

**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

January 2014

Prior activities

On October 17th, 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 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 \$14bn in assets for institutional clients worldwide with representatives in London, Singapore, Sydney and Tokyo.

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

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 conducted 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 26th 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 25th, 2013.

The sale of the assets closed in December and over the course of the month, necessary technological support and transition was performed to allow assets to be moved from the premises of the Company's headquarters at 3 Park Avenue. By the end of December, all other materials and necessary documentation was moved out of the facility in an expedited manner to allow the Company to vacate the premises by December 31 in accordance with the Landlord Stipulation.

January

In January, the Company focused on transitioning remaining operations to a temporary location (CDG Group's offices). This included transporting computers and data and, with the assistance of IT consultant, attempting to restore functionality. This included working with the buyer of the Company's assets to ensure access to files and ability to restore functionality.

The Company also worked to identify and reject agreements or contracts that were no longer required as the assets had been transferred. This included contacting service providers for systems and data previously used for the Company's models and analysis.

The Company assisted with the transition of newsletter operations to a new location to allow continued writing and distribution.

A primary focus in January was efforts to negotiate a settlement regarding the amounts due from the former CEO. This included documentation review, in person meetings and term sheet preparation. This process also required the analysis of amounts due and paid under the various related agreements in prior years.

The Company also reviewed plan documents and other information available related to holdings in Inspiration in which the Company and John Taylor hold interests.

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. Based on discussions and research accomplished with the assistance of former management, key action items were taken to move this process forward and arrange for the ultimate shutdown of remaining entities.

Insurance issues were also addressed in January 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 such as W-2s and payroll termination. In addition, the Company continued discussions to close out its 401k plan.

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 discussion of a potential plan of reorganization.

The Company also discussed potential tax work and analysis that would need to be done for the 2013 calendar year and reviewed history of tax work done for 2012 and prior years.

Plan for February

In February, the Debtors plan to review claims submissions provided by the bar date. We will also 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 February 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.

The Company will also continue to review and assess potential causes of action.

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.

The Company will also develop a process to address tax requirements including engaging a tax preparer as in prior years

Cash Receipts and Disbursements

All Debtors- January 2014

**Schedule of Cash Receipts and Disbursements
for the Period of January 1, 2014 through January 31, 2014**

	IFEC Holdings	IFEC LP <i>Operating Account</i>	IFEC LP <i>Petty Cash</i>	IFEC LP <i>Money Market -LC</i>	FX Concepts LLC <i>Operating Account</i>
Opening Balances as of 12/01/2013	\$6,984,265.46	\$329,524.16	\$9,968.44	\$2,365.94	\$42,112.73
Cash Flows:					
Receipts	\$0.00	\$0.00	\$0.00		
Others					
Intercompany		\$0.00			
Total Inflows	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cash Outflows:					
Disbursements		\$229,751.82	\$58.92		\$1,815.40
Payroll, Payroll Taxes and Benefits		\$25,412.40			
Operating Cost					
Professional Fees					
Intercompany					
AMF DIP					
Others/Adjustments*			\$599.01		
Total Cash Outflow	\$0.00	\$255,164.22	\$599.01	\$0.00	\$1,815.40
Net Cash Flows:	\$0.00	(\$255,164.22)	(\$599.01)	\$0.00	(\$1,815.40)
Cash Balance	\$6,984,265.46	\$74,359.94	\$9,369.43	\$2,365.94	\$40,297.33

*JPM informed Company that Petty Cash deposit made in December will have a reduction due to currency exchange error

As the majority of the Company's assets were sold prior to January and remaining receipts were expected in February, there were no cash receipts in January.

Primary disbursements were for corporate insurance for the post-petition period of approximately \$147 thousand, professional fees and expenses of approximately \$79 thousand, salaries of approximately \$25 thousand, as well as \$1.4 thousand for bank fees, \$1.6k for IT consulting fees (from former employees) and \$324 to open a post office box subsequent to the move from the Company's headquarters.

International Foreign Exchange Holdings, et al

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 January 31, 2014**

	<u>IFEC LP Holdings</u>	<u>IFEC LP</u> <i>Operating Account</i>	<u>IFEC LP</u> <i>Petty Cash</i>	<u>IFEC LP</u> <i>Money Market - LC</i>	<u>FX Concepts LLC</u> <i>Operating Account</i>
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	\$189,163.91	\$4,850.91	\$217.80	\$41,588.31
Others					
Intercompany		\$504,083.33			
AMF DIP		\$500,000.00			
Total Inflows	\$7,841,914.60	\$1,193,247.24	\$4,850.91	\$217.80	\$41,588.31
Cash Outflows:					
Disbursements	\$360,000.00	\$330,423.71	\$523.65	\$703,678.19	\$3,630.80
Payroll, Payroll Taxes and Benefits		\$258,212.37			
Operating Cost					
Professional Fees		\$50,000.00			
Intercompany	\$504,083.33				
AMF DIP		\$504,083.33			
Others			\$599.01	\$49.08	
Total Cash Outflow	\$864,083.33	\$1,142,719.41	\$1,122.66	\$703,727.27	\$3,630.80
Net Cash Flows:	\$6,977,831.27	\$50,527.83	\$3,728.25	(\$703,509.47)	\$37,957.51
Cash Balance at 01/31/14	\$6,984,265.46	\$74,359.94	\$9,369.43	\$2,365.94	\$40,297.33

Cash Receipts and Disbursements - IFEC Holdings

IFEC Holdings Receipts

& (Disbursements) as of 1/31/2014

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
1/1/2014	\$ 6,984,265.46		Beginning Balance
1/31/2014	\$ 6,984,265.46		Ending Balance

There was no activity in the IFEC Holding account in January. Funds in this account reflect prior asset sale proceeds.

