

# **BUFFALO CAPITAL**

an Inter-Tribal Economic Alliance Business Development Initiative



# ABOUT ITEA

Founded in 2001, the Inter-Tribal Economic Alliance is a national nonprofit advocate for economic development and job creation inside Indian reservations, Alaska villages and Hawaiian homelands.

ITEA is headquartered on the Fort Berthold Reservation in North Dakota and manages a broad portfolio of tribally driven businesses including Information Technology, Private Equity, Energy Development, Natural Buffalo & Beef and Employee Support Networks.

ITEA is led by Chairman Tex Hall.





# ABOUT BUFFALO CAPITAL

- Created by ITEA during its 9th annual meeting in December 2011 to spearhead new consumer finance solution based exclusively on sovereign regulatory and ownership model
- Primary mission is to facilitate capital investments and job creation in native communities
- Facilitated launch of first Tribally financed, owned and operated consumer lending operation during late 2012
- 2013 growth initiatives
  - Roll-out of first consumer finance brand franchised exclusively to Tribal Enterprises
  - Creation of Portfolio Growth and Economic Development Funds to facilitate investment from Tribal & Private Investors



# ABOUT BUFFALO CAPITAL

- **Product A:** 12 month installment product similar to Lending Stream (UK) and Plain Green Loans (US Tribal) with maximum rate of 30% per month, similar to typical US Brick 'n Mortar lenders
- **Product B:** 5 month installment product similar to Sovereign Advance (US) and Cover Me Cash (US) with maximum rate of 30% per cycle (60%/month), similar to typical US Online lenders





# CONSUMER FINANCE BRAND

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## You're In Charge of Your Loans. Right Down to How You Want To Pay.



- PICK** the loan amount you're looking for
- SELECT** how much you want to pay each month
- CHOOSE** the payment method: ACH, text message, or regular mail

You'll receive cash the **next business day**, and that's if it couldn't be easier.

**Low Interest Rates**

**No Credit Check**

**Short Form Application**

Apply By Phone 1-800-555-5555

**your loans, your way**

**SELECT TERM** 4 months

1 month 6 months 12 months

**SELECT AMOUNT** \$800

\$100 \$500 \$1000

**EFFECTIVE RATE** 19.5%

**MONTHLY PAYMENT** \$213.00

**END AMOUNT** \$852.00

**NEXT**

**SPECIAL OFFER** Repay your first loan on time, and we'll **reduce** the interest on your next loan as a recognized good customer.

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# REGULATORY OVERVIEW



- Authorizes and forms new Tribal Enterprise (TE) to become Tribally regulated consumer finance company
- Authorizes TE to execute Franchise Agreement and all ancillary agreements with Buffalo Capital and other parties as appropriate
- Approves and adopts model Consumer Finance Code
- Selects TE's Board of Directors and CEO
- Approves initial funding from Tribal funds or authorizes TE to enter funding agreements with third-party lenders/ investors



