

GREEN DOT CORP
Form 10-Q
May 09, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934
For the quarterly period ended March 31, 2013
OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934
For the transition period from _____ to _____
Commission file number 001-34819

GREEN DOT CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization) 95-4766827
(IRS Employer Identification No.)
3465 E. Foothill Blvd.
Pasadena, California 91107
(Address of principal executive offices, including zip code) (626) 765-2000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 32,221,202 shares of Class A common stock, par value \$.001 per share (which number does not include 6,859,000 shares of Class A common stock issuable upon conversion of Series A Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock), and 3,917,906 shares of Class B common stock, par value \$.001 per

share, outstanding as of April 30, 2013.

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PART I

ITEM 1. Financial Statements

GREEN DOT CORPORATION

CONSOLIDATED BALANCE SHEETS

| | March 31, 2013 | December 31, 2012 |
|--|----------------------------------|----------------------|
| | (unaudited) | |
| | (In thousands, except par value) | |
| Assets | | |
| Current assets: | | |
| Unrestricted cash and cash equivalents | 370,159 | 293,590 |
| Federal funds sold | 3,001 | 3,001 |
| Investment securities available-for-sale, at fair value | 100,742 | 115,244 |
| Settlement assets | 48,459 | 36,127 |
| Accounts receivable, net | 50,561 | 40,441 |
| Prepaid expenses and other assets | 25,204 | 31,952 |
| Income tax receivable | — | 7,386 |
| Net deferred tax assets | 2,338 | 2,478 |
| Total current assets | 600,464 | 530,219 |
| Restricted cash | 634 | 634 |
| Investment securities, available-for-sale, at fair value | 62,443 | 68,543 |
| Accounts receivable, net | 10,913 | 10,931 |
| Loans to bank customers, net of allowance for loan losses of \$450 and \$475 as of March 31, 2013 and December 31, 2012, respectively | 7,228 | 7,552 |
| Prepaid expenses and other assets | 2,053 | 1,530 |
| Property and equipment, net | 58,098 | 58,376 |
| Deferred expenses | 9,784 | 12,510 |
| Net deferred tax assets | 4,579 | 4,629 |
| Goodwill and intangible assets | 30,772 | 30,804 |
| Total assets | 786,968 | 725,728 |
| Liabilities and Stockholders' Equity | | |
| Current liabilities: | | |
| Accounts payable | 18,933 | 31,411 |
| Deposits | 222,022 | 198,451 |
| Obligations to customers | 61,204 | 46,156 |
| Settlement obligations | 16,940 | 3,639 |
| Amounts due to card issuing banks for overdrawn accounts | 53,178 | 50,724 |
| Other accrued liabilities | 29,089 | 29,469 |
| Deferred revenue | 14,852 | 19,557 |
| Income tax payable | 446 | — |
| Total current liabilities | 416,664 | 379,407 |
| Other accrued liabilities | 21,818 | 18,557 |
| Total liabilities | 438,482 | 397,964 |
| Stockholders' equity: | | |
| Convertible Series A preferred stock, \$0.001 par value: 10 shares authorized and 7 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively | 7 | 7 |
| Class A common stock, \$0.001 par value; 100,000 shares authorized as of March 31, 2013 and December 31, 2012, respectively; 32,157 and 31,798 shares issued and outstanding as of March 31, 2013 and December 31, 2012, | 32 | 31 |

respectively

| | | |
|---|---------|---------|
| Class B convertible common stock, \$0.001 par value, 100,000 shares authorized as of March 31, 2013 and December 31, 2012, respectively; 3,918 and 4,197 shares issued and outstanding as of March 31, 2013 and December 31, 2012, respectively | 4 | 4 |
| Additional paid-in capital | 163,783 | 158,656 |
| Retained earnings | 184,556 | 168,960 |
| Accumulated other comprehensive income | 104 | 106 |
| Total stockholders' equity | 348,486 | 327,764 |
| Total liabilities and stockholders' equity | 786,968 | 725,728 |
| See notes to unaudited consolidated financial statements | | |

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CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

| | Three Months Ended March 31, | |
|---|---------------------------------------|----------|
| | 2013 | 2012 |
| | (In thousands, except per share data) | |
| Operating revenues: | | |
| Card revenues and other fees | \$64,667 | \$61,222 |
| Cash transfer revenues | 44,335 | 39,643 |
| Interchange revenues | 46,756 | 43,506 |
| Stock-based retailer incentive compensation | (1,609 |) (3,190 |
| Total operating revenues | 154,149 | 141,181 |
| Operating expenses: | | |
| Sales and marketing expenses | 56,177 | 52,572 |
| Compensation and benefits expenses | 31,754 | 26,153 |
| Processing expenses | 21,999 | 20,850 |
| Other general and administrative expenses | 20,880 | 15,968 |
| Total operating expenses | 130,810 | 115,543 |
| Operating income | 23,339 | 25,638 |
| Interest income | 819 | 959 |
| Interest expense | (17 |) (24 |
| Income before income taxes | 24,141 | 26,573 |
| Income tax expense | 8,555 | 10,205 |
| Net income | 15,586 | 16,368 |
| Income attributable to preferred stock | (2,493 |) (2,650 |
| Net income allocated to common stockholders | \$13,093 | \$13,718 |
| Basic earnings per common share: | | |
| Class A common stock | \$0.36 | \$0.39 |
| Class B common stock | \$ | |