SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Paysign, Inc.

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Corporate Issuer CIK: 1496443

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

or

o 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 000-54123

PAYSIGN, INC.

(Exact name of small business issuer as specified in its charter)

Nevada	95-4550154
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

1700 W Horizon Ridge Parkway, Suite 200,
Henderson, Nevada 89012
(Address of principal executive offices)

(702) 453-2221
(Issuer's telephone number, including area code)

3PEA INTERNATIONAL, INC.
(Former name, former address and former fiscal year, if changed since last report)

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 x No o

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). x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company under Rule 12b-2 of the Exchange Act. (Check one.)

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

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 47,231,912 shares as of April 26, 2019.

PAYSIGN, INC.

FORM 10-Q REPORT
INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PAYSIGN, INC.
Formerly known as, 3PEA INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2019 AND DECEMBER 31, 2018

	March 31, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current assets		
Cash	$ 5,211,161	$ 5,615,073
Cash restricted	45,928,136	26,050,668
Accounts receivable	667,853	337,303
Prepaid expenses and other assets	1,066,357	1,175,241
Total current assets	52,873,507	33,178,285
Fixed assets, net	1,009,359	883,490
Intangible assets, net	2,215,718	2,115,933
Total assets	$ 56,098,584	$ 36,177,708
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 579,052	$ 1,327,497
Customer card funding	45,112,478	25,960,974
Total current liabilities	45,691,530	27,288,471
Total liabilities	45,691,530	27,288,471
Stockholders' equity		
Common stock; $0.001 par value; 150,000,000 shares authorized, 46,731,912 and 46,440,765 issued and outstanding at March 31, 2019 and December 31, 2018, respectively	46,732	46,441
Additional paid-in capital	9,266,563	8,620,144
Treasury stock at cost, 303,450 shares	(150,000)	(150,000)
Retained earnings	1,451,253	579,582
Total Paysign, Inc.'s stockholders' equity	10,614,548	9,096,167
Noncontrolling interest	(207,494)	(206,930)
Total stockholders' equity	10,407,054	8,889,237
Total liabilities and stockholders' equity	$ 56,098,584	$ 36,177,708

See accompanying notes to consolidated financial statements.

PAYSIGN, INC.
Formerly known as, 3PEA INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(UNAUDITED)

	For the three months ended March 31, 2019	For the three months ended March 31, 2018
Revenues	$ 7,257,290	$ 4,676,320
Cost of revenues (excluding depreciation and amortization)	3,482,136	2,433,210
Gross profit	3,775,154	2,243,110
Operating expenses		
Depreciation and amortization	333,761	246,038
Selling, general and administrative	2,704,949	1,579,019
Total operating expenses	3,038,710	1,825,057
Income from operations	736,444	418,053
Other income (expense)		
Other (expense)	–	(28,000)
Interest income	119,173	20,600
Total other income (expense)	119,173	(7,400)
Income before income tax benefit and noncontrolling interest	855,617	410,653
Income tax benefit	(15,490)	–
Net income before noncontrolling interest	871,107	410,653
Net loss attributable to the noncontrolling interest	564	1,895
Net income attributable to Paysign, Inc.	$ 871,671	$ 412,548
Net income per common share – basic	$ 0.02	$ 0.01
Net income per common share - fully diluted	$ 0.02	$ 0.01
Weighted average common shares outstanding - basic	46,961,079	44,990,765
Weighted average common shares outstanding - fully diluted	54,508,835	50,880,765

See accompanying notes to consolidated financial statements.

PAYSIGN, INC.
Formerly known as, 3PEA INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019

	Stockholders' Equity Attributable to Paysign, Inc.						
	Common Stock		Additional Paid-in	Treasury Stock	Retained	Non-controlling	Total Stockholders'
	Shares	Amount	Capital	Amount	Earnings	Interest	Equity
Balance, December 31, 2018	46,440,765	$ 46,441	$ 8,620,144	$ (150,000)	$ 579,582	$ (206,930)	$ 8,889,237
Issuance of stock for previously vested stock based compensation	291,147	291	(291)	–	–	–	–
Stock-based compensation	–	–	646,710	–	–	–	646,710
Net income (loss)	–	–	–	–	871,671	(564)	871,107
Balance, March 31, 2019	46,731,912	$ 46,732	$ 9,266,563	$ (150,000)	$ 1,451,253	$ (207,494)	$ 10,407,054

FOR THE THREE MONTHS ENDED MARCH 31, 2018

	Stockholders' Equity Attributable to Paysign, Inc.						
	Common Stock		Additional Paid-in	Treasury Stock	Accumulated	Non-controlling	Total Stockholders'
	Shares	Amount	Capital	Amount	Deficit	Interest	Equity
Balance, December 31, 2017	43,670,765	$ 43,671	$ 7,155,970	$ (150,000)	$ (2,008,472)	$ (200,117)	$ 4,841,052
Stock-based compensation	–	–	137,401	–	–	–	137,401
Net income (loss)	–	–	–	–	412,548	(1,895)	410,653
Balance, March 31, 2018	43,670,765	$ 43,671	$ 7,293,371	$ (150,000)	$ (1,595,924)	$ (202,012)	$ 5,389,106

See accompanying notes to consolidated financial statements.

PAYSIGN, INC.
Formerly known as, 3PEA INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(UNAUDITED)

	For the three months ended March 31,	
	2019	2018
Cash flows from operating activities:		
Net income attributable to Paysign, Inc.	$ 871,671	$ 412,548
Adjustments to reconcile net income attributable to Paysign, Inc. to net cash provided by operating activities:		
Change in noncontrolling interest	(564)	(1,895)
Depreciation and amortization	333,761	246,038
Stock based compensation	646,710	137,401
Changes in operating assets and liabilities:		
Change in accounts receivable	(330,548)	823
Change in prepaid expenses and other current assets	108,884	(413,181)
Change in accounts payable and accrued liabilities	(748,447)	(607,123)
Change in customer card funding	19,151,504	1,908,112
Net cash provided by operating activities	20,032,971	1,682,723
Cash flows from investing activities:		
Purchase of fixed assets	(195,460)	(53,210)
Change in intangible assets	(363,955)	(299,323)
Net cash used in investing activities	(559,415)	(352,533)
Net change in cash and restricted cash	19,473,556	1,330,190
Cash and restricted cash, beginning of period	31,665,741	17,164,757
Cash and restricted cash, end of period	$ 51,139,297	$ 18,494,947
Interest paid	$ –	$ –
Income taxes paid	$ –	$ –

See accompanying notes to consolidated financial statements.

