

HUGHES HUBBARD & REED LLP

One Battery Park Plaza

New York, New York 10004

Telephone: (212) 837-6000

Facsimile: (212) 422-4726

Attorneys for James W. Giddens,

Trustee for the SIPA Liquidation of Lehman Brothers Inc.

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

In re

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (SCC) SIPA

**NOTICE OF TRUSTEE'S MOTION FOR AN ORDER
AUTHORIZING THE ABANDONMENT OF CERTAIN SECURITIES**

PLEASE TAKE NOTICE that on February 13, 2015, James W. Giddens (the "Trustee"), as Trustee for the liquidation of the business of Lehman Brothers Inc. ("LBI" or the "Debtor"), under the Securities Investor Protection Act of 1970, as amended, 15 U.S.C. § 78aaa *et seq.*, by and through his undersigned counsel, filed a motion (the "Motion"), for entry of an order authorizing the abandonment of substantially valueless nontransferable securities and customer name securities that have not been requested by the registered owner, as further described in the Motion.

PLEASE TAKE FURTHER NOTICE that a hearing on the Motion will be held before the Honorable Shelley C. Chapman, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, Courtroom 623, One Bowling Green,

New York, New York, 10004 (the “Bankruptcy Court”), on **March 11, 2015 at 10:00 a.m.**

(Prevailing Eastern Time) or as soon thereafter as counsel may be heard (the “Hearing”).

PLEASE TAKE FURTHER NOTICE that responses, if any, to entry of the Order must (i) be in writing; (ii) state the name and address of the objecting party and nature of the claim or interest of such party; (iii) state with particularity the legal and factual bases of such objection; (iv) conform to the Federal Rules of Bankruptcy Procedure and Local Bankruptcy Rules; (v) be filed with the Bankruptcy Court, together with proof of service, electronically, in accordance with General Order M-399, by registered users of the Court’s Electronic Case Filing System, and by all other parties in interest, on a 3.5 inch disk, compact disk, or flash drive, preferably in Portable Document Format (PDF), WordPerfect or any other Windows-based word processing format no later than **March 4, 2015 at 4:00 p.m.** (Prevailing Eastern Time) (the “Response Deadline”); and (vi) be served on (a) Hughes Hubbard & Reed LLP, One Battery Park Plaza, New York, New York, 10004, Attn: Christopher K. Kiplok, Esq., Ramsey Chamie, Esq.; (b) the Securities Investor Protection Corporation, 805 Fifteenth Street, N.W., Suite 800, Washington, D.C., 20005, Attn: Kenneth J. Caputo, Esq.; and (c) Weil Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Attn.: Maurice Horwitz, Esq., with a courtesy copy to the chambers of the Honorable Shelley C. Chapman, United States Bankruptcy Court, Courtroom 623, One Bowling Green, New York, New York, 10004.

PLEASE TAKE FURTHER NOTICE that if no responses are timely filed and served with respect to the Motion, the Trustee may, on or after the Response Deadline, submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Motion, which may be entered with no further notice of opportunity to be heard offered to any party.

Dated: New York, New York
February 13, 2015

HUGHES HUBBARD & REED LLP

By: /s/ Ramsey Chamie
James B. Kobak, Jr.
Christopher K. Kiplok
Ramsey Chamie
Erin E. Diers
One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000
Facsimile: (212) 422-4726
Email: james.kobak@hugheshubbard.com

Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of
Lehman Brothers Inc.

HUGHES HUBBARD & REED LLP

One Battery Park Plaza

New York, New York 10004

Telephone: (212) 837-6000

Facsimile: (212) 422-4726

Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of Lehman Brothers Inc.

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

In re:

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (SCC) SIPA

**TRUSTEE'S MOTION FOR AN ORDER AUTHORIZING
THE ABANDONMENT OF CERTAIN SECURITIES**

James W. Giddens (the "Trustee"), as trustee for the liquidation of the business of Lehman Brothers Inc. ("LBI") under the Securities Investor Protection Act of 1970, as amended, 15 U.S.C. §§ 78aaa *et seq.* ("SIPA"), by and through his undersigned counsel, respectfully requests entry of an order pursuant to section 554 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 6007 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 6007-1(a) of the S.D.N.Y. Local Bankruptcy Rules (the "Local Rules"), made applicable to this proceeding by SIPA sections 78fff(b) and 78fff-1(a), in substantially the form attached hereto as Exhibit A (the "Order"), authorizing the abandonment of (i) substantially valueless nontransferable securities and (ii) substantially valueless customer name securities that

have not been requested by the registered owner by March 4, 2014 (the “Response Deadline”),¹ for the reasons set forth herein. In support of this Motion, the Trustee respectfully states as follows:

PRELIMINARY STATEMENT

1. This SIPA liquidation began with an estate holding more than 100,000 unique securities for the benefit of customers of LBI and in connection with LBI’s proprietary trading. Within hours of the commencement of the liquidation, the Trustee began the unprecedented task of transferring over 110,000 customer accounts, totaling over \$92 billion comprised of cash and hundreds of thousands of these securities. Beginning in June 2013, pursuant to the court-approved distribution process, the Trustee distributed an additional \$13 billion to customers, comprised of cash and in-kind distribution of thousands of securities to former LBI customers. In September 2014, the Trustee initiated an interim distribution to holders of allowed unsecured claims, resulting in distributions of \$3.456 billion as of December 31, 2014,² on January 28, 2015 the Trustee requested the Court’s approval to make additional general unsecured distributions.³

-
1. Any registered holder of the Customer Name Securities that wishes to receive its security should contact the Trustee’s counsel at (212) 837-6313 before the Response Deadline. The Trustee will submit a revised schedule removing any Customer Name Securities requested before the Response Deadline in advance of the hearing on this Motion. While no purchaser of any of these securities has been identified or is likely to exist, the Trustee would also discuss any offer submitted by the Response Deadline.
 2. *See* Lehman Brothers Inc. Liquidation Balance Sheet and Quarterly Report on the General Creditor Claims Process as of December 31, 2014 (the “December 31, 2014 Balance Sheet”) at note 15 (ECF No. 11148).
 3. Trustee’s Motion for an Order to (I) Establish a Second Interim Distribution Fund for Unsecured General Creditor Claims, (II) Release Reserves From the Secured and Priority Reserve and the First Interim Distribution Fund, and (III) Make a Second Interim Distribution to Holders of Allowed Unsecured General Creditor Claims With a Record Date of February 6, 2015 (the “Second Interim Distribution Motion,” ECF No. 11147).

2. To raise the cash necessary to carry out these customer and general creditor distributions, the Trustee, with the supervision and consent of the Securities Investor Protection Corporation (“SIPC”), liquidated more than \$7.5 billion in securities that were not set aside for in-kind distribution to customers. The liquidation process is summarized at paragraphs 20–22 *infra* and detailed in the declaration of Erin E. Diers, sworn to on February 13, 2015 (the “Diers Decl.”).

3. Following these efforts to distribute to customers and otherwise liquidate tens of thousands of securities, the Trustee is left with a pool of 314 remaining securities which are the subject of this Motion. The securities listed on Schedules 1 and 2 to the proposed Order (the “Securities”) are the only securities that remain in the LBI estate that are not held to satisfy a customer claim⁴ or otherwise in the process of being sold. The Securities cannot be transferred or sold because they are delisted from the exchange on which they traded, were frozen by the Depository Trust & Clearing Corporation (“DTC”), no longer have a transfer agent, were abandoned by the customer to LBI decades ago, and/or are registered directly in the name of a customer who has never requested them to be returned. The burden of continuing to custody and account for these securities outweighs any benefit of retaining them.

4. The securities listed on Schedule 1 (the “Nontransferable Securities”) are securities registered in LBI’s name that have little or no value and which cannot be transferred to a third party due to transfer restrictions imposed by DTC, the exchange, the issuer, or the transfer agent. The securities listed on Schedule 2 (the “Customer Name Securities”) are physical certificates registered in customer name as defined by SIPA § 78III(3). Notwithstanding ample

4. The Trustee continues to hold certain securities in the fund of customer property in connection with undistributed or disputed claims, none of which would be affected by this Motion or the relief requested herein.

notice of the claims process, the registered owners listed in Schedule 2 have not come forward to request their Customer Name Securities in the over six years this well-publicized liquidation has been pending. Like the Nontransferable Securities, the Customer Name Securities are primarily worthless or *de minimis* value securities issued by companies that are long defunct where no value can be realized by the registered owner. The vast majority of these securities have resided in Lehman's books and records for decades, and in some cases date back more than 80 years.

5. The Nontransferable Securities and Customer Name Securities are both burdensome and of inconsequential value or benefit to the LBI estate. Accordingly, the Trustee seeks authority to (i) abandon the Nontransferable Securities held in the LBI estate; and (ii) abandon any Customer Name Securities that have not been requested by the registered owner of the security before the hearing on this Motion.

6. The Trustee's financial professionals have not identified any reasonable alternative proposal that would realize any value to the LBI estate for the Securities. To the extent an interested party presents a reasonable alternative proposal that could be achieved promptly and without additional burden to the LBI estate, the Trustee would discuss and consider such a proposal.

