

**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**

**December 2013**

**Prior activities**

On October 17<sup>th</sup>, 2013 International Foreign Exchange Concepts Holdings, Inc and International Foreign Exchange Concepts, LP, filed for Chapter 11 bankruptcy protection. On October 23, 2013, FX Concepts LLC (together with the other two debtors, the "Debtors") filed for Chapter 11 bankruptcy protection. Prior to October 17<sup>th</sup>, 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 \$14bn in assets for institutional clients worldwide with representatives in London, Singapore, Sydney and Tokyo.

Upon filing Chapter 11 the Debtors worked with their financial advisor, CDG Group, LLC ("CDG"), to prepare a DIP budget that was subsequently approved by the DIP lender. A DIP agreement providing for \$1,448,000 in financing was entered into by the Debtors and AMF and approved by the Court on an interim basis on October 22, 2013, and on a final basis on November 20, 2013.

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 and setting up sale procedures with Court approval.

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 of the Company at a value of \$1.45 million. A thorough marketing process was conducting including contacting a large pool of funds and individuals who were identified as potential buyers.

An auction was held on November 25, 2013, at which 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 majority of the Company's assets (excluding the newsletters).

On November 26<sup>th</sup> 2013, The U.S. Bankruptcy Court of the Southern District of New York approved the sale of these assets to Ruby Commodities pursuant to the auction held on November 25<sup>th</sup>, 2013.

### December

In December, the Company focused on closing the sale of its primary assets to Ruby Commodities as approved by the Court on November 26, which involved, among other things, highly detailed and complex technological issues. The transfer of the purchased technology required working with the buyer's team every day through December 20 to facilitate an understanding of the systems and to allow for the removal of all required assets from the premises, while simultaneously preserving critical historical data for the benefit of the estate. The transfer also required the continued maintenance of systems and data until the removal of assets could be completed, as well as requiring heightened security to protect the purchased assets. The sale officially closed in early December with the receipt of the remaining funds (net of previously received deposit) from the buyer. Deposits from other Qualified Bidders were returned. All of the purchased assets were successfully moved from Company premises by December 20.

As a result of the sale of its primary assets, in December the Company was able to repay its outstanding obligations under its DIP agreement in the amount of \$504,083.

The Company also continued discussions regarding the surrender of its lease for its headquarters at 3 Park Avenue. A stipulation was entered into in December providing for the settlement of all disputes between the Company and its landlord. Pursuant to this settlement, the estate will receive a payment of approximately \$1.25 million by February 1<sup>st</sup>, and all of the Debtors' post-petition obligations to the landlord, if any, will be forgiven.

In order to meet the condensed timeline for surrendering the premises by December 31 (and avoid a potential cost to the estate for January lease costs), significant efforts were undertaken to identify, pack, and move necessary documents, data, computers and hardware from the premises, as well as to arrange for the storage of said materials and the establishment of a new location from which work could continue. Though this required significant IT support and physical labor to execute, the premises were cleared, cleaned and prepared for a walk-through with the landlord and its representatives on December 31. The walk-through and inspection were completed and sign off was provided by the landlord's representatives confirming the satisfactory surrender of premises on December 31.

The Company also worked 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. Based on discussions and research accomplished with the assistance of

former management, key action items were developed and initial steps taken to move this process forward and arrange for the ultimate shutdown of remaining entities.

Insurance issues were also addressed in December including the continuation of key corporate policies as well as the discontinuation of certain life insurance policies.

The Company worked to identify and initiate actions required to close out employee-related obligations including issuance of final payments and W-2s for the fiscal year 2013. In addition, the Company initiated discussions and actions to close out its 401k plan which is expected to take some time.

In addition to operational requirements, the Company attended meetings with creditors, prepared its monthly operating report and strategized on next steps required to expedite the bankruptcy process, including setting and noticing the claims bar date.

Another key area of focus in December was the furtherance of discussions with John R. Taylor and his representatives regarding settlement of outstanding claims. Preliminary term sheets were exchanged outlining key issues and discussions were had with representatives of affected constituents including the estate, AMF and John Taylor. Arrangements were also made to allow the continued operation of the newsletter which was not sold as part of the sale to Ruby Commodities.

#### **Plan for January**

In January, the Debtors plan to work on the development of a Plan of Liquidation to conclude the bankruptcy cases. In addition to developing a proposed structure and identifying key issues to be resolved to allow the Company to exit Chapter 11 quickly, the plan will also include addressing the close out of affiliated entities both domestic and foreign, as necessary.