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT POLICIES

The foregoing unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions for Form 10-Q and Regulation S-X as promulgated by the Securities and Exchange Commission ("SEC"). Accordingly, these financial statements do not include all of the disclosures required by generally accepted accounting principles in the United States of America for complete financial statements. These unaudited interim financial statements should be read in conjunction with the audited financial statements and the notes thereto included on Form 10-K for the year ended December 31, 2018. In the opinion of management, the unaudited interim financial statements furnished herein include all adjustments, all of which are of a normal recurring nature, necessary for a fair statement of the results for the interim period presented.

The preparation of financial statements in accordance GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and the reported amounts of revenues and expenses during the reporting period. Uncertainties with respect to such estimates and assumption are inherent in the preparation of the Company's financial statements; accordingly, it is possible that the actual results could differ from these estimates and assumptions that could have a material effect on the reported amounts of the Company's financial position and results of operations.

Operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019.

About Paysign, Inc.

On March 4, 2019, our board of directors and stockholders holding a majority of our outstanding common stock agreed to amend our articles of incorporation to change our name from 3PEA International, Inc. to Paysign, Inc. As a result, we amended our articles of incorporation on April 23, 2019 for such name change. Additionally, we changed our trading symbol on the NASDAQ Capital Market to "PAYS". Paysign, Inc. (also referred as the "Company" and "Paysign") is a vertically integrated provider of innovative prepaid card products and processing services for corporate, consumer and government applications. Our payment solutions are utilized by our corporate customers as a means to increase customer loyalty, increase patient adherence rate, reduce administration costs and streamline operations. Public sector organizations can utilize our payment solutions to disburse public benefits or for internal payments. The Company markets prepaid card solutions under our Paysign® brand. As we are a payment processor and prepaid card program manager, we derive revenue from all stages of the prepaid card lifecycle. We provide a card processing platform consisting of proprietary systems and innovative software applications based on the unique needs of our programs. We have extended our processing business capabilities through its proprietary Paysign platform. We design and process prepaid programs that run on the platform through which customers can define the services they wish to offer cardholders. Through the Paysign platform, we provide a variety of services including transaction processing, cardholder enrollment, value loading, cardholder account management, reporting, and customer service.

The Paysign brand offers prepaid card based solutions or "card products" for corporate incentive rewards and corporate expense, per diem and travel payments, healthcare reimbursement payments, pharmaceutical co-pay assistance, donor compensation and clinical trials. We plan plans to expand our product offering to include payroll cards, general purpose re-loadable cards, and others. Our cards are offered to end users through our relationships with bank issuers.

Our proprietary Paysign® platform was built on modern cross-platform architecture and designed to be highly flexible, scalable and customizable. The platform allows us to significantly expand our operational capabilities by facilitating entry into new markets within the payments space through its flexibility and ease of customization. The Paysign platform delivers cost benefits and revenue building opportunities to our partners.

We manage all aspects of the debit card lifecycle, from managing the card design and approval processes with partners and networks, to production, packaging, distribution, and personalization. We oversee inventory and security controls, renewals, lost and stolen card management and replacement. We deploy a fully staffed, in-house customer service department which utilizes bilingual customer service agents, Interactive Voice Response (IVR), and two way short message service (SMS) messaging and text alerts.

Principles of consolidation – The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated.

Use of estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash restricted – At March 31, 2019 and December 31, 2018, restricted cash consisted of funds held specifically for our card product programs that are contractually restricted to use. Changes in cash restricted balances which represent customer deposits are included in operating activities in our consolidated statements of cash flows.

Intangible assets –*Internally Developed Software Costs* - Computer software development costs are expensed as incurred, except for internal use software or website development costs that qualify for capitalization as described below, and include compensation and related expenses, costs of hardware and software, and costs incurred in developing features and functionality.

For computer software developed or obtained for internal use, costs that are incurred in the preliminary project and post implementation stages of software development are expensed as incurred. Costs incurred during the application and development stage are capitalized. Capitalized costs are amortized using the straight-line method over a three-year estimated useful life, beginning in the period in which the software is available for use.

For intangible assets, we recognize an impairment loss if the carrying amount of the intangible asset is not recoverable and exceeds fair value. The carrying amount of the intangible asset is considered not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset.

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives.

Earnings per share– Basic earnings per share exclude any dilutive effects of options, warrants and convertible securities. Basic earnings per common share is computed using the weighted-average number of outstanding common stocks during the applicable period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to be issued common stock were exercised or converted into common stock or resulted in the issuance of common stock that are then shared in the earnings of the Company. Common stock equivalent shares are excluded from the computation if their effect is antidilutive.

Revenue and expense recognition (Adoption of ASC 606, *Revenue from Contracts with Customers)* – In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (ASC Topic 606),* guidance on recognizing revenue from contracts with customers. The guidance outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the model is that an entity recognizes revenue to portray the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also expands disclosure requirements regarding revenue recognition. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017 and may be applied retrospectively to each prior period presented or using a modified retrospective approach with the cumulative effect recognized as of the date of initial application. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2016. We adopted this guidance as of January 1, 2018 using the modified retrospective transition method. The adoption of the guidance did not have a material impact on our financial condition and results of operations. The standard also requires new, expanded disclosures regarding revenue recognition. Several ASU's have been issued since the issuance of ASU 2014-09. These ASU's, which modify certain sections of ASU 2014-09 are intended to promote a more consistent interpretation ad application of the principles outlined in the standard.

