

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

3PEA INTERNATIONAL, INC.

Form: 8-K

Date Filed: 2019-01-16

Corporate Issuer CIK: 1496443

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 16th, 2019

3PEA INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

000-54123

(Commission file number)

95-4550154

(I.R.S. Employer Identification Number)

**1700 W Horizon Ridge Parkway, Suite 200,
Henderson, Nevada 89012**

(Address of principal executive offices) (Zip Code)

(702) 453-2221

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☒ x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Item 7.01 Regulation FD Disclosure

On January 16, 2019, 3PEA International, Inc. (the "Company") updated and added information to the Investor Presentation originally posted on November 21, 2018 and updated on December 7, 2018 on the Investor Relations section of its website, which is located at <https://3pea.com/investor-relations>. A copy of the investor presentation is attached as Exhibit 99.1 to this Current Report on Form 8-K ("Investor Presentation"). On January 16, 2019 the Company started making presentations to investors of the updated Investor Presentation.

The Investor Presentation includes financial information not prepared in accordance with generally accepted accounting principles ("Non-GAAP Financial Measures"). The Company believes that the Non-GAAP Financial Measures provide investors additional ways to view our operations, when considered with both our GAAP results and the reconciliation to net income and net cash provided by operating activities, which we believe provide a more complete understanding of our business than could be obtained absent this disclosure. We believe the Non-GAAP Financial Measures also provide investors a useful tool to assess shareholder value.

By filing this Current Report on Form 8-K and furnishing the information contained herein, the Company makes no admission as to the materiality of any information in this report that is required to be disclosed solely by reason of Regulation FD.

The information contained in the Investor Presentation is summary information that is intended to be considered in the context of the Company's Securities and Exchange Commission ("SEC") filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

In accordance with General Instruction B-2 of Form 8-K, the information set forth in or incorporated by reference into this Item 7.01 shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
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99.1	Investor Presentation Slideshow dated January 2019
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SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

3PEA INTERNATIONAL, INC.

Date: January 16, 2019

By: /s/ Mark Newcomer

By: Mark Newcomer, Chief Executive Officer



Investor Presentation

January 2019

NASDAQ: TPNL



IMPORTANT NOTICES

FORWARD LOOKING STATEMENTS AND USE OF NON-GAAP FINANCIAL INFORMATION. This presentation may include "forward-looking statements." To the extent that the information presented in this presentation discusses financial projections, information, or expectations about the Company's business plans, results of operations, returns on equity, markets, or otherwise makes statements about future events, such statements are forward-looking. Such forward-looking statements can be identified by the use of words such as "should," "may," "intends," "anticipates," "believes," "estimates," "projects," "forecasts," "expects," "plans," and "proposes." Although the Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions, there are a number of risks and uncertainties that could cause actual results to differ materially from such forward-looking statements. You are urged to carefully review and consider any cautionary statements and other disclosures, including the statements made under the heading "Risk Factors" and elsewhere our 2017 Form 10-K. Forward-looking statements speak only as of the date of the document in which they are contained, and the Company does not undertake any duty to update any forward-looking statements except as may be required by law. This presentation also includes adjusted EBITDA, a non-GAAP financial measure, that is not prepared in accordance with, nor an alternative to, financial measures prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). In addition, adjusted EBITDA is not based on any standardized methodology prescribed by GAAP and is not necessarily comparable to similarly-titled measures presented by other companies. A reconciliation of these measures to the most directly comparable GAAP measure is included in the Appendix to this presentation.

- A vertically integrated provider of innovative prepaid card programs and payment processing services
- Serving Corporate, Consumer and Government customers
- A leading provider to the domestic Plasma industry
- Expanding Life Sciences into Pharmaceutical clients
- Preparing to launch a PaySign Premiere Card



Financial Snapshot

Stock Price (1/11/19)	\$3.58
52 week range	\$0.62 – \$5.33
Market Cap	\$166.3M
Shares Outstanding	46.4M
TTM Revenue	\$21.2M
Cash	\$4.3M
Debt	\$0

Note: as of September 30, 2018 except stock price, shares and market cap



Fast growing, high margin profitable business with predictable recurring revenues