Evaluation, analysis and discussions will be performed to identify and plan the execution of the process required by each entity to close out existing entities from a financial, legal and regulatory perspective. Certain actions may be initiated to begin this process for remaining entities to expedite the completion of the estate wind down.

A primary focus of the Debtors in January will be continuing discussions with John Taylor regarding settlement of outstanding claims. This includes the discussion of term sheets, evaluation of claims, and in person meetings between key constituents and their representatives.

Also in January, the Company will move forward with closing out outstanding employee obligations and requirements including the 401K.

**Cash Receipts and Disbursements**

**All Debtors- December 2013**

**Schedule of Cash Receipts and Disbursements  
for the Period of December 1, 2013 through December 31, 2013**

	<u>IFEC LP Holdings</u>	<u>IFEC LP</u>	<u>IFEC LP</u>	<u>IFEC LP</u>	<u>FX Concepts LLC</u>
		<i>Operating Account</i>	<i>Petty Cash</i>	<i>Money Market- LC</i>	<i>Operating Account</i>
<b>Opening Balances as of 12/01/2013</b>	\$438,375.59	\$358,909.73	\$5,162.01	\$706,001.70	\$43,928.13
<b>Cash Flows:</b>					
Receipts	\$7,319,973.20	\$177,820.23	\$4,850.91*	\$42.43	
Others					
Intercompany		\$504,083.33			
<b>Total Inflows</b>	<u>\$7,319,973.20</u>	<u>\$681,903.56</u>	<u>\$4,850.91</u>	<u>\$42.43</u>	<u>\$0.00</u>
<b>Cash Outflows:</b>					
Disbursements	\$270,000.00	\$66,032.83	\$44.48	\$703,678.19	\$1,815.40
Payroll, Payroll Taxes and Benefits		\$91,172.97			
Operating Cost					
Professional Fees		\$50,000.00			
Intercompany	\$504,083.33				
AMF DIP		\$504,083.33			
Others					
<b>Total Cash Outflow</b>	<u>\$774,083.33</u>	<u>\$711,289.13</u>	<u>\$44.48</u>	<u>\$703,678.19</u>	<u>\$1,815.40</u>
<b>Net Cash Flows:</b>	<u>6,545,889.87</u>	<u>(29,385.57)</u>	<u>4,806.43</u>	<u>(703,635.76)</u>	<u>(1,815.40)</u>
<b>Cash Balance at 12/31/13</b>	<u>6,984,265.46</u>	<u>329,524.16</u>	<u>9,968.44</u>	<u>2,365.94</u>	<u>42,112.73</u>

\*Pending Reduction- Petty Cash deposit will have a reduction of approximately \$500 due to JPM currency exchange error

The primary receipt during the period was from the sale of the majority of the Company's assets to Ruby Commodities. Net of the deposit received in November of \$160,000, payments of \$7.3 million were received in December from the buyer representing the balance of the \$7.480 million purchase price. As a result of the sale closing, deposits from other unsuccessful Qualified Bidders were returned totaling \$270,000. It should be noted that the proceeds and above balances reflect administrative processing and do not reflect a definitive asset allocation of sale proceeds which may occur subsequently.

The other major activity in December was the payoff of the DIP borrowings from AMF and related costs.

In addition to these items, the remaining cash activity was focused on the execution of the transfer of IT assets to the buyer as well as the removal of estate hardware, software and data from the Company's headquarter in advance of the surrender of the premises on December 31. This required significant IT and personnel support to ensure expedited timelines were met. As a result, assets were transferred, moved and stored as necessary and the timelines were met. In addition, proceeds of \$162,712 were received from the surrender of life insurance policies for which premiums would have otherwise been due.