The Company recognizes revenue when goods or services are transferred to customers in an amount that reflects the consideration which it expects to receive in exchange for those goods or services. In determining when and how revenue is recognized from contracts with customers, the Company performs the following five-step analysis: (i) identification of contract with customers; (ii) determination of performance obligations; (iii) measurement of the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligations.

The Company generates revenue through fees generated from cardholder transactions, interchange and card program management fees. Revenue from cardholder transactions, interchange and card program management fees is recorded when the performance obligation is fulfilled. The Company records all revenue on a gross basis since it is the primary obligor and establishes the price in the contract arrangement with its customers. The Company is currently under no obligation for refunding any fees or has any obligations for disputed claim settlements. Given the nature of the Company's services and contracts, it has no contract assets.

Stock-Based Compensation – Stock based compensation for non-employees is accounted for using the Equity-Based Payments to Non-Employee Topic of the FASB ASC*,* which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. We determine the value of stock issued at the date of grant. We also determine at the date of grant the value of stock at fair market value or the value of services rendered (based on contract or otherwise) whichever is more readily determinable.

Stock based compensation for employees is accounted for using the Stock Based Compensation Topic of the FASB ASC. We use the fair value method for equity instruments granted to employees and will use the Black Scholes model for measuring the fair value of options, if issued. The stock based fair value compensation is determined as of the date of the grant or the date at which the performance of the services is completed (measurement date) and is recognized over the vesting periods.

New accounting pronouncements - In February 2016, the FASB issued ASU 2016-02, *Leases.* This update requires lessees to recognize at the lease commencement date a lease liability which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Lessees will no longer be provided with a source of off-balance sheet financing. This update is effective for financial statements issued for annual periods beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Applying a full retrospective approach is not allowed. There was no material impact of this adoption on the Company's consolidated financial position, results of operations and cash flows.

We adopted the guidance in ASU 2018-07, *Compensation - Stock Compensation (Topic 718) - Improvements to Nonemployee Share-Based Payment Accounting,* on January 1, 2019. This ASU expands the scope to make the guidance for share-based payment awards to nonemployees consistent with the guidance for share-based payment awards to employees. The adoption of ASU 2018-07 did not have a material impact on the consolidated financial statements.

2. FIXED ASSETS

Fixed assets consist of the following:

	March 31, 2019	December 31, 2018
Equipment	$ 1,721,713	$ 1,586,954
Software	199,947	165,274
Furniture and fixtures	147,229	140,209
Website Costs	44,475	25,467
Leasehold improvements	52,894	52,894
	2,166,258	1,970,798
Less: accumulated depreciation	1,156,899	1,087,308
Fixed assets, net	$ 1,009,359	$ 883,490

3. INTANGIBLE ASSETS

Intangible assets consist of the following:

	March 31, 2019	December 31, 2018
Patents and trademarks	$ 36,073	$ 36,073
Platform	4,421,723	4,105,780
Kiosk	64,802	64,802
Licenses	481,697	433,685
	5,004,295	4,640,340
Less: accumulated amortization	2,788,577	2,524,407
Intangible assets, net	$ 2,215,718	$ 2,115,933

Intangible assets are amortized over their useful lives ranging from periods of 3 to 5 years.

4. COMMON STOCK

At March 31, 2019, the Company's authorized capital stock was 150,000,000 shares of common stock, par value $0.001 per share, and 25,000,000 shares of preferred stock, par value $0.001 per share. As of that date, the Company had outstanding 46,731,912 shares of common stock, and no shares of preferred stock.

2019 Transactions: During the three months ended March 31, 2019, the Company issued shares of common stock as follows:

In February 2019, the Company issued a total of 291,147 shares of common stock to three individuals for restricted stock awards previously granted, earned and vested.

2018 Transactions: During the three months ended March 31, 2018, the Company did not issue any shares of common stock.

Stock and Warrant Grants:
In October 2018, we granted to several employees of Paysign a total of 1,050,000 shares of common stock. These shares were valued at $3,405,000 or average price per share of $3.24. The 1,050,000 shares have an annual vesting period of five years with the first vesting period occurring on October 2019. The amount expensed related to this grant for the three months ended March 31, 2019 totaled $170,360. As of March 31, 2019, none of the shares have vested and/or been issued.

On August 7, 2018, we granted an employee of Paysign options to purchase 500,000 shares of common stock exercisable for five years at $3.39 per share, which vest annually over a five-year period from the date of hire. The options were valued at $1,315,011 using the Black-Scholes options pricing model under the following assumptions: stock price at issuance of $3.39 per share; exercise price of $3.39; 5 year life; discount rate of 2.95%; and volatility rate of 263%. The amount expensed of this grant for the three months ended March 31, 2019 totaled $65,750. As of March 31, 2019 none of the options have vested or been exercised.

On July 18, 2018, we granted stock options for various employees of Paysign to purchase 750,000 shares of common stock exercisable for five years with an exercise price of $2.40 per share, which vest annually over a five-year period, as long as they remain employed with Paysign, beginning July 18, 2018. The options were valued at $1,397,777 using the Black-Scholes options pricing model under the following assumptions: stock price at issuance of $2.40 per share; exercise price of $2.40; 5 year life; discount rate of 2.88%; and volatility rate of 235%. The amount expensed related to this grant for the three months ended March 31, 2019 totaled $65,920. As of March 31, 2019, none of the options have vested or been exercised and total of 48,642 options have been forfeited due to employee terminations.

In July 2018, we granted 130,000 shares to a consultant. The shares were valued at $338,000 or $2.60 per share. The 130,000 shares will be expensed over the contract period of one year. The value earned and expensed for the three months ended March 31, 2019 was $84,500. As of March 31, 2019, the full 130,000 shares have been issued and the unearned portion totaling $108,910 has been recorded as contra equity and included in additional paid-in capital.