Cash Receipts and Disbursements - IFEC LP Operating Account

**IFEC LP (Operating) Receipts
& (Disbursements) as of 1/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
1/1/2014	\$329,524.16		Beginning Balance
1/2/2014		(\$0.64)	ADP
1/2/2014		(\$324.00)	PO BOX Payment
1/2/2014		(\$1,405.00)	Benefits for Joanny Santana 1/2014
1/6/2014		(\$3,388.25)	Logan & Company - Noticing costs
1/6/2014		(\$562.50)	Payroll Check-015401 Timberly Davis- 3 Days in Jan 2014
1/6/2014		(\$1,875.00)	Payroll Check-015400 Joanny Santana- 3 Days in Jan 2014
1/9/2014		(\$15,838.63)	Logan & Company - Noticing costs
1/10/2014		(\$4,403.66)	IPFS (BOND)
1/13/2014		(\$1,574.33)	Payroll Check 015402- Benefits Timberly Davis for 1/2014
1/13/2014		(\$937.50)	Payroll Check 051382 - Timberly Davis week ending 1/10/14
1/13/2014		(\$447.12)	IT Consulting Fees Len Weedman
1/13/2014		(\$400.00)	IT Consulting Fees Veronica Zurita
1/13/2014		(\$223.56)	IT Consulting Fees Len Weedman
1/14/2014		(\$3,729.17)	Payroll Check 051384-Joanny Santana- Week ending 1/10/14
1/17/2014		(\$3,729.17)	Payroll Check 051385-Joanny Santana- Week ending 1/17/14
1/21/2014		(\$937.50)	Payroll Check-Timberly Davis- Week ending 1/17/14
1/22/2014		(\$500.00)	Check 051387 Consulting Fees Liang Shi
1/23/2014		(\$51,324.96)	GotoPremium
1/23/2014		(\$27,290.40)	GotoPremium
1/23/2014		(\$20,832.27)	GotoPremium
1/23/2014		(\$8,578.25)	CHUBB
1/23/2014		(\$1.95)	CHUBB Payment Fee
1/24/2014		(\$1,393.00)	Bank Fees
1/24/2014		(\$10.00)	GotoPremium-Payment Fee
1/24/2014		(\$10.00)	GotoPremium-Payment Fee
1/24/2014		(\$10.00)	GotoPremium-Payment Fee
1/24/2014		(\$3,729.17)	Check-Joanny Santana- week ending 1/24/14
1/29/2014		(\$60,000.00)	Check 051394 CDG Group
1/31/2014		(\$17,108.32)	GotoPremium
1/31/2014		(\$9,096.80)	GotoPremium
1/31/2014		(\$7,056.09)	GotoPremium
1/31/2014		(\$1,483.92)	IPFS (BOND)
1/31/2014		(\$10.00)	GotoPremium-Payment Fee
1/31/2014		(\$10.00)	GotoPremium-Payment Fee
1/31/2014		(\$10.00)	GotoPremium-Payment Fee
1/31/2014		(\$3,729.17)	Payroll Check-015396 Joanny Santana- Week ending 1/31/14
1/31/2014		(\$1,875.00)	Payroll Check-051390 Timberly Davis week ending 1/24 & 1/31/14
1/31/2014		(\$1,328.89)	Check 051397 Benefits for Joanny Santana 2/2014
1/31/2014	\$ 74,359.94		Ending Balance

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

Primary disbursements were for insurance based on agreements reached with GoTo Premium Finance and IPFS which provide corporate and D&O insurance. Amounts were negotiated for the post-petition period. Total payments were approximately \$147 thousand.

In addition, professional fees and expenses for CDG Group (Chief Restructuring Officer and advisor) and Logan & Company (noticing agent) totaling approximately \$79 thousand were also paid from this account.

Other disbursements include approximately \$25 thousand for payroll for Company employees and \$1.6 thousand for IT consulting services.

Finally, there was a cost to open a Post Office Box given closure of Company headquarters as well as \$1,393 for bank charges disbursed from this account.

Cash Receipts and Disbursements - IFEC LP Petty Cash

**IFEC LP (Petty Cash)
& (Disbursements) as of 1/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
1/1/2014	\$ 9,968.44		Beginning Balance
1/15/2014		(\$58.92)	Bank Fees
1/16/2014		(\$540.09)	JPM Exchange Error
1/31/2014	\$ 9,369.43		Ending Balance

The IFEC LP Petty Cash account was adjusted by JPM as JPM informed the Company that a currency exchange error had occurred upon deposit of funds in December due to the use of Chinese yuan rates for Thai baht which was to be corrected in January. In addition, bank fees were charged resulting in an approximate \$600 decrease in the cash balance.

International Foreign Exchange Holdings, et al

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

Cash Receipts and Disbursements - IFEC LP Money Market Account

**IFEC LP (Money Market) Receipts
& (Disbursements) as of 1/31/2014**

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

The IFEC LP Money Market account 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. No changes in balances occurred in January.

Cash Receipts and Disbursements – FX Concepts LLC

**Fx Concepts LLC (Operating) Receipts
& (Disbursements) as of 1/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
1/1/2014	\$42,112.73		Beginning Balance
1/3/2014		\$ (1,815.40)	Check - Rochester RENT
1/31/2014	\$ 40,297.33		Ending Balance

In January, 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. This lease is being rejected.

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

2/19/14

Date