Superior client retention and service quality



Leading proprietary PaySign® pre-paid technology platform



Strong Cash Flows and no Debt

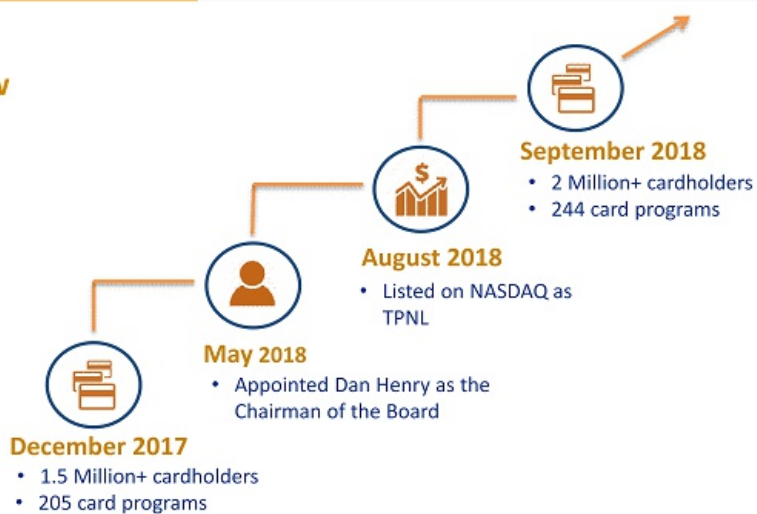


Highly accomplished and experienced management team and board

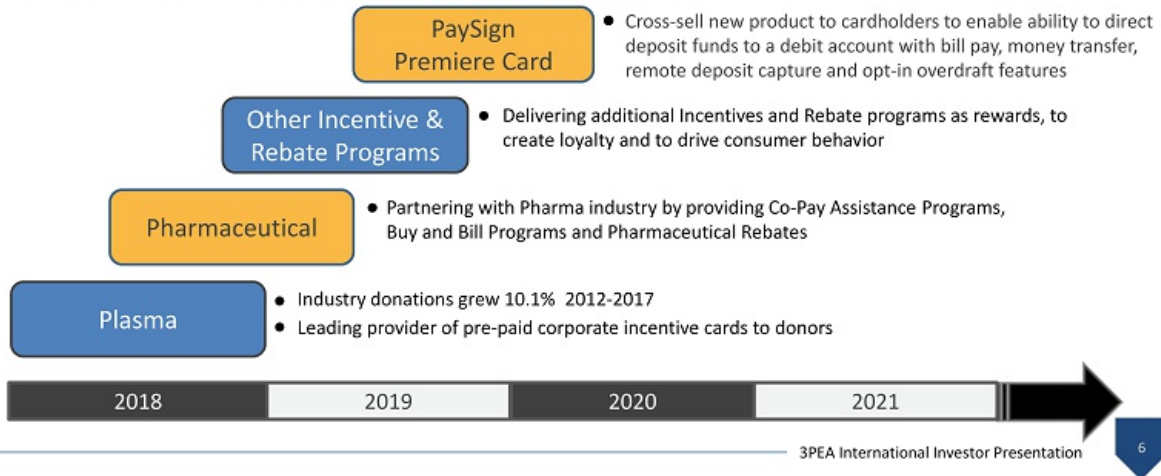


Large market opportunity in Corporate Incentives and GPR with high barriers to entry

**Q3 2018 revenue
and earnings grew
60% YOY**



Seek to leverage our technology platform and our vertically integrated capabilities to further accelerate revenue growth and our product offerings...



Programs and Client Retention

3PEA currently has 244 client card programs and 2+ Million cardholders

The company has maintained a 100% client retention for 5 years running



Technology as a differentiator

Platform has allowed 3PEA to significantly expand programs and to seamlessly enter Pharma industry



-  **Built on modern cross-platform architecture**
Allows 3PEA to significantly expand its operational capabilities through flexibility, scalability and ease of customization
-  **Real time payments with 99.999% uptime**
Significantly reduces the time and cost of card program development resulting in high client satisfaction and strong revenue building opportunities
-  **Easy-to-use and customized design**
Tailored to the unique requirements of the customer
-  **Equipped to facilitate EMV**
(EuroPay, MasterCard & Visa) smart card payment system (Chip and PIN) payments on a global basis
-  **Meets PCI-DSS 2.0 compliance standards**

Strong Pipeline Process

Experienced
pre-paid and
financials
services sales
team and 3PEA
senior
management



- Multiple lead sources
- 8 stage pipeline
- High conversion rate
- Strong process management