7. The Trustee has solicited input from and provided regular updates to major creditor constituencies, including the largest creditor, throughout the securities sales process. SIPC and the LBI estate's largest creditor supports the relief requested herein.

STATEMENT OF FACTS

8. On September 19, 2008, the Honorable Gerard E. Lynch, United States District Court, Southern District of New York, entered the Order Commencing Liquidation of LBI (the "LBI Liquidation Order," ECF. No. 1) pursuant to the provisions of SIPA in the case

captioned *Securities Investor Protection Corporation v. Lehman Brothers Inc.*, Case No. 08-CIV-8119 (GEL).

9. The LBI Liquidation Order, *inter alia*, (i) appointed the Trustee for the liquidation of the business of LBI pursuant to section 78eee(b)(3) of SIPA; and (ii) removed the case to this Court for all purposes as required for SIPA cases by section 78eee(b)(4) of SIPA, in the case captioned *In re Lehman Brothers Inc.*, Case No. 08-01420 (the “SIPA Proceeding”). Upon entry of the LBI Liquidation Order, the Trustee came into possession of LBI’s property, including (i) all securities held by LBI on behalf of the customers of LBI’s broker-dealer and (ii) all securities held by LBI in connection with LBI’s proprietary securities trading.

10. This is a liquidation proceeding. The Trustee’s mission is to fully wind down LBI as efficiently as possible while returning as much property as possible to LBI’s customers and general creditors. *See* SIPA § 78fff(a)(4); 78fff(b). Since the very moment that the Trustee was appointed, he has worked diligently to accomplish these goals. The Trustee has reported his efforts in detail through his interim reports.⁵

Trustee’s Efforts to Date

11. Since the Filing Date, the Trustee has substantially completed many of the major aspects of the liquidation proceeding. Beginning on December 1, 2008, consistent with

5. Interim reports covered the periods from: September 19, 2008 through May 29, 2009 (the “First Interim Report,” ECF No. 1151); May 30, 2009 through November 11, 2009 (the “Second Interim Report,” ECF No. 2055); November 12, 2009 through May 10, 2010 (the “Third Interim Report,” ECF No. 3244); May 11, 2010 through October 26, 2010 (the “Fourth Interim Report,” ECF No. 3842, *corrected by* ECF No. 3864); October 27, 2010 through April 22, 2011 (the “Fifth Interim Report,” ECF No. 4245); April 23, 2011 through October 21, 2011 (the “Sixth Interim Report,” ECF No. 4657); October 22, 2011 through April 20, 2012 (the “Seventh Interim Report,” ECF No. 5035); April 21, 2012 through October 24, 2012 (the “Eighth Interim Report,” ECF No. 5394); October 25, 2012 through June 14, 2013 (the “Ninth Interim Report,” ECF No. 6527); June 15, 2013 through February 14, 2014 (the “Tenth Interim Report,” ECF No. 8250); and February 15, 2014 through September 9, 2014 (the “Eleventh Interim Report,” ECF No. 9839). Additionally, the Trustee filed a comprehensive report on his investigation and recommendations on August 25, 2010 (the “Investigation Report,” ECF No. 3604).

section 78fff-2(a)(1) of SIPA, the Trustee mailed more than 905,000 claims packages with filing information to former LBI customers and other potential claimants and posted claims filing information on the Trustee's website (www.lehmantrustee.com) and SIPC's website (www.sipc.org). The Trustee also published notice of the claims process in The New York Times, The Wall Street Journal and The Financial Times.

12. Through claims resolution that the Court has deemed "historic" and a "Herculean achievement," the Trustee has substantially completed the distribution of property to fully satisfy the claims of former LBI customers, completing 100 percent distributions to former LBI customers. (*See* Eleventh Interim Report ¶¶ 5, 6.) In total, more than \$106 billion has been distributed to 111,000 former LBI customers, by far the largest distribution of customer property ever and among the largest distributions of any kind in history. (*Id.* ¶ 62.) This includes approximately \$13.46 billion distributed through the customer claim process in full satisfaction of more than ninety-nine percent of the allowed customer claims. (*Id.*)

13. The Trustee has also resolved over 13,600 of the over 14,000 asserted general creditor claims,⁶ and received Court approval to make 100 percent distributions on allowed secured, administrative and priority claims and a significant first interim distribution on unsecured general creditor claims. The Trustee has already distributed \$3.456 billion to creditors, with the prospect of further unsecured distributions in the future.⁷ The Trustee's

6. *See* December 31, 2014 Balance Sheet at 11

7. *See* Order Pursuant to Sections 105(a), 502(a), 502(c) and 726 of the Bankruptcy Code and Bankruptcy Rule 2009 (I) Capping the Maximum Allowable Amounts and Establishing an Interim Distribution Fund For Unsecured Claims (II) Allowing Certain Unsecured Claims (III) Authorizing the Trustee to Make First Interim Distribution to Allowed Unsecured Creditors With a Record Date of July 15, 2014 and Related Relief (ECF No. 9520); *see also* Second Interim Distribution Motion.

principal focus going forward is to resolve all remaining claims and make further distributions to close the estate as promptly as possible.

14. Over the course of the liquidation, the Trustee marshaled all securities held at exchanges, clearing banks, clearing organizations, and DTC owned by LBI for its own account or for customers. (*See, e.g.*, First Interim Report ¶¶ 54, 58.) The Trustee primarily holds the remaining marshaled securities for the LBI estates in accounts established with Bank of New York Mellon (“BNYM”), with a small number of securities held directly through DTC, at MUFG Union Bank, N.A., or in a secure vault. (*See* Eleventh Interim Report Ex. 2.)

15. Over the past six years, the Trustee has worked diligently to provide the customers and creditors of LBI with the maximum possible return of property. All the while the Trustee has kept his eye firmly on reducing administrative costs. Throughout this liquidation, the Trustee has continually evaluated whether services remain necessary, explored alternatives for reducing costs, and streamlined the administration of the estate as major workstreams are substantially completed. These steps include measures to reduce the estate’s costs for staff, infrastructure, and office expense. For example, the Trustee negotiated discounts from third-party vendors and other service providers in connection with documentation retention and with storage and technology. (*See* Eleventh Interim Report ¶ 90.) The Trustee also reduced transitional services paid by Barclays by over eighty percent. (*See* Tenth Interim Report ¶ 101.) Most recently, the Trustee filed a motion seeking authority to abandon certain unnecessary stored data. (*See* Trustee’s Motion for an Order Authorizing the Abandonment of Certain Lehman Brothers Inc. Data, January 20, 2015 (ECF No. 11046).)

16. The Trustee anticipates further significant reductions in legal and accounting workstreams, a wind-down and planned closure of his office and corresponding

reductions in staff and infrastructure as the estate nears full administration and substantial completion. (Eleventh Interim Report ¶ 92.) In furtherance of these efforts to reduce administrative costs and move towards substantial completion of the LBI estate, the Trustee now seeks to eliminate the administrative costs necessary to custody, monitor, and report on the valueless securities described in this motion.

Securities in the Customer Estate

17. As reported in the Trustee's interim reports, in the days following the Filing Date, the Trustee sought to return customer property to securities customers as quickly as possible. Through a bulk transfer of securities accounts in accordance with section 78fff-2(f) of SIPA and approved by this Court on December 14, 2009,⁸ the Trustee was able to facilitate the expeditious transfer of over 110,000 securities customer accounts involving customer property with a value in excess of \$92.3 billion, including hundreds of thousands of securities, within the first few months of the liquidation. (*See* Second Interim Report ¶ 17.)

18. Where the Trustee held securities that were in customer name as defined by section 78lll(3) of SIPA, and where there was no indebtedness of the customer to the LBI estate, the Trustee determined that the securities should be returned to the customer in accordance with the mandate in SIPA to return such property as promptly as practicable. (*See* SIPA § 78ffff-2(c)(2); First Interim Report ¶ 46.) In the first months of the liquidation, the Trustee's professionals searched all known depositories for customer name securities and, beginning in the first months of the liquidation, have made diligent efforts to return customer

8. Order Pursuant to SIPA Section 78fff-2(f), 11 U.S.C. § 105(a) and 363(b) and Fed. R. Bankr. P. 9019(a) Approving the Trustee's Implementation of the LBI Liquidation Order to Complete the Account Transfers for the Benefit of Customers, Including the Related Limited Settlement Agreement Completing the PIM Conversion for the Benefit of Private Investment Management Customers, and Terminating the Account Transfer Process (ECF No. 2338).

name securities to the registered holders. (*Id.*; Second Interim Report ¶ 58; Fourth Interim Report ¶ 90.) The Trustee's professionals reviewed each of the physical certificates and, where an address was listed on the certificate, the Trustee mailed the certificates to that address. (Diers Decl. ¶ 2.)