On May 3, 2018, we appointed Dan R. Henry to our board of directors as an independent director. In connection with his appointment, we issued Mr. Henry options to purchase 1,500,000 shares common stock exercisable over five years with an exercise price of $1.34 per share, which vest over a four-year period from the date of his appointment. The options were valued at $1,574,691 using the Black-Scholes options pricing model under the following assumptions: stock price at issuance of $1.34 per share; exercise price of $1.34; 5 year life; discount rate of 2.94%; and volatility rate of 238%. The amount expensed related to this grant for the three months ended March 31, 2019 totaled $98,345. As of March 31, 2019, none of the options have vested or been exercised.

On May 3, 2018, we appointed Dennis Triplett to our board of directors as an independent director. In connection with his appointment, we granted Mr. Triplett 200,000 shares of restricted common stock which vest over a four-year period from the date of his appointment. The shares have a fair market value of $268,000 or $1.34 per share. The amount vested and expensed of this grant for the three months ended March 31, 2019 totaled $16,745. As of March 31, 2019 none of the shares have vested or been issued.

On April 13, 2018, we appointed Quinn Williams to our board of directors as an independent director. In connection with his appointment, we granted Mr. Williams 200,000 shares of restricted common stock which vest over a four-year period from the date of his appointment. The shares have a fair market value of $320,000 or $1.60 per share. The amount vested and expensed of this grant for the three months ended March 31, 2019 totaled $20,000. As of March 31, 2019, none of the shares have vested or been issued.

On March 29, 2018, we appointed Bruce A. Mina to our board of directors as an independent director. In connection with his appointment, we granted Mr. Mina 200,000 shares of restricted common stock which vest over a four-year period from the date of his appointment. The shares have a fair market value of $234,000 or $1.17 per share. The amount vested and expensed of this grant for the three months ended March 31, 2019 totaled $14,625. As of March 31, 2019, 50,000 shares have vested but none have been issued.

In January 2018, we granted 300,000 shares of restricted common stock to a consultant of Paysign with a fair market value of $213,000, or $0.71 per share. The 300,000 shares have an annual vesting period of three years with the first vesting period occurring on December 31, 2018. The amount vested and expensed of this grant for the three months ended March 31, 2019 and 2018 totaled $17,750 and $17,494. As of March 31, 2019, 100,000 shares have vested and been issued.

In December 2017, the Company granted 990,000 shares of restricted common stock to certain employees of Paysign with a fair market value of $698,000 with a range of $0.67 to $0.74 per share. The 990,000 shares have an annual vesting period of five years with the first vesting period. The amount vested and expensed of this grant for the three months ended March 31, 2019 and 2018 totaled $33,400 and $33,400, respectively. As of March 31, 2019, 190,000 shares have vested and been issued.

In September 2017, we granted 200,000 shares of restricted common stock to an officer of Paysign with a fair market value of $84,400 or $0.42 per share. These shares have been issued. Concurrently, the Company also granted the employee four equal tranches of 200,000 restricted common shares, each valued at $84,400 which will vest in equal amounts over a four year period with the first vesting period occurring on July 2018. The amount vested and expensed of this grant for the three months ended March 31, 2019 and 2018 totaled $21,100 and $21,100, respectively. As of March 31, 2019, 200,000 shares have vested and been issued.

In November 2016, we granted a total of 5,000,000 shares to certain officers and directors of Paysign with a total value of $787,950 or $0.15759 per share (including a 15% discount of fair market value due to these shares being restricted and lacking market liquidity). The 5,000,000 shares have a quarterly vesting period of five years with the first vesting period occurring on December 31, 2016. The value vested and expensed for the three months ended March 31, 2019 and 2018 was $35,457 and $39,398 respectively. As of March 31, 2019, 2,225,000 shares have vested of which 2,000,000 shares have been issued. As of March 31, 2019, our obligation to issue 300,000 of the unissued shares has lapsed as a result of a grantee's retirement.

In November 2016, we granted 210,000 shares to a consultant. The shares were valued at $33,094 or $0.15759 per share (including a 15% discount of fair market value due to these shares being restricted and lacking market liquidity). The 210,000 shares have a quarterly vesting period of three years with the first vesting period occurring on December 31, 2016. The value vested for the three months ended March 31, 2019 and 2018 was $2,758 and $2,758, respectively. As of March 31, 2019, 140,000 shares have been issued.

5. BASIC AND FULLY DILUTED NET INCOME PER COMMON SHARE

The following table sets forth the computation of basic and fully diluted net income per common share for the three months ended March 31, 2019 and 2018:

	2019	2018
Numerator:		
Net income attributable to Paysign, Inc.	$ 871,671	$ 412,548
Denominator:		
Weighted average common shares:		
Denominator for basic calculation	46,961,079	43,670,765
Weighted average effects of potentially diluted common stock:		
Stock options (calculated under treasury method)	2,027,756	–
Unvested restricted stock grants	5,520,000	1,984,111
Denominator for fully diluted calculation	54,508,835	45,654,876
Net income per common share:		
Basic	$ 0.02	$ 0.01
Fully diluted	$ 0.02	$ 0.01

6. SUBSEQUENT EVENTS

As discussed in Note 1, we amended our articles of incorporation on April 23, 2019 for such name change. Additionally, we changed our trading symbol on the NASDAQ Capital Market to “PAYS”.

In April 2019, the Company issued 500,000 shares of common stock to several employees for shares previously earned and vested.

