

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	\$	