19. In January 2013, the fund of customer property included over 8,000 unique securities with share or par amount exceeding 14 billion.⁹ Through the customer distribution process, nearly all of these securities have been delivered to customers in-kind in satisfaction of their allowed customer claims. As of December 31, 2014, securities allocated to the fund of customer property included securities with a market value of approximately \$6 million expected to be returned to customers in-kind through the customer claim distribution process. (*See* December 31, 2014 Balance Sheet at note 8.) The Trustee continues to hold these securities in reserve pending resolution and distribution of customer claims.

Securities Liquidations

20. Consistent with his statutory duty and ongoing focus to maximize the value of the LBI estate, the Trustee implemented a strategy to liquidate the securities in the LBI estate that were not set aside for distributions to customers to generate cash to satisfy claims by customers and creditors. (*See* Diers Decl. ¶ 3.) The Trustee retained BlackRock Financial Management Inc. ("BlackRock") to assist with the sale of the more liquid securities. (*Id.* ¶ 4.) BlackRock executed over 9,000 trades of 4,200 unique CUSIPs, resulting in sales totaling more than \$7 billion. (*Id.*; December 31, 2014 Balance Sheet at note 11.) BlackRock executed sales to minimize market disruption and maximize value, with aggregate sales above the volume-

9. *See* Second Supplement to Second Motion for Order Approving the Trustee's Allocation of Property at ¶ 1 (ECF No. 5790).

weighted average price. (*See* December 31, 2014 Balance Sheet at note 11; Tenth Interim Report ¶ 7.)

21. Soon after retaining BlackRock, the Trustee also retained Miller Buckfire & Co., LLC (“Miller Buckfire”), to help sell approximately 3,000 remaining less liquid or illiquid estate securities (*i.e.*, general estate securities and certain securities in the fund of customer property that were not set aside to be returned in-kind to customers). (*See* Tenth Interim Report ¶¶ 8-9.)

22. Miller Buckfire, with the assistance of its affiliate, Stifel Fixed Income (“Stifel”), sold or otherwise disposed of thousands of securities through “at market” sales and weekly auctions. (*Id.* ¶ 6.) Beginning on October 28, 2013, Miller Buckfire conducted eleven rounds of auctions. (*Id.*) To maximize value and to ensure a transparent process, the Trustee directed that all auctions be completely public and open to all potential bidders. (Diers Decl. ¶ 5.) With each auction, a list of individual securities was made publicly available and bidders had the opportunity to place bids on the entire pool of securities. (*Id.* ¶ 6.) The securities had reserve prices set at the discretion of the Trustee and Miller Buckfire. (*Id.*) All Trustee notices regarding the disposition of securities sold through this process are available at www.lehmantrustee.com.¹⁰ Through that process, Miller Buckfire sold or otherwise disposed of 2,274 securities, resulting in settled cash proceeds of approximately \$437 million. (*Id.*)

The Remaining Securities

23. Following distributions to customers and the securities sales by BlackRock and Miller Buckfire, the 314 securities listed on Schedule 1 and Schedule 2 are the

10. *See* Notices Regarding Disposition of LBI Estate Securities published October 28, 2013, November 4, 2013, November 12, 2013, November 18, 2013, December 2, 2013, February 12, 2014, February 18, 2014, March 3, 2014, April 7, 2014, and March 21, 2014, available at www.lehmantrustee.com.

only securities that remain in the LBI estate that are not being held to satisfy a customer claim or otherwise in the process of being sold. (*Id.* ¶ 7.) The market value of the securities in the process of being sold is estimated at \$10-15 million. (*See* Declaration of Stuart Erickson, sworn to on February 13, 2015 (the “Erickson Decl.”) ¶ 6.) The Nontransferable Securities on Schedule 1 are registered in LBI’s name and the Customer Name Securities on Schedule 2 are registered directly in the name of a former LBI customer. (Diers Decl. ¶ 7.)

24. Each of the Nontransferable and Customer Name Securities has zero or *de minimis* value. (*See* Erickson Decl. ¶ 3.) In most cases, the Securities are subject to action by the DTC to freeze the securities¹¹ or “suspend all services.” (*Id.* ¶ 4.) Certain mortgage-backed securities on Schedule 1 cannot be transferred because the quantities held by the estate are lower than the minimum denomination required to effectuate a trade. (*Id.*) Many of the remaining Securities are securities held in their physical form¹² that cannot be re-registered or transferred because the issuer of the security no longer exists or there is no longer a transfer agent that will service the security. (*Id.* ¶ 5.) For example, the Securities include certificates that were issued as early as the 1920s and certificates issued to long-defunct Lehman predecessors. (*Id.*) While for certain of the Securities steps may be possible to remove the restrictions and effect transfer (*id.*), the administrative cost of taking these steps exceeds any potential value gained.

11. “A “freeze,” formally referred to as a “global lock,” is a complete restriction on all DTC services for a particular security on deposit at DTC, including the ability to transfer frozen securities to a third party. *See* Investor Bulletin: DTC Chills and Freezes, U.S. Securities and Exchange Commission, *available at* <http://www.sec.gov/investor/alerts/dtcfreezes.pdf> (last visited Feb. 13, 2015).

12. While most securities are issued in book-entry, certain physical certificates, i.e., “an actual, hard copy stock or bond certificate representing your ownership of the security” are issued. *See* Holding Your Securities – Get the Facts; U.S. Securities and Exchange Commission, *available at* <http://www.sec.gov/investor/pubs/holdsec.htm> (last visited Feb. 13, 2015).

25. The Customer Name Securities are physical certificates registered directly in the name of a former customer of LBI or one of its many predecessors that have not been requested by the registered holder during the more than six years since the LBI liquidation commenced. Beginning in December 2008, the Trustee mailed more than 905,000 claims packages and published notice of the claims process in national newspapers. (*See supra* ¶ 11.) However, notwithstanding the Trustee's efforts to notify claimants of the claims procedure and return customer name securities (*see supra* ¶ 18), the 137 Customer Name Securities listed on Schedule 2 have not been requested by anyone nor can the Trustee sell these securities. Furthermore, like the Nontransferable Securities, most of the Customer Name Securities were issued decades ago by companies that no longer exist and there is no longer a transfer agent in place to transfer or re-register the physical certificate, rendering the securities nontransferable even by the registered holders of the certificates. Some decades-old physical certificates include documentation affixed by LBI employees before the Filing Date noting that the securities are worthless or that the registered holder is deceased. (Erickson Decl. ¶ 5.)

26. Moreover, the registered holder of a physical stock certificate is permitted to request from the security's transfer agent a new certificate to replace a missing certificate by following the SEC's lost and stolen securities program.¹³ In some instances, the registered owners of the Customer Name Securities may have already requested replacement certificates and the certificates in the LBI estate may have accordingly been voided by the issuer. However, the expense of locating and contacting each of the issuers and/or transfer agents to confirm this,

13. *See* Stock Certificates, Lost, Stolen; U.S. Securities and Exchange Commission, available at <http://www.sec.gov/answers/lostcert.htm> (last visited Feb. 13, 2015).

for the securities where issuers and agents still even exist, far exceeds any benefit that could be gained by the LBI estate.

27. It is not in the best interest of the LBI estate or its creditors for the Trustee to continue to hold the Securities. The expense of continuing to custody and monitor the Nontransferable Securities and Customer Name Securities in an otherwise inactive securities account far exceeds the value of the Securities to the LBI estate. The Trustee employs administrative professionals who reconcile the estate's assets, including securities positions, on a daily basis and coordinate with BNYM and implement controls for securities held in the Trustee's vault. (*See* Diers Decl. ¶ 8; Tenth Interim Report § 90.) Continuing to custody the Securities also incurs custodial fees. (Diers Decl. ¶ 8.)

28. The Trustee will instruct BNYM, the estate's primary custodian, regarding effectuation of operational steps for abandonment of the Securities. For those physical securities currently held in the Trustee's secured vault, the Trustee proposes destroying them and removing them from the LBI estate's stock record.

JURISDICTION AND VENUE

29. Following removal to this Court, this Court has "all of the jurisdiction, powers, and duties conferred by [SIPA] upon the court to which the application for the issuance of the protective decree was made." SIPA § 78eee(b)(4).

30. Venue is proper in this Court pursuant to SIPA § 78eee(a)(3) and 15 U.S.C. § 78aa.

ARGUMENT

31. In an effort to reduce all assets of the LBI estate to cash, an important milestone in what is the largest and most complex stock broker liquidation ever attempted, the Trustee seeks authority to abandon the Nontransferable and Customer Name Securities that are not requested by the registered owner by the Response Deadline.

A. The Abandonment Of The Nontransferable Securities And Any Remaining Customer Name Securities Is In The Best Interests Of The LBI Estate.