New Business

What sets 3PEA apart

- Technology
- Processor
- Modus operandi
- Experience

3PEA International

End-to-End Solutions: Processor and a Program Manager

Customized: Innovative and client tailored payment solutions

Superior Service: 100% in-house and bi-lingual customer service

Expedient and Nimble: Rapidly deploy programs and changes

Extended Services: Offer a suite of value added services

VS

Competitors

Processor (or) a Program Manager

Customization cost and time to implement can be cost prohibitive

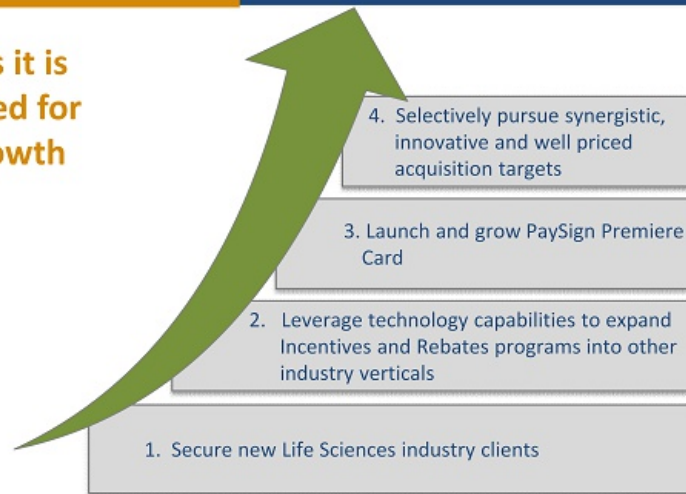
Multiple parties can lead to multiple call touches

Lacking integration; slower and more expensive to implement

Limited value added services

3PEA believes it is well positioned for continued growth

Technology Payment Processing Platform has allowed 3PEA to significantly expand client programs



Growth

New signed business and growth in Life Sciences has contributed to 50%+ Revenue growth¹; a strong Balance Sheet and positive cash flows



33 Percent
Q3 Share of Plasma centers



244
Life Sciences card programs



\$0
Balance Sheet Debt



\$21.2 Million
Q3 TTM Revenue

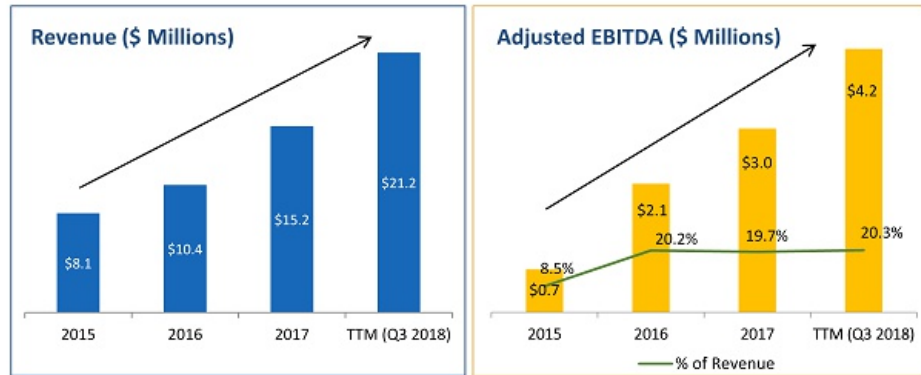


\$4.2 Million
Q3 TTM Adj EBITDA

¹ based on reported 2018 guidance

High Revenue Capture

3PEA has experienced strong year-over-year growth and has improved margins through increased efficiencies and the addition of higher margin revenue sources



Balance Sheet

- No Debt
- Book Value increased \$2.8 million or 57.8%
- ROE 2018 TTM of 32.4%

Balance Sheet Summary	Sep 30, 2018	Dec 31, 2017
Cash	\$4,299,570	\$2,748,313
Cash Restricted	20,436,369	14,416,444
Other Current Assets	1,494,366	738,312
Total Current Assets	26,230,305	17,903,069
Non Current Assets	2,897,348	2,499,510
Total Assets	29,127,653	20,402,579
Accounts Payable and Accrued Liabilities	1,052,438	1,145,083
Customer Card Funding	20,436,369	14,416,444
Total Liabilities	21,488,807	15,561,527
Total Stockholders Equity	7,638,846	4,841,052
Total Liabilities & Stockholders Equity	\$29,127,653	\$20,402,579

APPENDIX

Mark Newcomer, President, CEO, and Vice Chairman of the Board of Directors

- Co-founded the Company in 2001; and driving force behind the Company's significant growth and strategic direction
- Shaping the future of the business as a premier prepaid card services leader, delivering a strong value proposition for clients and over 2 million cardholders; oversees all financial, operational, technological and strategic decisions for the company, including: technology investments, the evaluation of strategic acquisitions, new product development and the formation and cultivation of third-party relationships
- Served on the X-9 committee which developed standards for the electronic payments industry alongside IBM, Diebold, First Data, KPMG, MasterCard, Mellon Bank, Visa, Wells Fargo, the Federal Reserve and others
- Attended Cal-Poly San Luis Obispo where he majored in Bio-Science