**Cash Receipts and Disbursements**

**All Debtors since Filing**

**Schedule of Cash Receipts and Disbursements  
 for the Period of October 18, 2013 through December 31, 2013**

	<b><u>IFEC LP Holdings</u></b>	<b><u>IFEC LP</u></b> <i>Operating Account</i>	<b><u>IFEC LP</u></b> <i>Petty Cash</i>	<b><u>IFEC LP</u></b> <i>Money Market - LC</i>	<b><u>FX Concepts LLC</u></b> <i>Operating Account</i>
<b>Opening Balances as of 10/18/2013</b>	\$6,434.19	\$23,832.11	\$5,641.18	\$705,875.41	\$2,339.82
<b>Cash Flows:</b>					
Receipts	\$7,841,914.60	\$189,163.91	\$4,850.91*	\$217.80	\$41,588.31
Others					
Intercompany		\$504,083.33			
AMF DIP		\$500,000.00			
<b>Total Inflows</b>	<b>\$7,841,914.60</b>	<b>\$1,193,247.24</b>	<b>\$4,850.91</b>	<b>\$217.80</b>	<b>\$41,588.31</b>
<b>Cash Outflows:</b>					
Disbursements	\$360,000.00	\$100,671.89	\$523.65	\$703,678.19	\$1,815.40
Payroll, Payroll Taxes and Benefits		\$232,799.97			
Operating Cost					
Professional Fees		\$50,000.00			
Intercompany	\$504,083.33				
AMF DIP		\$504,083.33			
Others			\$0.00	\$49.08	
<b>Total Cash Outflow</b>	<b>\$864,083.33</b>	<b>\$887,555.19</b>	<b>\$523.65</b>	<b>\$703,727.27</b>	<b>\$1,815.40</b>
<b>Net Cash Flows:</b>	<b>\$6,977,831.27</b>	<b>\$305,692.05</b>	<b>\$4,327.26</b>	<b>(\$703,509.47)</b>	<b>\$39,772.91</b>
<b>Cash Balance at 12/31/13</b>	<b>\$6,984,265.46</b>	<b>\$329,524.16</b>	<b>\$9,968.44</b>	<b>\$2,365.94</b>	<b>\$42,112.73</b>

\*Pending Reduction- Petty Cash deposit will have a reduction of approximately \$500 due to JPM currency exchange error

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**Cash Receipts and Disbursements - IFEC Holdings**

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**IFEC Holdings Receipts  
& (Disbursements) as of 12/31/2013**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
12/1/2013	\$ 438,375.59		Beginning Balance
12/2/2013	\$ -	(25,000.00)	Yang Chun Tung Tony-Return Deposit
12/3/2013	\$ 6,731,973.20		Ruby Payment
12/3/2013	\$ 588,000.00		Ruby Payment
12/5/2013	\$ -	(145,000.00)	AKTIS Capitol Advisory-Return Deposit
12/13/2013	\$ -	(100,000.00)	TS Investments- Return Deposit
12/13/2013	\$ -	(504,083.33)	I/C Transfer to IFEC LP to payoff DIP
<b>12/31/2013</b>	<b>\$ 6,984,265.46</b>		<b>Ending Balance</b>

Activity in the IFEC Holdings account represents proceeds from sale of the majority of the Company's assets and the return of deposits required as part of the auction process for the Company's assets from Qualified Bidders. All deposits were returned with the exception of the winning bidder, Ruby Commodities (RC), whose deposit was applied against the purchase price. It should be noted that the proceeds and above balances reflect administrative processing and do not reflect a definitive asset allocation of sale proceeds which may occur subsequently.

Proceeds from the sale were also used to pay off the DIP borrowings from AMF (via IFEC LP)

**Cash Receipts and Disbursements - IFEC LP Operating Account**

**IFEC LP (Operating) Receipts  
& (Disbursements) as of 12/31/2013**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
12/1/2013	\$358,909.73		Beginning Balance
12/2/2013	\$ 129.61		ADP Refund
12/2/2013		(\$4,664.20)	Security USA
12/9/2013		(\$5,000.00)	Badler Consulting IT Services
12/9/2013		(\$2,364.27)	PC/Server Purchase
12/10/2013	\$ 14,978.50		Research Client Bank J Safara
12/12/2013		(\$13,521.77)	ADP Benefit Fees
12/13/2013		(\$110.00)	B &H Photo- Hard Drive Purchase
12/16/2013	\$ 162,712.12		NW Life Insurance
12/16/2013	\$ 504,083.33		Intercompany Transfer from IFEC Holdings for DIP paydown
12/16/2013		(\$6,000.00)	Badler Consulting IT Services
12/16/2013		(\$766.13)	V. Zurita -Assistance with Ruby Transition
12/16/2013		(\$130.00)	Staples- Supplies for the office
12/17/2013		(\$2,926.56)	Security USA
12/18/2013		(\$77,313.77)	ADP Payroll for the month of 12/2013
12/19/2013		(\$504,083.33)	Payoff DIP to AMF
12/19/2013		(\$337.43)	ADP FEES
12/20/2013		(\$11,305.32)	IPFS (BOND)
12/23/2013		(\$7,243.34)	Logan & Company - Noticing costs
12/23/2013		(\$1,020.80)	Bank Fees
12/24/2013		(\$4,350.00)	EZE Castle IT consulting
12/27/2013		(\$16,552.21)	Market Factory - IT maintenance
12/30/2013		(\$50,000.00)	Professional Fees for DIP lender - Schulte Roth & Zabel
12/31/2013		(\$3,600.00)	Ravi Iyer Payment for IT Consulting Services
12/31/2013	\$ 329,524.16		Ending Balance

Primary activity for operating expenses and DIP funding were in the IFEC LP Operating Account consistent with past practices.