32. Section 554 of the Bankruptcy Code, made applicable to this proceeding by sections 78fff(b) and 78fff-1(a) of SIPA, provides, in relevant part, that “after notice and a hearing, the trustee may abandon any property of the estate that is burdensome to the estate or that is of inconsequential value and benefit to the estate.” 11 U.S.C. § 554(a); *see Fedotov v. Peter T. Roach & Assocs., P.C.*, 354 F.Supp.2d 471, 475 (S.D.N.Y. 2005) (noting long-standing right of trustee to abandon burdensome property). Before authorizing abandonment of property, a bankruptcy court must find either: (i) the property is burdensome to the estate or (ii) the property is both of inconsequential value and inconsequential benefit to the estate. *See, e.g., Midlantic Nat’l Bank v. N.J. Dep’t of Env’tl. Prot.*, 474 U.S. 494, 497 (1987), reh’g denied, 475 U.S. 1091 (1986). The right to abandon property is, except for certain exceptions inapplicable in the present case, unfettered. *See id.* at 502.

33. Where requisite notice is given under Federal Rule of Bankruptcy Procedure 6007, “[t]he abandonment power embodied in Section 554 enables the trustee to rid the estate of burdensome or worthless assets, and so speeds the administration of the estate . . . and also protects the estate from diminution.” *In re Quanta Resources Corp.*, 739 F.2d 912, 915 (3d Cir. 1984). “[A]bandonment provisions are designed to allow the trustee to relinquish assets that would be a financial drain on the estate, or relieve the trustee of the financial burden of

administering inconsequential assets that would cost more than they are worth to the estate.” *Mele v. First Colony Ins. Co.*, 127 B.R. 82, 85 (D.D.C. 1991). A trustee’s decision to abandon property of the estate is discretionary. *See In re Slack*, 290 B.R. 282, 284 (Bankr. D.N.J. 2003).

34. The Court should approve the abandonment of the Securities. Here, the Trustee, in consultation with his professionals, has determined that the Securities are of inconsequential value to the LBI estate and entail some costs for the estate. *See In re Walker*, 1987 Bankr. LEXIS 1558, 7-8 (Bankr. S.D. Ohio Sept. 23, 1987) (“the trustee . . . determined that the stock’s value was *de minimis* and the Court ordered that it be abandoned from the estate.”); *In re Pilz Compact Disc, Inc.*, 229 B.R. 630, 640 (Bankr. E.D. Pa. 1999) (authorizing the abandonment of unsaleable inventory). It is in the best interest of the estate to abandon and dispose of such Securities. *See Order Authorizing the Abandonment by the Trustee of Certain Nontransferable Securities, In re MF Global Inc.*, Case No. 11-2790 (MG) SIPA (Bankr. S.D.N.Y. Dec. 16, 2014), ECF No. 8547.

B. The Abandonment Of Any Remaining Customer Name Securities Will Reduce Administrative Expenses And Will Not Prejudice Registered Holders.

35. “Customer name securities” are defined by SIPA as “securities which were held for the account of a customer on the filing date by or on behalf of the debtor and which on the filing date were registered in the name of the customer, or were in the process of being so registered pursuant to instructions from the debtor, but does not include securities registered in the name of the customer which, by endorsement or otherwise, were in negotiable form.” 15 U.S.C. § 7811(2). SIPC’s Chairman at the time that SIPA was passed explained that customer name securities “will be treated, in short, as though they are not part of the debtor’s estate, but merely held by the debtor as bailee.” *See SIPA Amendments: Hearing on H.R. 8331 Before the Subcomm. on Sec., Comm. on Banking, Hous. and Urban Affairs, 95th Cong. 41-42 (1978)*

(Statement by High F. Owens, Chairman of SIPC). Legal rights to the Customer Name Securities did not pass to the LBI estate upon commencement of the SIPA liquidation, and accordingly, the registered holders of the Customer Name Securities are still eligible to have their physical certificates replaced in the cases where a transfer agent is available for the security (*see supra* ¶ 27).

36. Notwithstanding ample notice of the claims process and the passage of over six years since the Filing Date, the registered holders of the remaining Customer Name Securities did not come forward to request the Customer Name Securities. Continuing to hold these physical certificates is administratively burdensome to the estate. Significantly, as noted above, even if a customer fails to request return of the security in response to this Motion, abandonment would not affect a registered holder's potential ownership interest in a security.

NOTICE

37. Notice of this Motion has been provided to the list of parties requesting notice of pleadings in accordance with the Amended Order Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rules 1015(c) and 9007 Implementing Certain Notice and Case Management Procedures and Related Relief (the "Case Management Order," ECF No. 3466), and will be immediately available for inspection upon filing with the Court at the Trustee's website, www.lehmantrustee.com. The Trustee submits that no other or further notice need be given.

NO PRIOR RELIEF REQUESTED

38. No prior motion for the relief requested herein has been made to this or any other court.

CONCLUSION

For the foregoing reasons, the Trustee respectfully requests that this Court enter the proposed Order attached hereto as Exhibit A and grant such additional and further relief as the Court deems just and proper.

Dated: February 13, 2015
New York, New York

HUGHES HUBBARD & REED LLP

By: /s/ Ramsey Chamie
James B. Kobak, Jr.
Christopher K. Kiplok
Ramsey Chamie
Erin E. Diers
One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000
Facsimile: (212) 422-4726
Email: james.kobak@hugheshubbard.com

Attorneys for James W. Giddens,
Trustee for the SIPA Liquidation of
Lehman Brothers Inc.

Exhibit A

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

In re:

LEHMAN BROTHERS INC.,

Debtor.

Case No. 08-01420 (SCC) SIPA

**ORDER AUTHORIZING THE ABANDONMENT
OF CERTAIN SECURITIES**

Upon the motion dated February 13, 2015 (the “Motion”)¹ of James W. Giddens (the “Trustee”), as Trustee for the SIPA liquidation of Lehman Brothers Inc. (“LBI”), requesting entry of an order authorizing the abandonment of the Nontransferable Securities and any remaining Customer Name Securities that have not been requested by the registered holder, as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with SIPA § 78eee(b)(4); and venue being proper before this Court pursuant to SIPA § 78eee(a)(3) and 15 U.S.C. § 78aa; and it appearing that the relief requested by the Motion is necessary and in the best interests of the estate, its customers, its creditors, and all parties in interest; and it appearing that due and proper notice of the Motion having been given to all parties who may have an interest in the Securities, and no other or further notice is necessary; and the Trustee having articulated good, sufficient, and sound business justifications for abandoning the Securities; and the Court having reviewed the Motion, and it appearing that no objections have been filed to the Motion; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein, it is hereby

1. Capitalized terms not defined herein shall have the meaning ascribed to them in the Motion.

ORDERED that the Motion is GRANTED; and it is further

ORDERED that pursuant to section 554(a) of the Bankruptcy Code, made applicable to this proceeding by SIPA sections 78fff(b) and 78fff-1(a), all Securities on Schedule 1 and 2 are hereby effectively abandoned effective as of fourteen (14) business days following entry of this Order (the "Effective Date") and physical certificates in the possession of the Trustee may be destroyed; and it is further

ORDERED that, on the Effective Date, the Securities shall no longer constitute property of the LBI estate pursuant to section 541(a) of the Bankruptcy Code or property held by the Trustee as Bailee and the Trustee will have no further responsibility or obligations with respect to the Securities; and it is further

ORDERED that the Trustee is authorized and empowered to take such actions as may be necessary and appropriate to implement the terms of this Order; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: New York, New York
_____, 2015

HONORABLE SHELLEY CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

SCHEDULE 1

NONTRANSFERABLE SECURITIES			
INTERNAL LEHMAN CUSIP	CUSIP	SECURITY DESCRIPTION	QUANTITY
XX9L02240	009151101	AIR POLLUTION SYSTEMS INC	2,000.0
016502999	016502999	ALL AMER FROZN YOGURT PARALLEL FD DTC CUSTOD	2.0
XXA037200	N/A	AMCORP PROPERTIES BHD RED CNV PREF SHS	91.0
027528108	N/A	AMERICAN MIDLAND CORP, OLD	200.0
XXA519282	032990137	AMEX CORP	100.0
XX9L27429	038213AD6	APPLIED MAGNETICS CORP, SUBORD CONV NOTE 2.0%	2,000,000.0
XX9L00071	041397100	ARLINGTON COMMONWEALTH CORP, TEX	700.0
049141104	049141104	ATLANTICA DEL GOLFO SUGAR CO	21,552.0
XX9065617	054602107	AXIOHM TRANSACTION SOLUTION RESTRICTED	93,298.0
09063Y209		BIOLOG INC COM NEW	190.0
09069B104	09069B104	BIRCH TELECOM	2,439.0
Y0632L102	ID1000037906	BK BIRA	313,020.0
XX9L16471	10599AAB9	BRANIFF INC, PRIVATE PLACEMENT 15% SENIOR RES	1,000,000.0
105990071	N/A	BRSCAN LIMITED FRACTIONAL UNITS	2.0
XX9L00191	115761108	BROWNE WINDOW MFG	5.0
XX9066765	118014109	BUCK-AN-HOUR AMER INC, RESTRICTED	156,250.0
XX9L02310	406072108	C M HALL LAMP	30.0
XX9L00908	13123Q107	CALLITE TUNGSTEN CORP	20.0
XX9L29638	N/A	CAPITAL GAMING INTL INC PROMISSORY NT RULE 144A	233,000.0
XX9L00928	143597102	CARNES CORP CL A	25.0
BEE191AA7	BEE191AA7	CAROLINA STEEL N-2000 FRAC CUSIP	2,010,000.0
148436108	148436108	CASTLE CAPITAL CORP, MERGED INTO SUBS. PENN D	3.0
XX9070426	N/A	CDB HOLDINGS FINANCE INC, RESTRICTED	1,000.0
G20ESC995	G20ESC995	CDC LIQUIDATING TRUST ESCROW CUSIP	25,559.0
XX9L02755	151325107	CENTAUR CHEMICAL CO	5,600.0
XX9057144	152424107	CENTRAL BANCSHARES INC, TEX RESTRICTED	3.0
XX9L00944	153853106	CENTRAL LANDMARK INC, CL A	1.0
16162WQK8	N/A	CHASE MORTGAGE FINANCE TRUST MTGPC/SERIES 2005-A2 3-A3-VAR RATE	775,000.0
XX9066790	164715104	CHERRY PETROLEUM CORP RESTRICTED	2.0
172435109	172435109	CINEMA 5 LTD	200.0

