

**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**

**October 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 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 \$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

### **October**

8. In October, the Company focused on:

- plan structuring;
- settlement discussions with tax authorities on filed claims;
- claims review;
- accounting and reporting required for the close out of affiliated funds and entities;
- shareholder requests for tax information; and
- closeout of 401k

9. Potentially the most significant remaining major issue in the Company's liquidation was 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 October, the Company continued to work with the IRS and received a letter officially withdrawing the claim. This allowed the Company to move forward with finalizing and filing its Plan of Liquidation.

10. In October, the Company also worked with state and city tax authorities to attempt to resolve their filed claims against the Debtors. The Company responded to various information requests and had numerous conference calls with representatives of these taxing authorities to address their review of tax filings over the past 10 years.

11. With the most critical tax issue resolved in October, the Company worked to finalize a plan structure including extensive discussions with its major creditor and finalizing the Plan and Disclosure Statement in preparation for filing.

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 October, the Company also continued to finalize certain documentation required in relation to the settlement of certain employee claims

14. The Company also reviewed, analyzed and commented on certain documents and requests related to its interests in Inspiration Biopharmaceuticals.

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

**Plan for November**

16. In November, the Company filed its Chapter 11 Liquidating Plan and associated Disclosure Statement in order to emerge from Chapter 11 and wind up the estate. In connection with this filing, the Company will be required to take additional actions in November, including the distribution of notices to creditors, addressing questions raised regarding the Plan and Disclosure Statement and scheduling Court hearings related to approval of the Disclosure Statement and Plan.

17. The Debtors will continue to work with certain taxing authorities including New York State and New York City to attempt to resolve their claims against the Debtors. This includes research, analysis and discussions with tax authorities 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 also address requirements and process request associated with the closeout of its 401k plan.

**Cash Receipts and Disbursements****All Debtors- October 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>
<b>Opening Balances as of 10/01/2013</b>	\$553,600.46	\$6,002,522.70	\$9,441.02	\$2,365.94	\$2,369,577.33
<b>Cash Flows:</b>					
Receipts	\$0.00	\$0.00			\$ -
Others					
Intercompany					
<b>Total Inflows</b>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Cash Outflows:</b>					
Disbursements		\$5,528.87			
Payroll, Payroll Taxes and Benefits		\$13,487.21			
Operating Cost					
Professional Fees		\$158,607.35			
Intercompany					
AMF DIP					
Others/Adjustments					
US Trustee					
<b>Total Cash Outflow</b>	<u>\$0.00</u>	<u>\$177,623.43</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Net Cash Flows:</b>	<u>\$0.00</u>	<u>(\$177,623.43)</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
<b>Cash Balance</b>	<u>\$553,600.46</u>	<u>\$5,824,899.27</u>	<u>\$9,441.02</u>	<u>\$2,365.94</u>	<u>\$2,369,577.33</u>

21. Primary disbursements in October were for accrued professional fees. Professional fees included payments made to Finn Dixon & Herling LLP, Withers Bergman LLP, CDG Group LLC, DiConza Traurig Kadish LLP, Logan & Company Inc. and Rothstein Kass totaling \$158,607. Other expenses included payroll totaling \$13,487, IT consulting of \$2,500, bank charges of \$1,735 and taxes for 2013 of \$1,293.

**Cash Receipts and Disbursements****All Debtors since Filing**

	<b>IFEC LP Holdings</b>	<b>IFEC LP</b>	<b>IFEC LP</b>	<b>IFEC LP</b>	<b>FX Concepts LLC</b>
		<i>Operating Account</i>	<i>Petty Cash</i>	<i>Money Market - LC</i>	<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	\$10,155,056.97	\$4,922.50	\$217.80	\$ 2,370,868.31
Others					
Intercompany		\$504,083.33			
AMF DIP		\$500,000.00			
<b>Total Inflows</b>	<b>\$7,841,914.60</b>	<b>\$11,159,140.30</b>	<b>\$4,922.50</b>	<b>\$217.80</b>	<b>\$2,370,868.31</b>
<b>Cash Outflows:</b>					
Disbursements	\$6,790,665.00	\$2,788,963.53	\$523.65	\$703,678.19	\$3,630.80
Payroll, Payroll Taxes and Benefits		\$451,598.36			
Operating Cost					
Professional Fees		\$1,596,197.73			
Intercompany	\$504,083.33				
AMF DIP		\$504,083.33			
Others			\$599.01	\$49.08	
US Trustee		\$17,229.99			
<b>Total Cash Outflow</b>	<b>\$7,294,748.33</b>	<b>\$5,358,072.94</b>	<b>\$1,122.66</b>	<b>\$703,727.27</b>	<b>\$3,630.80</b>
<b>Net Cash Flows:</b>	<b>\$547,166.27</b>	<b>\$5,801,067.16</b>	<b>\$3,799.84</b>	<b>(\$703,509.47)</b>	<b>\$2,367,237.51</b>
<b>Cash Balance at 10/31/14</b>	<b>\$553,600.46</b>	<b>\$5,824,899.27</b>	<b>\$9,441.02</b>	<b>\$2,365.94</b>	<b>\$2,369,577.33</b>