The Company has completed an evaluation of all subsequent events through the issuance date of these financial statements and concluded that no other subsequent events occurred that required recognition to the financial statements or disclosures in the Notes to Consolidated Financial Statements or Cash Flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Disclosure Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q includes forward looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Forward Looking Statements"). All statements other than statements of historical fact included in this report are Forward Looking Statements. In the normal course of our business, we, in an effort to help keep our shareholders and the public informed about our operations, may from time-to-time issue certain statements, either in writing or orally, that contains or may contain Forward-Looking Statements. Although we believe that the expectations reflected in such Forward-Looking Statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies, past and possible future, of acquisitions and projected or anticipated benefits from acquisitions made by or to be made by us, or projections involving anticipated revenues, earnings, levels of capital expenditures or other aspects of operating results. All phases of our operations are subject to a number of uncertainties, risks and other influences, many of which are outside of our control and any one of which, or a combination of which, could materially affect the results of our proposed operations and whether Forward Looking Statements made by us ultimately prove to be accurate. Such important factors ("Important Factors") and other factors could cause actual results to differ materially from our expectations are disclosed in this report, including those factors discussed in "Item 1A. Risk Factors." All prior and subsequent written and oral Forward Looking Statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the Important Factors described below that could cause actual results to differ materially from our expectations as set forth in any Forward Looking Statement made by or on behalf of us.

Overview

On March 4, 2019, our board of directors and stockholders holding a majority of our outstanding common stock agreed to amend our articles of incorporation to change our name from 3PEA International, Inc. to Paysign, Inc. As a result, we amended our articles of incorporation on April 23, 2019 for such name change. Additionally, we changed our trading symbol on the NASDAQ Capital Market to "PAYS".

We are a vertically integrated provider of innovative prepaid card products and processing services for corporate, consumer and government applications. Our payment solutions are utilized by our corporate customers as a means to increase customer loyalty, increase patient adherence rates, reduce administration costs and streamline operations. Public sector organizations can utilize our payment solutions to disburse public benefits or for internal payments. We market our prepaid card solutions under our Paysign brand. As we are a payment processor and prepaid card program manager, we derive our revenue from all stages of the prepaid card lifecycle. We provide a card processing platform consisting of proprietary systems and innovative software applications based on the unique needs of our clients. We have extended our processing business capabilities through our proprietary Paysign platform. Through the Paysign platform, we provide a variety of services including transaction processing, cardholder enrollment, value loading, cardholder account management, reporting, and customer service.

The Paysign platform was built on modern cross-platform architecture and designed to be highly flexible, scalable and customizable. The platform has allowed us to significantly expand its operational capabilities by facilitating our entry into new markets within the payments space through its flexibility and ease of customization. The Paysign platform delivers cost benefits and revenue building opportunities to our partners.

We have developed prepaid card programs for corporate incentive and rewards including, but not limited to, consumer rebates and rewards, donor compensation, healthcare reimbursement payments and pharmaceutical payment assistance. We are expanding our product offerings to include additional corporate incentive products, payroll cards, demand deposit accounts accessible with a debit card, travel cards, and expense reimbursement cards. Our cards are sponsored by our issuing bank partners.

Our revenues include fees from program set-up; customization and development; data processing and report generation; card production and fulfillment; transaction fees and interchange derived from card usage; inactivity fees; card replacement fees program management fees and program administration fees. We provide an in-house customer service center which includes live bi-lingual phone operators staffed 24/7/365, for incoming calls. We also provide in house Interactive Voice Response and two-way SMS messaging platforms.

We divide prepaid cards into two general categories: corporate and consumer reloadable, and non-reloadable cards.

Reloadable Cards: These types of cards are generally incentive, payroll or considered general purpose reloadable ("GPR") cards. Payroll cards are issued to an employee by an employer to receive the direct deposit of their payroll. GPR cards can also be issued to a consumer at a retail location or mailed to a consumer after completing an on-line application. GPR cards can be reloaded multiple times with a consumer's payroll, government benefit, a federal or state tax refund or through cash reload networks located at retail locations. Reloadable cards are generally open loop cards as described below.

Non-Reloadable Cards: These are generally one-time use cards that are only active until the funds initially loaded to the card are spent. These types of cards are gift or incentive cards. These cards may be open loop or closed loop. Normally these types of cards are used for purchase of goods or services at retail locations and cannot be used to receive cash.

These prepaid cards may be open loop, closed loop or semi-closed loop. Open loop cards can be used to receive cash at ATM locations or purchase goods or services by PIN or signature at retail locations. These cards can be used virtually anywhere that the network brand (Visa, MasterCard, Discover, etc.) is accepted. Closed loop cards can only be used at a specific merchant. Semi-closed loop cards can be used at several merchants such as a shopping mall.

The prepaid card market is one of the fastest growing segments of the payments industry in the U.S. This market has experienced significant growth in recent years due to consumers and merchants embracing improved technology, greater convenience, more product choices and greater flexibility. Prepaid cards have also proven to be an attractive alternative to traditional bank accounts for certain segments of the population, particularly those without, or who could not qualify for, a checking or savings account.

We have developed prepaid card products for healthcare reimbursement payments, pharmaceutical assistance, donor compensation, corporate and incentive rewards and expense reimbursement cards. We plan to expand our product offering to include payroll cards, general purpose re-loadable cards and travel cards. Our cards are offered to end users through our relationships with bank issuers.

Our products and services are aimed at capitalizing on the growing demand for stored value and reloadable ATM/prepaid card financial products in a variety of market niches. Our proprietary platform is scalable and customizable, delivering cost benefits and revenue building opportunities to partners. We manage all aspects of the debit card lifecycle, from managing the card design and approval processes with banking partners and card networks, to production, packaging, distribution, and personalization. We also oversee inventory and security controls, renewals, lost and stolen card management and replacement.

Currently, we are focusing our marketing efforts on corporate incentive and expense prepaid card products, in various market verticals including but not limited to general corporate expense, healthcare related markets including co-pay assistance, clinical trials and donor compensation, loyalty rewards and incentive cards.

As part of our continuing platform expansion process, we evaluate current and emerging technologies for applicability to our existing and future software platform. To this end, we engage with various hardware and software vendors in evaluation of various infrastructure components. Where appropriate, we use third-party technology components in the development of our software applications and service offerings. Third-party software may be used for highly specialized business functions, which we may not be able to develop internally within time and budget constraints. Our principal target markets for processing services include prepaid card issuers, retail and private-label issuers, small third-party processors, and small and mid-size financial institutions in the United States and in emerging international markets.