Receipts consisted primarily of the surrender value of a life insurance policy for which an annual payment was due in November. In addition, there was a receipt from a Research client. Also, as DIP borrowings of \$500,000.00 in November were deposited into this account, the payoff of the DIP was also made from the account. This payoff was funded by proceeds from the sale of assets to Ruby Commodities requiring an intercompany transfer from IFEC Holdings to IFEC LP.

Excluding disbursements associated with the repayment of DIP borrowings and related expenses (\$554,083.33), disbursements totaled \$157,205.80. In addition to payroll, expenses were primarily for IT support required to execute the sale and transfer of assets to Ruby Commodities in December. The transfer of technology to the buyer required significant support every day from the auction on November 25 through December 20. Hardware, software and data required by the estate going

forward also had to be isolated and reconfigured to allow for continued access after the departure from the Company's headquarters at 3 Park Avenue. This transfer was accomplished on an expedited basis by December 31 allowing for the premises to be surrendered to the landlord as agreed upon in the stipulation and further costs associated with the space to cease.

There were also costs required to provide security for the assets which were to be purchased by the buyer in the interim period before the buyer could move the assets. This security was arranged for on an emergency basis after the auction to provide for overnight oversight of assets.

Finally, there were noticing costs associated with claims bar date as well as payments for insurance (IPFS) required to be maintained for operations.

**Cash Receipts and Disbursements - IFEC LP Petty Cash**

**IFEC LP (Petty Cash)**

**& (Disbursements) as of 12/31/2013**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
12/1/2013	\$ 5,162.01		Beginning Balance
12/16/2013		\$ (44.48)	Bank Fees
12/30/2013	\$ 4,850.91		Petty Cash on hand Deposit*
12/31/2013	\$ 9,968.44		Ending Balance

\*Pending Reduction- Petty Cash deposit will have a reduction of approximately \$500 due to JPM currency exchange error

The IFEC LP Petty Cash account was increased in December by the deposit of petty cash on hand at the Company's headquarters which was removed from the lockbox upon the move out of the offices. This cash was comprised of a variety of currencies. After deposit, JPM informed the Company that a currency exchange error had occurred upon deposit due to the use of Chinese yuan rates for Thai baht which is to be corrected in January. They have estimated the impact at approximately \$500 US dollars



**Cash Receipts and Disbursements - IFEC LP Money Market Account**

**IFEC LP (Money Market) Receipts  
& (Disbursements) as of 12/31/2013**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
12/1/2013	\$706,001.70		Beginning Balance
12/23/2013		(\$697,642.71)	Cash collateral for LC
12/23/2013		(\$6,023.60)	Fees and Charges
12/31/2014	\$ 42.43		Interest Payment
12/31/2014		(\$11.88)	Federal Interest withheld
<b>12/31/2013</b>	<b>\$ 2,365.94</b>		<b>Ending Balance</b>

The IFEC LP Money Market accounts held cash collateral supporting a Letter of Credit in favor of the landlord of the Company's headquarters at 3 Park Avenue, New York, NY. Based on the entry of a stipulation agreement between the Company and JPM settling disputes in December, funds supporting the Letter of Credit were released in December as well as associated fees and charges.

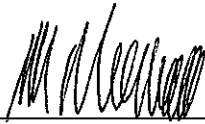
**Cash Receipts and Disbursements – FX Concepts LLC**

**Fx Concepts LLC (Operating ) Receipts  
& (Disbursements) as of 12/31/2013**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
12/1/2013	\$43,928.13		Beginning Balance
12/9/2013		\$ (1,815.40)	Rochester Rent
<b>12/31/2013</b>	<b>\$ 42,112.73</b>		<b>Ending Balance</b>

FX Concepts LLC paid post-petition rent for the Disaster Recovery site located near Rochester, NY which housed the backup of data and systems of the Company.

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.



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Michael Meenan

1/17/14

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Date