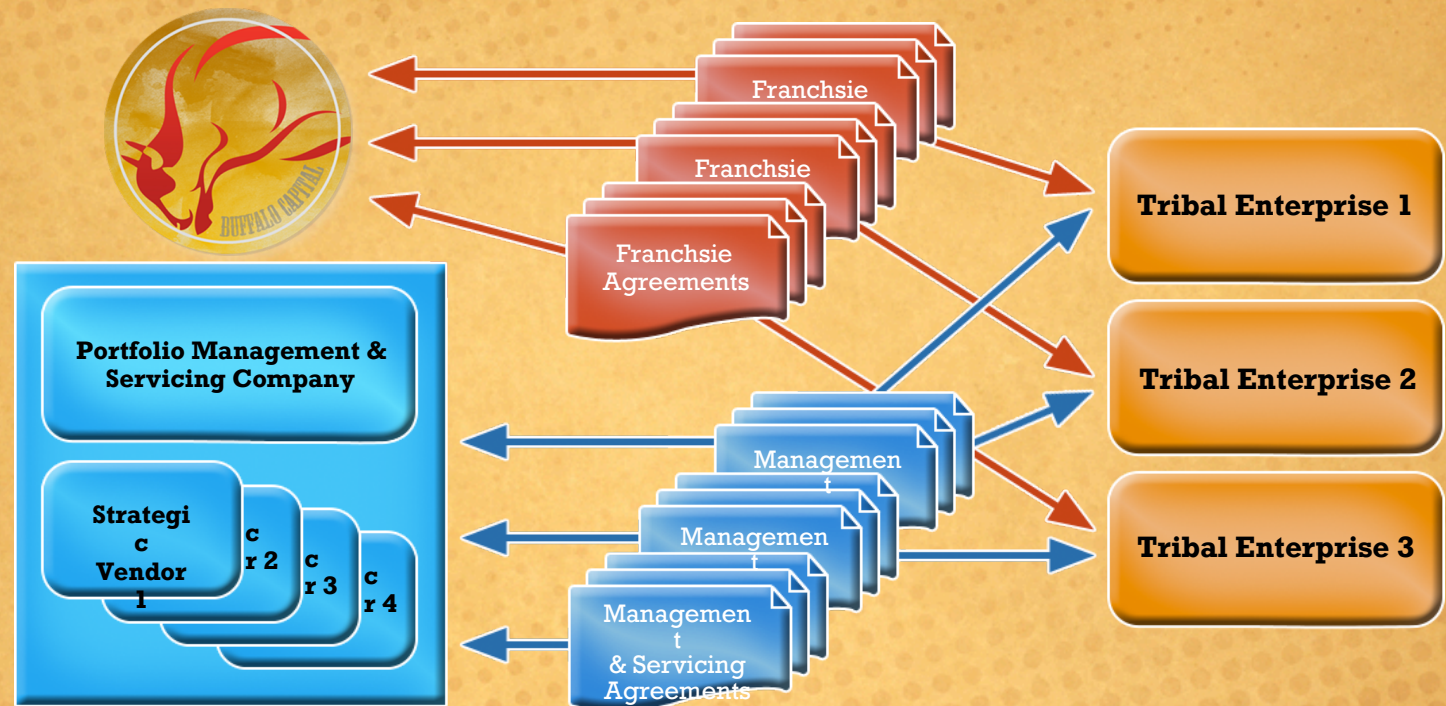
# OPERATIONAL OVERVIEW

## BUFFALO CAPITAL

- Franchise Agreements
- Model Regulatory Code
- Governmental Affairs (Federal, Tribal & State)
- Branding
- Public Relations
- Legal & Compliance

## SERVICING GROUP

- Servicing Agreement including specific performance SLA's
- Marketing & Website Development
- Loan Management System
- Underwriting & Collections
- Vendor Management



# FUNDING OVERVIEW

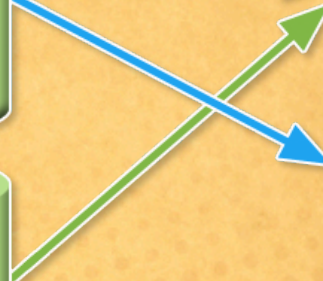


## SOVEREIGN PORTFOLIO DEBT FUND (LOC)

- Makes investments in TE Portfolios
- Maximum loan the lesser of \$5mm or 100% of Good Principle Outstanding
- Interest on outstanding debt not to exceed 19.5% APR
- Loan secured by 100% of portfolio receivables

## SOVEREIGN ECONOMIC DEVELOPMENT FUND

- Makes working capital investments in TEs
- Typical loan equal to the greater of \$250,000 or 35% of Good Principle Outstanding
- Interest Rate not to exceed 28.5% APR plus profit participation equal to 28.5% for no less than 3 years and no more than 5 years





# PRODUCT OVERVIEW

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- **Product B:** 5 month installment product similar to Sovereign Advance (US Tribal) and Cover Me Cash (US Tribal) with maximum rate of 30% per cycle (60%/month), similar to typical US Online lenders

	Product A	Product B
Average Loan Amount	\$1,000	\$400
Monthly Interest Rate	30%	60%
Origination Fees	5%	0%
Average Maturity	12 Months	5 Months
Monthly Payment	\$313	\$265
Acquisition Costs	\$320	\$200
Operating Costs	12%	12%

# ANALYSIS

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# ANALYSIS

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# PRODUCT B: INCOME STATEMENT

	Year				
	1	2	3	4	5
Income Statement					
Revenue:					
Fee Income	25,633,350	40,143,871	40,107,866	40,068,467	40,026,440
Sales of Bad Debt	-	-	-	-	-
Interest on Idle Funds	-	-	-	-	-
Gross Revenue	25,633,350	40,143,871	40,107,866	40,068,467	40,026,440
Revenue Deduction for Bad Debt	(9,814,920)	(14,559,507)	(14,421,840)	(14,271,197)	(14,110,507)
Net Revenue	15,818,430	25,584,364	25,686,026	25,797,270	25,915,933
Expenses					
Start-Up Expenses	60,000	-	-	-	-
Acquisition Costs	5,563,560	4,653,333	4,343,154	4,004,086	3,642,801
Operation Costs	4,286,473	6,690,645	6,684,644	6,678,078	6,671,073
Underwriting Costs	4,291,473	6,690,645	6,684,644	6,678,078	6,671,073
Interest Expense -- Portfolio Loan	687,829	1,200,000	1,200,000	1,200,000	1,200,000
Interest Expense -- Working Capital Loan	143,637	-	-	-	-
Total Expenses	15,032,972	19,234,624	18,912,443	18,560,242	18,184,948
<b>Net Profit (Loss) –Portfolio</b>	<b>785,458</b>	<b>6,349,740</b>	<b>6,773,583</b>	<b>7,237,028</b>	<b>7,730,986</b>