Daniel Spence, Chief Technology Officer and Director

- Co-founded the Company in 2001
- 30+ years of senior IT experience
- Prior experience includes Director of Technology Planning at the Associated Press, Project Manager of implementation of Medicare Easyclaim for ANZ Bank in Australia, Coca-Cola Business Operations & Business analyst for Australia Post

Mark Attinger, Chief Financial Officer

- 30+ years of experience in Financial Services and BPO industries with concentration in Finance, Operations and executive leadership
- Prior experience includes CEO and CFO of Zxerex, CEO of Affina, and Vice President at American Express and Vice President at NextCard
- Bachelor of Science in Finance, minor in Accounting; and Masters in Business Administration (MBA) from Brigham Young University

Joan Herman, Chief Operating Officer and Director

- 30+ years of industry experience
- Previously at Sunrise Banks as Senior Vice President, Payments Division where she led the new prepaid business
- Prior experience includes various management positions in operations, product development and sales and marketing at UMB Bank, Heartland Bank, and Boatmen's Bank
- Board member of the Network Branded Prepaid Card Association and serves as Treasurer

Robert Strobo, *General Counsel, Chief Legal Officer and Secretary*

- 13+ years of legal experience in non-traditional banking
- Previously at Republic Bank & Trust Company (Louisville, KY) as Deputy General Counsel and Vice President where he managed all legal affairs for Republic's non-traditional bank programs, including payments, small-dollar consumer lending, commercial lending and tax related products
- B.A. in Psychology and Philosophy from the University of Kentucky and J.D. from DePaul University College of Law in Chicago, Illinois

Eric Trudeau, *Chief Compliance Officer*

- 20 years of experience working in the card industry, focusing on prepaid and credit products
- Previously with Global Cash Card, Inc., Sunrise Banks and Meta Payment Systems (a division of Meta Bank)
- Certified member (CAMS) of the Association of Certified Anti-Money Laundering Specialists.
- Bachelor of Science Degree from South Dakota University

Egon Kardum, *Chief Information Officer*

- 30+ years experience in various technical roles providing enterprise IT services at several global companies
- Former Associate Director, Hosting Solutions Bristol-Myers Squibb
- Former Manager of Server Technology, The Associated Press

Dana Barciz, *Chief Marketing Officer*

- 25+ years experience in various marketing roles within the Fintech industry
- Former Senior Product Marketing Manager at Fiserv
- Former Vice President, Marketing, NYSE Governance Services

Dan Henry, *Chairman of the Board*

- Former CEO of NetSpend (2008-2013). Grew annual revenue from \$129M to \$351M, with over 2.4 million cardholder accounts. NetSpend acquired by Total System Services (NYSE: TSS) for \$1.4B
- Co-founder, Former President and Chief Operations Officer and Director at Euronet Worldwide (NASDAQ: EFFT). A leader in secure electronic financial transaction processing. Current market cap: \$5.4B
- Sits on Board of The Brinks Company (NYSE: BCO), CARD Corporation (Card.com), RxSavings Solutions, Balance Innovations and Align Income Share Fund
- Received a B.S. in Business Administration with majors in Finance, Economics and Real Estate from the University of Missouri, Columbia

Dennis Triplett, *Director*

- 35+ years in the banking industry including serving as the President and CEO of two banks in the Midwest
- Former CEO of Healthcare Services at UMB Bank, N.A. a leading provider of healthcare payment solutions including health savings account (HSAs), health care spending accounts and payments technology

Quinn Williams, *Director*

- 30+ years of legal experience focusing on mergers and acquisitions, public and private securities offerings, and venture capital transaction
- Serves as corporate counsel for numerous public/private companies and was formerly general counsel and board member of Swensen's Inc.
- Mr. Williams is a shareholder with Greenberg Traurig LLP and admitted to the Bar in New York and Arizona

Bruce A. Mina, *Director*

- 30+ years of experience as a Certified Public accountant
- Founder and Managing member of Mina Llano Higgins Group, LLP
- Former CFO of Coal Brick Oven Pizzeria, Inc.
- Currently CFO for Academy of Aviation in Long Island, NY

Income Statement

Reconciliation of annual and TTM (Q3 2018) Net Income to adjusted EBITDA

Income Statement Summary	TTM Q3 2018	2017	2016
Revenue	\$21,171,474	\$15,234,091	\$10,416,672
Net income (loss)	\$2,475,203	\$1,791,141	\$1,400,799
Depreciation and amortization	931,399	876,191	572,320
Interest expense	-	31,623	77,107
Provision for income taxes	3,000	6,000	-
Stock-based compensation	826,159	308,696	92,939
Adjusted EBITDA	\$4,235,761	\$3,013,651	\$2,143,165

Contact Information

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