NONTRANSFERABLE SECURITIES			
INTERNAL LEHMAN CUSIP	CUSIP	SECURITY DESCRIPTION	QUANTITY
XX9L23360	N/A	CITADEL BROADCASTING CALL AGREEMENT	1.0
XX9L16469	174612101	CITIZENS FINANCE CORP, OF MUNCIE IND	2.0
XX9L00981	P28145103	CLARAVELLA CORP	688.0
XX9L01003	18450A104	CLEAN AIR INC	500.0
XX9758707	N/A	COMPANHIA DE DIAMANTES ANGOLA COM	1.0
XX9L02774	205507106	COMPUTER TIME SHARING CORP	40.0
XXC599016	207990110	CONNECTOR TECHNOLOGY CORP	2,000.0
XX9L02775	209111822	CONS EDISON CO NY-IDR	80.0
221737984	221737984	COTTON & WESTERN MINING	5.0
222581100	N/A	COUNTY SEAT STORES INC	991.0
XX9758950	N/A	CUBA NORTHERN RAILWAY 4% 1942 FROZEN BY LEGA	13,000.0
XX5136702	N/A	CUBA RR CO 1ST MTG 5% 1952	2,000.0
XX9046690	23246F102	CYBERLINX CORP, RESTRICTED	100.0
XX9066017	N/A	DARWIN NETWORKS INC, PFD CONV SER B RESTRICTE	1,363,636.0
238138994	N/A	DATATEL INTERNATIONAL RESTRICTED CONTRA CUSIP	60.0
XX9L03627	N/A	DELI SPOORWEG MAATSCHAPPI	1.0
XXD003460	N/A	DHANA SIAM FIN&SEC THB10	818.0
258486109	258486109	DOSKOCIL COMPANIES INC, OLD	200.0
XX9L03630	261201107	DOWNTOWNER MOTOR INNS	200.0
26822P105	26822P105	EA INDUSTRIES INC, OLD	100.0
XX9L24731	26824P103	EBS LITIGATION LLC RESTRICTED STOCK	227,758.0
XX9L24729	268246105	EBS PENSION L L C-UNIT MEMBERSHIP CL A LTD, P	10,216.0
XX9L43252	N/A	ECHARGE RESTRICTED COMMON STOCK	333,334.0
28264T108	28264T108	EL ALACRAN GOLD MINE CORP	1.0
290844109	290844109	EMCOR PETROLEUM INC	500.0
XX9L03846	292038106	EMPIRE PHARMACEUTICALS & LABORATORY SP	10.0
294992409	294992409	ENVIRONMENTAL SATELLITE CORP	50.0
CKD988997	N/A	EQUIMED INC, FRACTIONAL SHS	83,300.0
G3222A122	G3222A122	EUROCASTLE INVESTMENTS LTD HERTFORDSHIRE	25.0
XXF054504	N/A	FALCONBRIDGE DOMINICANA C. POR A	582.0
306990037	N/A	FALCONBRIDGE DOMINICANA RESTRICTED ISSUE ONL	4.0
311729AA5	311729AA5	FARRINGTON MFG CO CV S/D CPN	1,000.0

NONTRANSFERABLE SECURITIES			
INTERNAL LEHMAN CUSIP	CUSIP	SECURITY DESCRIPTION	QUANTITY
312904Z65	N/A	FEDERAL HOME LOAN MORTGAGE CORPORATION CMO/SERIES 1036 1036-H12-DEF IN	0.4
XXF001991	N/A	FINANCE ONE THB10 (ALIEN MARKET)	69,000.0
XXF001991	N/A	FINANCE ONE THB10 (ALIEN MARKET)	11,000.0
XX9L44662	N/A	FINANCIRER ST FLORNTIN FRF D2 PART/CTF	1.0
338901101	338901101	FLAIR RESOURCES LTD	3,369.0
XX9L03979	349807107	FORTY WALL STREET BLDG INC	27.0
36219FNV5	36219FNV5	G N M A PASS THRU POOL 248004X LEADER MTG	32.7
36203NY44	36203NY44	G N M A PASS THRU POOL 354531X	736.5
36204FEK6	36204FEK6	G N M A PASS THRU POOL 368338X	493.3
36206STM6	36206STM6	G N M A PASS THRU POOL 420056X CURTIS MORTGA	406.4
36206VVT1	36206VVT1	G N M A PASS THRU POOL 422826X	26.5
36241KLE6	N/A	G N M A PASS THRU POOL 782125X	0.3
XX9074967	N/A	GADZOOX NETWORKS RESTRICTED	6,912,500.0
366255107	366255107	GARNET RESOURCES CORP	40.0
Y26904113	N/A	GENERAL FINANCE & SECS CO LTD, (FOREIGN), T	10,000.0
370ESCBB0	370ESCBB0	GENERAL MOTORS CORP, SR UNSECD NT ESCROW CUSI	3,000,000.0
373654AH5	N/A	GEOTEK COMMUNICATION INC, CONV SR SUB NTE ACC	750,000.0
XX9060337	N/A	GLOBAL UNILABS CLINICAL TRIALS LIMITED RESTRICTED	429,787.0
383413101	383413101	GOSS HOLDINGS INC, CL B	70,460.0
XX9L02583	389905100	GREAT AMERICAN LUMBER CO INC, RESTRICTED	26,000.0
393505BR2	N/A	GREEN TREE FINL CORP 1993-4 MFD SR/SUB PASSTHRU CTF CL A1	0.4
395257991	US3952571087	GREENGOLD RAY ENERGIES INC	1,010.0
XX9066994	39985P101	GROWTH & INCOME INC RESTRICTED	5,000.0
P8632Y156	P8632Y156	GRUPO SIDEK SA DE CV-SER L ORD	160.0
P4985F175	P4985F175	GRUPO SITUR SA	1.0
XX9L41192	N/A	HAIGHTS CROSS COMMUNICATIONS COMMON RESTRIC	60,720.0
40636T203	40636T203	HALLWOOD REALTY PARTNERS LP DEPOSITARY UNITS	3.0
XX9067104	N/A	IAM.COM INC, PFD SER C -RESTRICTED	833,334.0
44969F996	44969F996	IMN EQUITIES CORP-RESTRICTED DIVIDEND SHARES	60.0
XX9L03456	455922104	INDUCTIVE COMPONENTS INC, N Y	1.0

NONTRANSFERABLE SECURITIES			
INTERNAL LEHMAN CUSIP	CUSIP	SECURITY DESCRIPTION	QUANTITY
XXH476782	45699AAH1	INDUSTRIA ELEC DE MEXICO AMERICAN SHARES	6.0
XXH542238	456992916	INSUL CUP CORP	100.0
XXH747525	M59878104	ISRAEL DISCOUNT BANK B REG IS 1	13.0
XX9L04236	477990055	JOHANNESBURG MFG LIQ	230.0
XX9L04243	47909P206	JOHNSON FOODS INC, PREF STK	10.0
490064102	490064102	KENSINGTON INDUSTRIES INC	446.0
496366105	496366105	KINGSLAKE ENERGY INC	690.0
51220MAE8	US51220MAE84	LAKEVIEW 2007-01	250,000.0
XXL013407	515484103	LANE INDUSTRIES INC-CONN	2.0
U5250MFM1	N/A	LBH FTSE XINHUA SUNS REG S SUNS ON FTSE XINHUA CHINA 25 100% MIN RDMT	3,420,000.0
50180W205	N/A	LBSBC NIM CO 2006-3 PREF SHS 144A 3C7	100.0
52518Q132	N/A	LEHMAN BROS INC CUST RCPTS PFD, VAR CUS RCPT 5	18.0
525ESC711	N/A	LEHMAN BROTHERS HLDGS INC, DEP SH REPSTG 1/10	93.0
525ESCB16	N/A	LEHMAN BROTHERS HLDGS INC, ESCROW CUSIP CONV	8,698.0
53184P101	53184P101	LIFE FINANCIAL CORP	18.0
XX9073441	560775207	MAJOR AUTOMOTIVE COMPANIES INC, (THE), NEW RES	1,800.0
XX9L05205	N/A	MAN SANG INTERNATIONAL LTD, HONG KONG DOLLAR	13,798.0
XX9L42012	N/A	MARLIN WATER TRUST CERT	32,500,000.0
58503R795	58503R795	MEDORO RESOURCES LTD, CONTRA CUSIP	11,312.0
XX9L07858	P95449107	MEXICO UNITED STS OF RCPT CPNS	48.0
XX9066104	N/A	MICROCAST INC PFD CONV SER B RESTRICTED	0.3
XX9L01223	597554104	MIDLAND MARKETING SVCS INC, CL A	200.0
XX9L01227	600007108	MILL MOTOR REPAIR INC, NC	10.0
XX9L29362	60038G104	MILLENIUM HEALTH COMMUNICATION RESTRICTED CO	25,000.0
628552101	628552101	MYNORCA INC	4,536.0
XX9L02939	637197997	NATIONAL PREFAB & EQUIPMENT COMPANY	625.0
XX9062217	N/A	NCP LITIGATION TRUST RESTRICTED	420,250.0
640652103	640652103	NEOTERIC GROUP INC	1.0
XX9L02861	657200101	NORTH AMERICAN URANIUM & OIL	50.0
674603204	674603204	OCCIDENTAL RES INC, COM NEW	500.0
XX9L01503	C68020103	OILCREST PETRO LTD	3,005.0