We have devoted more extensive resources to sales and marketing activities as we have added essential personnel to our marketing and sales team. We sell our products directly to customers in the U.S. but may work with a small number of resellers and third parties in international markets to identify, sell and support targeted opportunities. We have also identified opportunities in the European Union and are pursuing those opportunities.

During 2019, we will continue to invest additional funds in technology improvements, sales and marketing, customer service, and regulatory compliance. We are considering raising capital to enable us to diversify into new market verticals. If we do not raise new capital, we believe that we will still be able to expand into new markets using internally generated funds, but our expansion will not be as rapid.

Key Performance Indicators and Non-GAAP Measures

Management reviews a number of metrics to help us monitor the performance of and identify trends affecting our business. We believe the following measures are the primary indicators of our quarterly and annual revenues:

Gross Dollar Volume Loaded on Cards – Represents the total dollar volume of funds loaded to all of our prepaid card programs. Our gross dollar volume was $191 million and $127 million for the three months ended March 31, 2019 and 2018, respectively. We use this metric to analyze the total amount of money moving into our prepaid card programs.

Conversion Rate on Gross Dollar Volume Loaded on Cards – Comprised of revenue, gross profit and net profit conversion rates of gross dollar volume loaded on cards. Our revenue conversion rate for the three months ended March 31, 2019 and 2018 were 3.79% or 379 basis points ("bps"), and 368% or 368 bps, respectively, of gross dollar volume loaded on cards. Our gross profit conversion rate for the three months ended March 31, 2019 and 2018 were 1.97% or 197 bps, and 1.77% or 177 bps, respectively, of gross dollar volume loaded on cards. Our net profit conversion rate for the three months ended March 31, 2019 and 2018 were 0.46% or 46 bps, and 0.32% or 32 bps, respectively, of gross dollar volume loaded on cards.

In addition, management reviews key performance indicators, such as revenue, gross profits, operational expense as a percent of revenues, and cardholder participation. In addition, we consider certain non-GAAP (or "adjusted") measures to be useful to management and investors evaluating our operating performance for the periods presented, and provide a tool for evaluating our ongoing operations, liquidity and management of assets. This information can assist investors in assessing our financial performance and measures our ability to generate capital for deployment and investment in new card programs. These adjusted metrics are consistent with how management views our business and are used to make financial, operating and planning decisions. These metrics, however, are not measures of financial performance under GAAP and should not be considered a substitute for revenue, operating income, net income, earnings per share (basic and diluted) or net cash from operating activities as determined in accordance with GAAP. We consider the following non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, to be key performance indicators:

"EBITDA" defined as earnings before interest, taxes, depreciation and amortization expense and "Adjusted EBITDA" reflects the adjustment to EBITDA to exclude stock-based compensation.

	Three Months Ended March 31,	
	2019	**2018**
Reconciliation of adjusted EBITDA to net income:		
Net income attributable to Paysign, Inc.	$ 871,671	$ 412,548
Income tax benefit	(15,490)	–
Interest income	(119,173)	(20,600)
Depreciation and amortization	333,761	246,038
EBITDA	1,070,769	637,986
Stock-based compensation	646,710	137,401
Adjusted EBITDA	$ 1,717,479	$ 775,387

Results of Operations

Three Months ended March 31, 2019 and 2018

Revenues for the three months ended March 31, 2019 were $7,257,290, an increase of $2,580,970 compared to the same period in the prior year, when revenues were $4,676,320. The increase in revenue approximating 55% was primarily due to an increase in the number of new corporate incentive prepaid card products and growth within our existing corporate incentive prepaid card products. We believe we will continue to experience equal or better revenue growth rate for the rest of 2019 as a result of growth in our existing and the expected addition of new card products in various market verticals.

Cost of revenues (excluding depreciation and amortization) for the three months ended March 31, 2019 were $3,482,136, an increase of $1,048,926 compared to the same period in the prior year, when cost of revenues were $2,433,210. Cost of revenues constituted approximately 48% and 52% of total revenues in 2019 and 2018, respectively. Cost of revenues is comprised of transaction processing fees, data connectivity and data center expenses, network fees, bank fees, card production costs, customer service and program management expenses, application integration setup, and sales and commission expense. Our cost of revenues (excluding depreciation and amortization) as a percentage of revenues decreased due to improved network interchange margins and a favorable client mix. We believe our cost of revenues as a percentage of revenue will continue to decrease during 2019 as our revenues increase.

Gross profit for the three months ended March 31, 2019 was $3,775,154, an increase of $1,532,044 compared to the same period in the prior year, when gross profit was $2,243,110. Our overall gross margins were 52% and 48% during the fiscal years 2019 and 2018 which was consistent with our overall expectation and an improvement of 405 bps resulting from favorable client industry mix. We believe gross margin will further improve during 2019 as we continue to expand our Pharmaceutical business.

Depreciation and amortization for the three months ended March 31, 2019 were $333,761, an increase of $87,723 compared to the same period in the prior year, when depreciation and amortization were $246,038. The increase in depreciation and amortization was primarily due to continued capitalized enhancements to our platform which we expect to continue.

Selling, general and administrative expenses ("SG&A") for the three months ended March 31, 2019 were, $2,704,949 an increase of $1,125,930 compared to the same period in the prior year, when selling, general and administrative expenses were $1,579,019. The increase in SG&A was primarily due to the continued ramp up of our investment in infrastructure, increased staffing, and increased stock based compensation as inducement grants. The increase in SG&A compared to the quarter ending 2018 was $77,749, resulting in a slower rate of increase.

In the three months ended March 31, 2019, we recorded operating income of $736,444 as compared to operating income of $418,053 in the three months ended March 31, 2018, an increase of $318,391 or 76%.

