</u>	<u>IFEC LP Operating Account</u>	<u>IFEC LP Petty Cash</u>	<u>IFEC LP Money Market - LC</u>	<u>FX Concepts LLC Operating Account</u>
Opening Balances as of 10/18/2013	\$6,434.19	\$23,832.11	\$5,641.18	\$705,875.41	\$2,339.82
Cash Flows:					
Receipts	\$7,841,914.60	\$10,122,327.42	\$4,922.50	\$217.80	\$ 2,370,868.31
Others					
Intercompany		\$504,083.33			
AMF DIP		\$500,000.00			
Total Inflows	\$7,841,914.60	\$11,126,410.75	\$4,922.50	\$217.80	\$2,370,868.31
Cash Outflows:					
Disbursements	\$6,760,000.00	\$2,748,369.44	\$523.65	\$703,678.19	\$3,630.80
Payroll, Payroll Taxes and Benefits		\$417,856.45			
Operating Cost					
Professional Fees		\$1,247,793.38			
Intercompany	\$504,083.33				
AMF DIP		\$504,083.33			
Others			\$599.01	\$49.08	
US Trustee		\$17,229.99			
Total Cash Outflow	\$7,264,083.33	\$4,935,332.59	\$1,122.66	\$703,727.27	\$3,630.80
Net Cash Flows:	\$577,831.27	\$6,191,077.96	\$3,799.84	(\$703,509.47)	\$2,367,237.51
Cash Balance at 08/31/14	\$584,265.46	\$6,214,910.07	\$9,441.02	\$2,365.94	\$2,369,577.33

Cash Receipts and Disbursements - IFEC Holdings

IFEC Holdings Receipts

& (Disbursements) as of 8/31/2014

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
8/1/2014	\$ 584,265.46		Beginning Balance
8/31/2014	\$ 584,265.46		Ending Balance

25. There was no activity in IFEC Holdings account in August.

Cash Receipts and Disbursements - IFEC LP Operating Account**IFEC LP (Operating) Receipts
& (Disbursements) as of 8/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
8/1/2014	5,196,988.88		Beginning Balance
8/1/2014	1,222,382.45		Settlement Payment from JRT Apartment
8/4/2014		(3,729.17)	Payroll Joanny Santana Wk (8/4- 8/8/14)
8/5/2014	2,850.83		MD Sass payment
8/5/2014		(80,000.00)	CDG Group
8/11/2014		(3,729.17)	Payroll Joanny Santana Wk (8/11- 8/15/14)
8/18/2014		(3,729.17)	Payroll Joanny Santana Wk (8/18- 8/22/14)
8/19/2014		(2,778.86)	Health Insurance 9/2014 J Sanatana
8/19/2014		(1,583.78)	Logan & Company
8/22/2014		(38,114.66)	Withers and Bergman
8/22/2014		(1,627.52)	Bank Fee Charges
8/22/2014		(468.75)	Payroll Timberly Davis
8/25/2014		(43,410.05)	DiConza Traurig
8/25/2014		(21,642.00)	Finn Dixon
8/25/2014		(3,729.17)	Payroll Joanny Santana Wk (8/25- 8/29/14)
8/27/2014		(234.38)	Payroll Timberly Davis
8/28/2014		(2,535.41)	Regus Office Space Rental and Deposit
8/31/2014	6,214,910.07		Ending balance

26. Primary activity for operating expenses is in the IFEC LP Operating Account, consistent with past practices of the Company.

27. A receipt in excess of \$1.2 million was received as a result of the settlement with the Company's former CEO which provided for certain proceeds from the sale of his apartment to be directed to the Company. Other receipts of \$2,850 were received from the close out of certain funds.

28. Primary disbursements in August were for accrued professional fees. Professional fees included payments made to Finn Dixon & Herling LLP, Withers Bergman LLP, DiConza Traurig Kadish LLP, CDG Group LLC and Logan & Company totaling \$184,750.

29. Other expenses included payroll totaling \$18,398, rental costs for the longer term location of computer hardware and other materials of \$2,535 and bank fees of \$1,627.

Cash Receipts and Disbursements - IFEC LP Petty Cash**IFEC LP (Petty Cash)
& (Disbursements) as of 8/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
8/1/2014	\$ 9,441.02		Beginning Balance
8/31/2014	\$ 9,441.02		Ending Balance

30. There was no activity in the IFEC LP Petty Cash account in August.

Cash Receipts and Disbursements - IFEC LP Money Market Account**IFEC LP (Money Market) Receipts
& (Disbursements) as of 8/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
8/1/2014	\$ 2,365.94		Beginning Balance
8/31/2014	\$ 2,365.94		Ending Balance

31. There was no activity in the IFEC LP Money Market account in August.

Cash Receipts and Disbursements - FX Concepts LLC**Fx Concepts LLC (Operating) Receipts
& (Disbursements) as of 8/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
8/1/2014	\$ 2,040,297.33		Beginning Balance
8/8/2014	\$ 329,280.00		Payment from SFERS
8/31/2014	\$ 2,369,577.33		Ending Balance

32. A receipt of \$329,250 was received in August as a result of settlement negotiations with the San Francisco Employee Retirement System in relation to outstanding amounts due.

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I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.



Michael Meenan

9/19/14

Date