NONTRANSFERABLE SECURITIES			
INTERNAL LEHMAN CUSIP	CUSIP	SECURITY DESCRIPTION	QUANTITY
Y65411103	N/A	ORIENTAL PETROLEUM & MINERALS CORP-CL B U	2,926,548.0
Y0767J104	Y0767J104	P T BANK DAGANG NASIONAL INDONESIA (FOREI	46,000.0
Y7135F102	Y7135F102	P T PUTRA SURYA MULTIDANA (LOCAL), IN 500	25,000.0
694126103	694126103	PACIFIC COMMODITIES EXCHANGE INC	8.0
XX9067611	69833U101	PANDA ENERGY INTERNATIONAL INC, RESTRICTED	500.0
XXP251355	698990033	PANGAEA PETROLEUM LTD	10,000.0
XX9056424	N/A	PEDIANET INC, RESTRICTED	10,000.0
XXP337031	706028107	PELL PHARMACEUTICALS .10PV NEW	700.0
Q74147119	Q74147119	PELSART RESOURCES NL-ORD NEW (A \$0.20 PAR)	1,800.0
716713995	716713995	PETROLIND DRILLING RSTD	1.0
XXP019781	XXP019781	PHILEX MINING CORP	26,605.0
XXP492210	718990088	PHILODRILL CORP-CL B	851,500.0
XX5577457	N/A	PIEDMONT MGMT INC CONTINGENT INT NT	0.1
XX9L01546	739295103	POWER MATIC CORP	2,000.0
XXP001209	N/A	PROMET BERHAD MYR1	250.0
XX9L28898	750990160	RAIDTEC CORPORATION LIMITED RSTD STK	26,667.0
758ESC982	758ESC982	REFCO GROUP LTD, ESCROW	80,000.0
P8055KKBK0	N/A	REPUBLIC OF ARGENTINA 11% TO 2/01 8% THERAFTER	0.5
XX9L02339	762990067	RHODESIAN SELECTION TRUST LTD, ADR	27.0
XX9L00190	524054103	ROBERT E LEE LIFE INSURANCE CO	10.0
776298101	776298101	RONDA TIFFANI INC	2,910.0
XX9L03023	N/A	SASKATCHEWAN GULF SECS TIDE WTR ROYALTY	50.0
804005106	804005106	SATELLITE METAL MINES LTD,COM	2.0
XXS030765	N/A	SCIB PUBLIC CO LTD, THB10	1.0
812021103	812021103	SEAHAWK OVERSEAS EXPLORATION CORP-CALIF	1,574.0
81213Y108	81213Y108	SEALIFE CORP	1.0
XX5L01419	N/A	SEARS INTERNATIONAL FIN N.V	6,000.0
XX9L01745	812604106	SEATTLE TOLEDO OIL CO INC	250.0
XX9066169	N/A	SHEARSON EQUIP MGMT CORP, RESTRICTED	100.0
XX9L07909	N/A	SHEARSON HAYDEN STONE FAR EAST INVESTMENT LT	49,000.0
XX9L07919	N/A	SHEARSON HAYDEN STONE LTD, ORD SHARES OF ONE	1.0
825196108	825196108	SHORELINE SAVINGS ASSN	216.0
826315103	826315103	SIERRA GOLD CORPORATION	800.0

NONTRANSFERABLE SECURITIES			
INTERNAL LEHMAN CUSIP	CUSIP	SECURITY DESCRIPTION	QUANTITY
XX9045078	78457P108	SMR NATURAL GAS PRODUCTION LLC RESTRICTED	866.0
XX5093597	N/A	SOUTHEAST BANKING CORP, STAMPED CERTIFICAT	6,810,000.0
866055106	866055106	SUMMIT ENERGY INC	100.0
XX9L02646	87505B102	TAMARAC GAS & OIL CO INC	500.0
XX5L01260	88599AAA7	THRIFT COURTS OF AMERICA INC	20,000.0
XXT432801	890514102	TOONA INC, CL A	25.0
893179101	893179101	TRANS CARIBBEAN AIRWAYS INC, A	100.0
XX9L07944	L93088109	TRASA A.G. CPN #4	15.0
XX9L44032	N/A	UNITED STATES MEXICO, A FRACTIONAL SHARES	60,000.0
XX9L02659	912990124	UNITED STATES TELEVISION MFG CORP	100.0
91731R105	91731R105	USATCO INC	1,700.0
XX9L08026	Y9336X106	VACATION PROPERTIES FIFI LTD	4,330.0
925326100	N/A	VERTIENTES CAMAGUEY SUGAR CO OF CUBA	552.0
918990243	918990243	VHX RESTRICTED	13,000.0
XXV540506	179394101	VICTOR V CLAD CO	600.0
XX9L02474	92599C917	VICTORIA ORIENTE INC	80.0
G94634105	VGG946341051	WATERLOO INVESTMENT HOLDINGS LTD,USD1	107.0
XXW291801	95709S102	WESTAR FINANCIAL INC	1,000.0
XX9L07927	P98674107	WHITES SA BEARER SHARES	500.0
975515982	N/A	WINSTAR COMMUNICATIONS RESTRICTED DIVIDEND	65.0
XX9L08095	983298100	WYOMING LA BARGE & DRY PINEY OIL CO	800.0

SCHEDULE 2

CUSTOMER NAME SECURITIES				
LEHMAN INTERNAL CUSIP	CUSIP	SECURITY DESCRIPTION	REGISTERED HOLDER	QUANTITY
449246206	N/A	ICG COMMUNICATIONS INC, NEW	3 COM CORP	50.0
44981C203	44981C203	IPL INC, MULTIPLE VOTING SHS	ABRAHAM L. SHAPIRO	3.0
XX9L07981	693990384	PACIFIC AIR LINES INC	ADOLPH BAUM	3.0
073043101	073043101	BAYOU OIL & GAS (OLD)	ALBERT HORNBLASS	10.0
002990430	002990430	AT&T LATIN AMERICA CORP, CLASS A RESTRICTED	ALEJANDRO OSVALDO ROSSI	35,360.0
692916109	N/A	PLM EQUIPMENT GROWTH & INCOME FUND VII-UNITS	ALFONSO CARRINGTON & MARY CARRINGTON JT; DOROTHY M MYERS; LEHMAN BROTHERS FBO WILLIAM MENENDEZ IRA; LEHMAN BROTHERS FBO STEPHEN SANDBERG IRA	1,972.0
XX9L00097	N/A	ARGENTINA EQUITY INVS I LTD, PRIVATE PLACE	ALICIA MACAGNO DE PAWLY AND MARIA CHRISTINA CASCIO	13,920.0
XX9L02488	958550105	WESTERN MANAGEMENT CORP	ALNAB & CO.	1,777.0
XX9L02921	618918106	MORTGAGE BOND & TRUST CO DEL	ALTEN & CO.	8.0
XX9066958	30231X105	EYECAST.COM INC, - RESTRICTED	ANDREW MALIK	42,890.0
XX9L12056	876041104	TAPO OIL CO	AUDRY W. SPADER	500.0
XX9N26699	N/A	COMPOSITOOLS INC, RESTRICTED	B. WAYNE BARRIER	10,000.0
XX9L29347	N/A	ACI ASSET MANAGEMENT- RSTD	BENNETT KEST & LISA KEST JT TEN	22.0
XX9061323	N/A	NUOASIS LAUGHLIN INC, RESTRICTED	BENNETT KEST & LISA KEST JT TEN	22.0
XX9061309	N/A	NUOASIS PROPERTIES INC, RESTRICTED	BENNETT KEST & LISA KEST JT TEN	22.0
XXD327177	N/A	DINELITE CORP	BETTY RANKIN HECHENBLEIKNER	727.0
888002102	888002102	TIPPERARY CORP, OLD	BRIAN THAYER MULLINS	10.0
XXW004365	981991102	WORLDCALL EXCHANGE INC, (DE)	BRUCE A MATON	20,000.0