Our income tax benefit for the three months March 31, 2019 was $(15,490), as compared to $-0- for the three months ended March 31, 2018, a decrease of $15,490.

Other income (expense) including interest for the three months ended March 31, 2019 was $119,173, as compared to other income (expense) of $(7,400) in three months ended March 31, 2018, which represents an increase in net other income (expense) of $126,573. We anticipate our other income to continue to increase during 2019 as result of interest earned from our increasing cash balances.

Our net income attributable to Paysign, Inc. for the three months ended March 31, 2019 was $871,671 as compared to net income of $412,548 in the three months ended March 31, 2018, which represents an increase in net income of $459,123 or 111%. The overall change in net income is attributable to the aforementioned factors.

Liquidity and Sources of Capital

The following table sets forth the major sources and uses of cash for the three months ended March 31, 2019 and 2018:

	Three months ended March 31,	
	2019	2018
Net cash provided by operating activities	$ 20,032,971	$ 1,682,723
Net cash used in investing activities	(559,415)	(352,533)
Net increase in cash and restricted cash	$ 19,473,556	$ 1,330,190

Comparison of three months ended March 31, 2019 and 2018

During the three months ended March 31, 2019 and 2018, we financed our operations primarily through internally generated funds.

Operating activities provided $20,032,971 of cash in the three months ended March 31, 2019, as compared to $1,682,723 of cash provided by the same period in the prior year. Excluding the change in restricted cash, net cash provided by operating activities was $881,467 in the three months ended March 31, 2019, as compared to $(225,389) in the three months ended March 31, 2018, an improvement of $1,106,855. In 2019, $19,151,504 of cash was provided by change in customer card funding. Major non-cash items that affected our cash flow from operations in the three months ended March 31, 2019 were non-cash charges of $333,761 for depreciation and amortization, and stock-based compensation of $646,710. Our operating assets and liabilities, excluding customer card funding, used $970,111 of cash in the three months ended March 31, 2019, most of which resulted from a decrease in accounts payable and accrued expenses of $(748,447), and an increase in accounts receivable of $(330,548). Major non-cash items that affected our cash flow from operations in the three months ended March 31, 2018 were non-cash charges of $246,038 for depreciation and amortization, and stock-based compensation of $137,401. Our operating assets and liabilities in the three months ended March 31, 2018, excluding customer card funding, used $1,019,481 of cash, most of which resulted from a decrease in accounts payable of $(607,123) and an increase in prepaid expenses, accounts receivable and other assets of $(413,181).

Investing activities used $(559,415) of cash in 2019, as compared to $(352,533) of cash used in 2018, most of which related to the enhancement of the processing platform used in our business.

Sources of Financing

We believe that our available cash on hand, excluding restricted cash, at March 31, 2019 of $5,211,161, combined with revenues and operating earnings anticipated for the remainder of 2019 will be sufficient to sustain our operations for the next twelve months.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

Critical Accounting Estimates

Our significant accounting policies are described in Note 1 of Notes to Financial Statements. At this time, we are not required to make any material estimates and assumptions that affect the reported amounts and related disclosures of assets, liabilities, revenue, and expenses.

Any estimates we make will be based on our experience and our interpretation of economic, political, regulatory, and other factors that affect our business prospects. Actual results may differ significantly from our estimates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Because the Company is a smaller reporting company, it is not required to provide the information called for by this Item.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our chief executive officer and chief financial officer are responsible for establishing and maintaining our disclosure controls and procedures. Disclosure controls and procedures means controls and other procedures that are designed to ensure that information we are required to disclose in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in those reports is accumulated and communicated to the our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Our chief executive officer and chief financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of March 31, 2019. Based on that evaluation, our chief executive officer and chief financial officer have concluded that, as of the evaluation date, such controls and procedures were effective.

Changes in internal controls

There were no changes in our internal controls over financial reporting that occurred during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are not presently a party to any material litigation, nor to the knowledge of management is any litigation threatened against us, which may materially affect us.

ITEM 1A. RISK FACTORS.

Not applicable.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

During the quarter ending March 31, 2019, we issued a total of 291,147 shares of common stock to three individuals for shares previously earned and vested.

The shares were issued pursuant to an exemption from registration provided by Section 4(2) of the Securities Act of 1933.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

3.1	Amended and Restated Articles of Incorporation of Paysign, Inc.
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
101.DEF	XBRL Definition Linkbase Document

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.

PAYSIGN, INC.

Date: May 8, 2019	*/s/ Mark Newcomer*
	By: Mark Newcomer, Chief Executive Officer (principal executive officer)
Date: May 8, 2019	*/s/ Mark Attinger*
	By: Mark Attinger, Chief Financial Officer (principal financial and accounting officer)

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
PAYSIGN, INC.

We the undersigned President and Secretary of Paysign, Inc., do hereby certify that the Articles of Incorporation of said corporation are amended and restated to read in full as follows:

ARTICLE I
NAME

The name of the Corporation shall be: PAYSIGN, INC.

ARTICLE II
PERIOD OF DURATION

The Corporation shall continue in existence perpetually unless sooner dissolved according to law.

ARTICLE III
PURPOSES AND POWERS

The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Nevada.

ARTICLE IV
AUTHORIZED SHARES

This Corporation is authorized to issue two classes of shares to be designated, respectively, Common Stock and Preferred Stock. The total number of shares of Common Stock this Corporation shall have authority to issue is One Hundred and Fifty Million (150,000,000), par value $0.001 per share, and the total number of shares of Preferred Stock this Corporation shall have authority to issue is Twenty Five Million (25,000,000), par value $0.001 per share. The Preferred Stock may be issued from time to time, in one or more series, each series to be appropriately designated by a distinguishing letter or title, prior to the issue of any shares thereof.

The Board of Directors of the Corporation is hereby authorized to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption, the redemption price or prices, the liquidation preferences, any other designations, preferences and relative, participating, optional or other special rights, and any qualifications, limitations or restrictions thereof, of any wholly unissued series of Preferred Stock, and the number of shares constituting any such unissued series and the designation thereof, or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series. The Board of Directors shall pass resolutions designating voting powers, designations, preferences, limitations, restrictions, relative rights and distinguishing designation of each class or series of stock before the issuance of shares of that class or series.