**Cash Receipts and Disbursements - IFEC Holdings****IFEC Holdings Receipts  
& (Disbursements) as of 10/31/2014**

<b>Date</b>	<b>Receipts</b>	<b>(Disbursements)</b>	<b>Description</b>
<b>10/1/2014</b>	<b>\$ 553,600.46</b>		<b>Beginning Balance</b>
<b>10/31/2014</b>		<b>0.00</b>	
<b>10/31/2014</b>	<b>\$ 553,600.46</b>		<b>Ending Balance</b>

22. There was no activity in the IFEC Holdings account in October.

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

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
10/1/2014	6,002,522.70		Beginning Balance
10/6/2014		(2,983.33)	Payroll J. Santana WK(10/6-10/10)
10/8/2014		(40,000.00)	CDG Group
10/14/2014		(2,500.00)	Badler IT Consulting
10/15/2014		(2,983.34)	Payroll J. Santana WK (10/13-10/17)
10/15/2014		(1,523.86)	Insurance J. Santana for Nov 2014
10/21/2014		(2,983.34)	Payroll J. Santana WK(10/20-10/21)
10/23/2014		(46,094.87)	Finn Dixon
10/23/2014		(33,064.00)	Withers and Bergman
10/23/2014		(11,616.31)	Logan and Company
10/23/2014		(6,458.52)	DiConza Trauring
10/23/2014		(5,373.65)	Logan and Company
10/23/2014		(1,735.87)	Bank Charges
10/27/2014		(3,013.34)	Payroll and reimbursement J. Santana WK(10/27-10/31)
10/30/2014		(8,000.00)	Rosstein Kass (Tax Preparation)
10/30/2014		(8,000.00)	Rosstein Kass (Tax Preparation)
10/31/2014		(1,293.00)	New York State 2013 Taxes
10/31/2014	<b>5,824,899.27</b>		<b>Ending Balance</b>

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

24. Primary disbursements in October were for accrued professional fees. Professional fees included payments made to Finn Dixon & Herling LLP, Withers Bergman LLP, CDG Group LLC, DiConza Trauring Kadish LLP, Logan & Company Inc. and Rothstein Kass totaling \$158,607.

25. Other expenses included payroll totaling \$13,487, IT consulting of \$2,500, bank charges of \$1,735 and taxes for 2013 of \$1,293.

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**Cash Receipts and Disbursements - IFEC LP Petty Cash****IFEC LP (Petty Cash)  
& (Disbursements) as of 10/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
10/1/2014	\$ 9,441.02		Beginning Balance
10/31/2014	\$ 9,441.02		Ending Balance

26. There was no activity in the IFEC LP Petty Cash account in October.

**Cash Receipts and Disbursements - IFEC LP Money Market Account****IFEC LP (Money Market) Receipts  
& (Disbursements) as of 10/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
10/1/2014	\$ 2,365.94		Beginning Balance
10/31/2014	\$ 2,365.94		Ending Balance

27. There was no activity in the IFEC LP Money Market account in October.

**Cash Receipts and Disbursements – FX Concepts LLC****Fx Concepts LLC (Operating ) Receipts  
& (Disbursements) as of 10/31/2014**

<u>Date</u>	<u>Receipts</u>	<u>(Disbursements)</u>	<u>Description</u>
10/1/2014	\$ 2,369,577.33		Beginning Balance
10/31/2014	\$ 2,369,577.33		Ending Balance

28. There was no activity in the FX Concepts LLC account in October.



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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.

/s/ Michael Meenan

11/19/14

Michael Meenan

Date