CUSTOMER NAME SECURITIES				
LEHMAN INTERNAL CUSIP	CUSIP	SECURITY DESCRIPTION	REGISTERED HOLDER	QUANTITY
XX5L00082	N/A	WARREC CO CONV SUB PROM NOTES	C. DANIEL TYRCE	100,000.0
124991050	124991050	CBD FINANCE INC, COM RESTRICTED ISSUE ONLY	CBD MEDIA LLC	1,000.0
XX9L00118	052806106	AUTOMATED ACCOUNTING SERVICES INC, NJ	CHARLES J. KALINA III	100.0
XX9RBBPQ5	N/A	HIRU CORPORATION RESTRICTED	CHARLES M HARPER TIEE, CHARLES M HARPER FUNNEL TRUST	50,000.0
G80197109	N/A	SEMA PLC ORD GBP0.10 LONDON LISTED (FRM S	CHRISTOPH SENFTEN	11,813.0
XX9068153	878741503	TECHWAVE INC SER C PREF RESTRICTED	CHRISTOPHER B. HAMED	68,771.0
XX9062028	N/A	BUYITNOW INC, RESTRICTED	CLIFF KHOURI	2,000.0
373654AH5	N/A	GEOTEK COMMUNICATION INC, CONV SR SUB NTE ACC	COCKATOO & CO.	5,360,000.0
BFC990053	BFC990053	CENTRAL CORRIDORTHOMAS FRAC CUSIP	COLLIN & CO. TTEE FBO LORI DISCONT STONE IRA	50,000.0
XX9L44371	N/A	IBEAM BROADCASTING CP SER C PFD RESTRICTED S	CONNIE WILLIAMS	1,500.0
XX9L43437	N/A	FIELDCREST CANNON INC, RESTRICTED COMMON STOC	CORPORATE BOND TDY	1,830.0
XX9N33633	690990346	OXFORD COMMON STOCK	COVEMUSSEL & CO.	16.0
628990681	N/A	NCP LITIGATION TRUST CONTRA CUSIP	CUDD & CO	700.0
G9774K103	G9774K103	WORLD PETROLEUM LTD	DARRELL BATES	70.0
XX9066755	092490101	BLACKSTONE BK & TR CO RESTRICTED	DAVID IZEN	10,000.0
XX9L44220	N/A	APRIMO INC, SER A PREF RSTD STK	DIANE E. MILLS IRA F/B/O DIANE E. MILLS	12,000.0
XX9062358	N/A	TIANRONG INTERNET PRODUCTS & SERVICES INC, RE	DONALD R JOHNSON	7,675.0
XX9059579	N/A	TIANRONG MEDICAL GROUP INC, RESTRICTED	DONALD R JOHNSON	7,675.0
XX9N41194	N/A	UST PRIVATE EQUITY INVESTORS FUND INC	DONALDSON LUFKIN & JENRETTE SECURITIES CORP	50.0
XX9L02234	004928206	ACTIVE NOISE & VIBRATION TECH INC, SER A CONV	DUNCAN ANTHONY CHAPMAN	10,200.0
XX9L02472	889849105	USA PROMOTIONS INC	EARL MC KENNY	10,000.0

CUSTOMER NAME SECURITIES				
LEHMAN INTERNAL CUSIP	CUSIP	SECURITY DESCRIPTION	REGISTERED HOLDER	QUANTITY
G29539148	012495803	ELAN CORP PLC	ELY E. PILCHIK	10,627.0
XX9L03356	419461108	HAVERHILL CO-OPERATIVE BANK MA	EVELYN R. ROBERTA	14.0
03235F206	03235F206	AMUR PHARMACEUTICALS INC, PFD SER B	FIRST TRUST CORP. TTEE FBO ROBERT CANPI IRA	10,000.0
XX9907148	N/A	GOLD (ONE OUNCE)	FRANCES CICIDOMINA	5.0
XX9066538	N/A	U S INTERACTIVE INC, RESTRICTED	FRANK O GEHRY & BERTA A GEHRY JT TEN	3,826.0
XX9L02911	598493104	MIDWESTERN SECURITY TRUST CO	FREDERICK HYMAN	2,832.0
769756107	769756107	ROAN SELECTION TR LTD, ORD	GEORGE BIRNBAUM	520.0
XX9L01342	824918106	SHORELAND MINES LTD	GEORGE H. GUIST	100.0
18976WAK7	N/A	CMO HOLDINGS III LTD, TRUST SER 2006-21 CLASS	GERLACH & CO.	4,338,624.3
18976WAJ0	N/A	CMO HOLDINGS III LTD, TRUST SER 2006-21 CLASS	GERLACH & CO.	1,812,500.0
18976WAH4	N/A	CMO HOLDINGS III LTD, TRUST SER 2006-21 CLASS	GERLACH & CO.	307,500.0
XX9068916	N/A	AGERE SYSTEMS INC, CL A RESTRICTED	GERTURDE MORRIS	2.0
XX9L02648	887195105	TIME FINANCE CORP, OF	GREGG W. OR M. REED JOHNSON	50.0
957255102	957255102	WESTBROOK THOMPSON OVERRIDING ROYALTY UNITS	H HENTZ & CO.	10.0
240992230	23303P985	DBARN NET INTEREST MARGIN 2007 AHMIN	HARE & CO.	50.0
XX9L03364	443782206	HUDSON FOODS INC, CL B	HARRY P. GUDA	10.0
XX9L02962	737632109	POTLATCH OIL & REFINING CO	HB FRYBERGER JR.	446.0
XX9L00109	05075A106	AUDIOTEC SYSTEMS INC	HELEN H. DENISON	200.0
028912103	N/A	AMERICAN RESOURCES & DEVELOPMENT CO	HELEN N. MECH & BARBARA A HANNEY TEN COM	43.0
XXG432384	N/A	GOLD MEDAL STUDIOS INC	HENLEY COMPANY	650.0
XX9L03836	N/A	ELMERCADO INVESTMENTS CO	HESSE BAER	100.0
140990136	N/A	CAPITAL REGION MAGAZINE RESTRICTED	HOME & CITY SAVINGS BANK AS TRUSTEE FOR THE JOHN J. BRUNNER IRA	100.0

CUSTOMER NAME SECURITIES				
LEHMAN INTERNAL CUSIP	CUSIP	SECURITY DESCRIPTION	REGISTERED HOLDER	QUANTITY
XX9L07828	042321406	UNIT ARMSTRONG WORLD INDS	ISRAEL WEINGARTEN	500.0
XX5L00096	N/A	U S LEISURE INC, PRIVATE PLACEMENT	JACKSON NATIONAL LIFE INS. CO.	20,000,000.0
886895101	N/A	TILTIP INDUSTRIES INC	JEAN FRANCOIS MALLE	7.0
XX9067170	609445507	MONITREND INVESTMENT MGMT INC, PFD SER A -RES	JEFFERY A. TAMARA	15,776.0
XX9L02980	745287102	PUERTO RICO PETE EXP CORP	JEPHTA MARTHA HUGHES	100.0
XXR548553	256138108	ROCKY MOUNTAIN PREPAID LEGAL	JJ OLSON	200.0
XX9L01543	697848208	PAN AMERICAN LABS B	JOHN J. GORDON	2.0
XX9L02875	N/A	POLARIS OFFSHORE LTD	JOHN LIBBY	1,000.0
922396106	N/A	VECTOR MEDICAL TECHNO	JOHN M SPECA	10,000.0
XX9L03857	294545108	EQUITABLE NATIONAL BANK	JOHNSON LANE SMITH AND CO	262.0
XX9L00925	14074G106	CAR COMMCTNS CORP, INC	JOSEPH J. REBER	1,000.0
XXH196512	N/A	HEBILLA MINING CORP	JOSEPH M. TRASK	970.0
XX9035681	N/A	CEPHALON INC, RESTRICTED	JUDITH/JEFFREY BALDINO TR	30.0
XX9074965	N/A	TVG TECHNOLOGIES LTD, RSTD STK	JULES MARILUS	520,000.0
XX9057607	N/A	PLANETCLICK INC, RESTRICTED	KAREN ANNE LAIFER, TRUSTEE FOR ABRAHAM DAVID LAIFER	72,360.0
XX9063419	N/A	CLIQUE.COM SER B PREFERRED RESTRICTED	KELLY FAMILY TRUST	33,333.0
224071100	N/A	COYOTE SPORTS INC	LAMBROS LP	246,464.0
XX9067136	N/A	JUNIORNET CORP, PFD SER C - RESTRICTED	LAMBROS LP	681,483.0
XXL312405	526732102	LEPANTO CONSOLIDATED MINING CO-CL B BLOCK	LAWRENCE LAZARUS	3,000.0
913377107	913377107	UNIVERSAL AMERICAN CORP	LAWRENCE QUILTY	100.0
975515404	N/A	WINSTAR COMMUNICATIONS INC, 6% CUM CONV PFD S	LB AC PALLADIN OMNIBUS AC GLEN EAGLES FUND	1,304.0
975515404	N/A	WINSTAR COMMUNICATIONS INC, 6% CUM CONV PFD S	LB AC PALLADIN OMNIBUS AC GLEN EAGLES FUND	6.0