The Corporation elects not to be governed by the terms and provisions of Sections 78.378 through 78.3793, inclusive, and Sections 78.411 through 78.444, inclusive, of the Nevada Revised Statutes, as the same may be amended, superseded, or replaced by any successor section, statute, or provision. No amendment to these Amended and Restated Articles of Incorporation, directly or indirectly, by merger or consolidation or otherwise, having the effect of amending or repealing any of the provision of this paragraph shall apply to or have any effect on any transaction involving acquisition of control by any person or any transaction with an interested stockholder occurring prior to such amendment or repeal.

ARTICLE V
LIMITATION OF LIABILITY

A. Elimination of Liability. A director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for damages for breach of fiduciary duty as a director or officer, excepting only (1) acts or omissions which involve intentional misconduct, fraud, or a knowing violation of but liability shall otherwise be eliminated or limited to the fullest extent permitted by the Nevada Revised Statutes as it may allow from time to time. If the Nevada Revised Statutes are amended to further eliminate or limit or authorize corporate action to further eliminate or limit the liability of directors or officers, the liability of directors and officers of the corporation shall be eliminated or limited to the fullest extent permitted by the Nevada Revised Statutes, as so amended from time to time.

B. Mandatory Indemnification. The Corporation shall indemnify the officers and directors of the corporation to the fullest extent permitted by Nevada law as the same exist or may hereafter be amended.

C. Mandatory Payment of Expenses. The expenses of the officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation or through insurance purchased and maintained by the corporation or through other financial arrangements made by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the corporation.

D. Effect of Amendment or Repeal. Except as provided in Article V, Section B. this corporation reserves the right to amend or repeal any provision contained in these Articles of Incorporation or its bylaws. However, any amendment to or repeal of any of the provisions in this Article V shall not adversely affect any right or protection of a director or officer if the Corporation for or with respect to any act or omission of such director or officer occurring to such amendment or repeal.

ARTICLE VI
AMENDMENTS

The Corporation reserves the right to amend, alter, change, or repeal all or any portion of the provisions contained in these Amended and Restated Articles of Incorporation from time to time in accordance with the laws of the State of Nevada, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE VII
AMENDMENT OF BYLAWS

The powers to alter, amend or repeal the Bylaws of the Corporation or to adopt new bylaws shall be vested in the board of directors. The bylaws may contain any provisions for the regulation or management of the affairs of the Corporation not inconsistent with the laws of the State of Nevada now or hereafter existing. In furtherance and not in limitation of the powers conferred by the laws of the State of Nevada, the Board of Directors is expressly authorized to make, alter, amend or repeal the Bylaws of the Corporation.

ARTICLE VIII
DIRECTORS

The governing law of the Corporation shall be known as the board of directors. The number of directors comprising the board of directors shall be fixed and may be increased or decreased from time to time in the manner provided in the bylaws of the Corporation. Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may be effected by consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation, special meetings of stockholders of the Corporation for any purpose or purposes may be called only by the Board of Directors, by the Chairman of the Board of Directors or by the President of the Corporation and any power of stockholders to call a special meeting is specifically denied. No business other than that stated in the notice shall be transacted at any special meeting.

The foregoing Amended and Restated Articles of Incorporation have been duly approved by the Board of Directors.

The foregoing Amended and Restated Articles of Incorporation have been duly approved by the required majority vote of stockholders in accordance with Sections 78.390 and 78.403 of the Nevada General Corporation Law. The total number of outstanding shares of Common Stock of the Corporation is 46,731,912 of which 24,911,553 have provided written consent in favor of the Amended and Restated Articles of Incorporation. The number of shares voting in favor of the Amended and Restated Articles of Incorporation equaled or exceeded the vote required. The percentage vote required under the law and the Articles of Incorporation in effect at the time of this filing was more than 50% of the outstanding Common Stock.

IN WITNESS WHEREOF, Paysign, Inc., has caused this Amended and Restated Article of Incorporation to be executed this 23rd day of April, 2019.

/s/ Mark Newcomer
Mark R. Newcomer
President & CEO

/s/ Robert Strobo
Robert Strobo
Secretary

STATE OF NEVADA

COUNTY OF CLARK

I hereby certify that on April 23, 2019, before me, a Notary Public, personally appeared Mark R. Newcomer, President & CEO and Robert Strobo, Secretary and General Counsel of Paysign, Inc., having been authorized to do so, executed the above document for the purposes contained therein.

/s/ Rex Burnett
Notary Public

My commission expires: June 28, 2019

NOTARY SEAL:

Exhibit 31.1

CERTIFICATION

I, Mark Newcomer, hereby certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2019 (the “report”) of Paysign, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ Mark Newcomer

Mark Newcomer
Chief Executive Officer
(principal executive officer)

Exhibit 31.2

CERTIFICATION

I, Mark Attinger, hereby certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended March 31, 2019 (the "report") of Paysign, Inc.;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ Mark Attinger

Mark Attinger,
Chief Financial Officer
(principal financial and accounting officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Paysign, Inc., a Nevada corporation (the "Company"), does hereby certify, to the best of his knowledge, that:

1. The Quarterly Report on Form 10-Q for the period ending March 31, 2019 (the "Report") of the Company complies in all material respects with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark Newcomer
Mark Newcomer,
Chief Executive Officer
(principal executive officer)

Date: May 8, 2019

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Paysign, Inc., a Nevada corporation (the "Company"), does hereby certify, to the best of his knowledge, that:

1. The Quarterly Report on Form 10-Q for the period ending March 31, 2019 (the "Report") of the Company complies in all material respects with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark Attinger
Mark Attinger
Chief Financial Officer
(principal financial and accounting officer)

Date: May 8, 2019