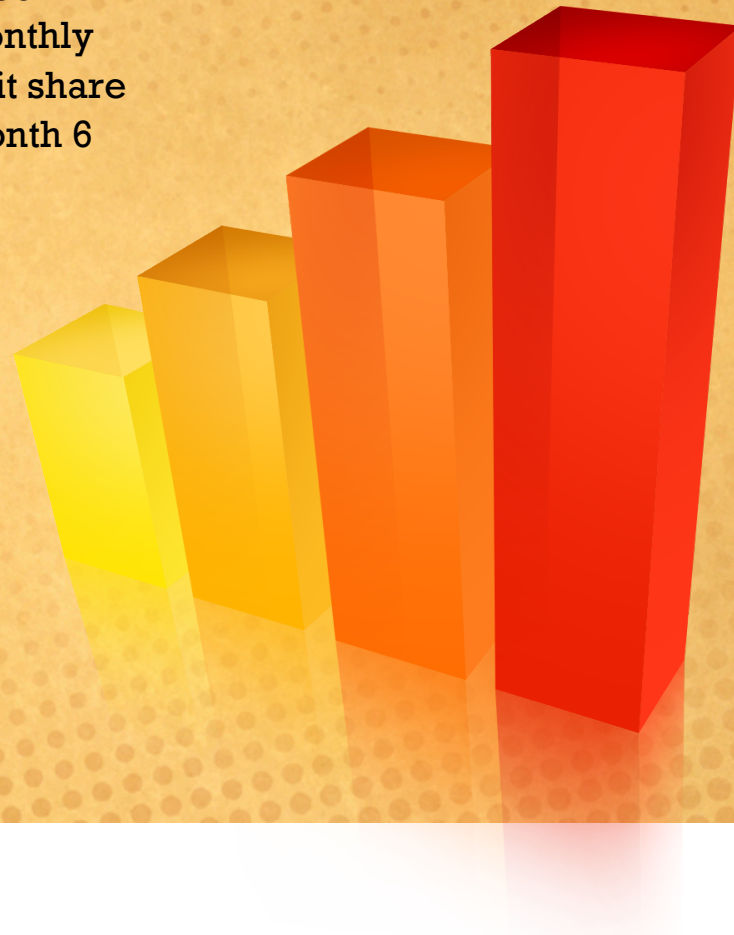


# PRODUCT B: BALANCE SHEET

Balance Sheet		Year				
		1	2	3	4	5
<b>Assets</b>						
Current Assets:						
Cash & Equivalents		785,458	7,135,198	13,908,781	21,145,809	28,876,795
Loans Receivable		14,221,346	28,034,250	41,727,136	55,288,693	68,710,160
Less: Reserve for Bad Debts:		(9,221,346)	(23,034,250)	(36,727,136)	(50,288,693)	(63,710,160)
Net Loan Receivables Portfolio		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Current Assets		5,785,458	12,135,198	18,908,781	26,145,809	33,876,795
Total Assets		5,785,458	12,135,198	18,908,781	26,145,809	33,876,795
<b>Liabilities &amp; Equity</b>						
Liabilities						
Portfolio Loan		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Working Capital Loan		-	-	-	-	-
Total Liabilities		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Equity</b>						
Retained Earnings		-	785,458	7,135,198	13,908,781	21,145,809
Current Year Income (Loss)		785,458	6,349,740	6,773,583	7,237,028	7,730,986
Total Equity		785,458	7,135,198	13,908,781	21,145,809	28,876,795
Total Liabilities & Equity		5,785,458	12,135,198	18,908,781	26,145,809	33,876,795

# FUNDING OVERVIEW

- \$25mm investment in 5 Tribal Enterprises
  - \$16.25mm at 19.5% APR – interest paid monthly
  - \$9.75mm at 28.5% APR and 28.5% net profit share
    - interest paid monthly beginning in month 6
    - profit share paid annually





# **NEXT STEPS**