CUSTOMER NAME SECURITIES				
LEHMAN INTERNAL CUSIP	CUSIP	SECURITY DESCRIPTION	REGISTERED HOLDER	QUANTITY
69341H303	N/A	PLM EQUIPMENT GROWTH FUND VI UNIT LIMITED PA	LBI FBO JESSE C TAYLOR IRA; LBI FBO PAULINE TAYLOR; LBI FBO WILLIAM E. KING IRA; LBI FBO GEORGE B. AULEN IRA; LBI FBO BHADRASAIN VIKRAM IRA	3,113.0
69341H402	N/A	PLM EQUIPMENT GROWTH FUND V DEPOSITARY RCPT	LBI FBO VIKRAM BHADRASAI IRA; LBI FBO WILLIAM E. KING IRA; LBI FBO BONNIE L. STERLING IRA; LBI FBO GARY J BARNETT IRA; LBI FBO MARIO MERLINO IRA; LBI FBO ALAN RAVEN IRA;	18,336.0
692916109	N/A	PLM EQUIPMENT GROWTH & INCOME FUND VII-UNITS	LEHMAN BROTHER FBO VIKRAM BHADRASAIN IRA	292.0
4651376F9	4651376F9	ISRAEL STATE DLR CURRENT INCOME BD 7TH DE	LEHMAN BROTHERS INC. FBO ALEXANDRA MORGAN CIAROI	1,000.0
682069AA7	682069AA7	OMEGA-ALPHA INC, S/D-REG	LEWCO SECURITIES	19,000.0
XX9035129	N/A	MOORE GLOBAL INVESTMENT LTD, FUND	MANUEL FERNANDEZ DIEGO AND/OR FELISA ORTIZ HIDALGO	52.0
XX9112817	N/A	INTERMOUNTAIN VENTURES INC, RESTRICTED	MARK J. HEITBRINK	4,500.0
XX9N24351	N/A	PRIMARION INC, BASED ON MGMTS	MARK MCKECHNIE	25,000.0
471154997	N/A	JARVIS GROUP RESTRICTED ISSUE ONLY	MARK RICE	200.0
XX9065519	N/A	PERSHING RESOURCES CO INC, RESTRICTED	MARLOLM TRAYSER	800.0
XX9N20770	16899AAM9	US CORP, WALMART/LAS VEGAS	MARVIN M. REISS	1,874,000.0
XX9L01135	517691101	LAS VEGAS JOCKEY CLUB CL B	MAUDE BOWLBY	15.0
XX9066024	N/A	ESSEX LEASING CORP, RESTRICTED	MICHAEL L TARNAPOL	221.0
XX9L03033	817180102	SENECA SILVER MINES LTD	MILDRED BREMBS	1,000.0
XX9N40821	N/A	VS HOLDINGS INC	ML CBO XVIII (CAYMAN) LTD	198,850.0

CUSTOMER NAME SECURITIES				
LEHMAN INTERNAL CUSIP	CUSIP	SECURITY DESCRIPTION	REGISTERED HOLDER	QUANTITY
XX9L26284	N/A	ATG RICHLAND CORPORATION SERIES B PREF RESTR	NALUWAN CORP	50,000.0
XX9066088	N/A	LUBELL D INC, RESTRICTED	NORM SIEGEL	23,250.0
XX9066095	N/A	MAGNETIC PULSE INC, PFD SER C RESTRICTED	NORMAN F. SIEGL	22,549.0
XX9055630	N/A	DEBONAIR HOLDINGS CONV LN STK SER B RESTRICT	NORMAN SIEGAL C/O LB	5,463.0
XX9L23352	N/A	DEBONAIR HOLDINGS PLC RESTRICTED	NORMAN SIEGEL	6,776.0
XX9066809	N/A	DARWIN NETWORKS INC, RESTRICTED	OPM SERVICES, INC.	277,775.0
XX9L04228	468705108	JACKSON STANDARD CRP CLASS A	PATRICIA W. FITZPATRICK	80.0
XX9L04229	468705207	JACKSON STANDARD CRP CLASS B	PATRICIA W. FITZPATRICK	16.0
XX9L04063	N/A	GRAND UINTAH CORP	PAUL GOLLOMP	1,000.0
XX9L04909	462990607	IOWA SELECT FARMS INC CERTIFICATES OF L.P.	QUALITY PORK PARTNERS	780,261.0
G90097406	N/A	JURONG TECH IND CORP, ISIN SG90097406UL	RAFFLES NOMINEES	1.0
XX9053095	N/A	ASPEN TECHNOLOGY INC, RESTRICTED	RICHARD ADAMS	172.0
200661106	200661106	COMMERCE NATIONAL BANK	RIDGE CLEARING & OUTSOURCING SOLUTIONS INC.	4,400.0
746002203	746002203	PUNCH NETWORKS CORP, PFD SER B	ROBERT CAMPI	16,000.0
XX9759505	N/A	PREMIER HOTELS INC.	ROBERT FOAH	1.0
XX9L00049	008449100	AGENCY MANAGEMENT CORP	ROBERT J. MORRISON AND RUTH R. MORRISON	200.0
XX9059344	N/A	CASINO MGMT OF AMER RESTRICTED	ROBERT STONE	2.0
983079104	983079104	WYLY CORP, OLD	RONALD FISCHER	100.0
XXL312432	526732300	LEPANTO CONS MINING COMPANY CL B	ROSE GRIECO & MARTA RICKENBERG	42,260.0
373654AH5	N/A	GEOTEK COMMUNICATION INC, CONV SR SUB NTE ACC	SALKELD & CO.	8,270,000.0
482058203	N/A	JUPITER INDUSTRIES INC-TENN NON-DIVID NON CO	SARAH B. HRDY, TRUSTEE SARAH B. HRDY TRUST	1,301.0

CUSTOMER NAME SECURITIES				
LEHMAN INTERNAL CUSIP	CUSIP	SECURITY DESCRIPTION	REGISTERED HOLDER	QUANTITY
XX9L08093	983082108	WYLY COLLECTION PRIVATE PLACEMENT	SIGLER & CO.	16,080.0
576992101	576992101	MATE-MEDIA ACCESS TECHNOLOGIES LTD (AMDD & R	SMITHFIELD FIDUCIARY LLC	375,000.0
XX9083611	N/A	ARKADOS GROUP INC, RESTRICTED	STEVE MACK	109.0
XX9L29881	N/A	MOBILE TOWNES CORP, DEL RESTRICTED	SUSAN F. MILLER	200.0
XX9066209	N/A	WOLLENSAK INC, RESTRICTED	SUSAN F. MILLER	100.0
XX9L44267	N/A	ANDRO CORP, RESTRICTED	SUSAN P. MILLER	100.0
XX9L14136	N/A	AUTOMEDIX SCIENCES INC, RESTRICTED	TIMOTHY A SANBORN	625.0
62544K108	62544K108	MULTI-VENTURES INC	TJ WIDERE	100.0
XX9056122	N/A	ADELPHIA COMMUNICATIONS CORP, CL A RESTRICTED	TRIUMPH III INVESTORS, LP	960.0
728126103	US7281261039	PCA INDS INC,COM	TRUDY B. NEUHOF	900.0
XX9084302	N/A	TEJA TECHNOLOGIES INC, SER A1-S PREFERRED RES	UNGER-LUCHSINGER FAMILY TRUST	94,987.0
XX9084303	N/A	TEJA TECHNOLOGIES INC, SERIES B1 PREFERRED RE	UNGER-LUCHSINGER FAMILY TRUST	106,411.0
XX9043662	N/A	COMPOSITOOLS INC- RESTRICTED	WEISS, PECK, AND GREER TRUSTEE FOR IRA ACCOUNT OF PORTER B. JOHNSON	10,000.0
29078PAE0	29078PAE0	EMBARCADERO AIRCRAFT SECURITIZATION TRUSASTB	WEST HOLDINGS CORP	8,900,000.0
XXW311790	N/A	WINE CELLAR INC	WILLARD AUSTIN CARLE III	20,000.0
XX9111745	N/A	ALPHION CORP, SERIES C CONV PFD RESTRICTED	WILLIAM D. UNGER AND TERESA R. LUCHSINGER FAMILY TRUST DTD 12-19-90	49,724.0
549463107	N/A	LUCENT TECHNOLOGIES INC	WILLIAM WAYNE	3.0
373654AH5	N/A	GEOTEK COMMUNICATION INC, CONV SR SUB NTE ACC	WRAP TWO & CO.	3,285,000.0