

GREEN DOT CORP  
Form 10-Q  
November 09, 2015  
Table of Contents

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

---

FORM 10-Q

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

For the quarterly period ended September 30, 2015

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-34819

---

GREEN DOT CORPORATION

(Exact name of Registrant as specified in its charter)

---

Delaware

(State or other jurisdiction of incorporation or  
organization)

95-4766827

(IRS Employer Identification No.)

3465 E. Foothill Blvd.

Pasadena, California 91107

(626) 765-2000

(Address of principal executive offices, including zip  
code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller  
reporting company)

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

There were 52,276,710 shares of Class A common stock, par value \$.001 per share (which number does not include 1,518,512 shares of Class A common stock issuable upon conversion of Series A Convertible Junior Participating Non-Cumulative Perpetual Preferred Stock) as of October 31, 2015.



GREEN DOT CORPORATION  
TABLE OF CONTENTS

	Page
<u>PART I – FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	<u>1</u>
<u>Consolidated Balance Sheets – September 30, 2015 and December 31, 2014</u>	<u>1</u>
<u>Consolidated Statements of Operations – Three and Nine Months Ended September 30, 2015 and 2014</u>	<u>2</u>
<u>Consolidated Statements of Comprehensive Income – Three and Nine Months Ended September 30, 2015 and 2014</u>	<u>3</u>
<u>Consolidated Statements of Cash Flows – Nine Months Ended September 30, 2015 and 2014</u>	<u>4</u>
<u>Notes to Consolidated Financial Statements</u>	<u>5</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>19</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>30</u>
Item 4. <u>Controls and Procedures</u>	<u>31</u>
 <u>PART II – OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>32</u>
Item 1A. <u>Risk Factors</u>	<u>32</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>47</u>
Item 5. <u>Other Information</u>	<u>48</u>
Item 6. <u>Exhibits</u>	<u>49</u>
<u>Signature</u>	<u>50</u>

---

Table of Contents

## PART I

## ITEM 1. Financial Statements

## GREEN DOT CORPORATION

## CONSOLIDATED BALANCE SHEETS

	September 30, 2015 (unaudited)	December 31, 2014
Assets	(In thousands, except par value)	
Current assets:		
Unrestricted cash and cash equivalents	\$606,674	\$724,158
Federal funds sold	481	480
Restricted cash	6,512	2,015
Investment securities available-for-sale, at fair value	80,386	46,650
Settlement assets	45,782	148,694
Accounts receivable, net	21,775	48,917
Prepaid expenses and other assets	36,954	23,992
Income tax receivable	—	16,290
Total current assets	798,564	1,011,196
Restricted cash	—	2,152
Investment securities, available-for-sale, at fair value	133,500	73,781
Loans to bank customers, net of allowance for loan losses of \$413 and \$444 as of September 30, 2015 and December 31, 2014, respectively	6,607	6,550
Prepaid expenses and other assets	11,756	11,883
Property and equipment, net	78,086	77,284
Deferred expenses	5,979	17,326
Net deferred tax assets	8,236	6,268
Goodwill and intangible assets	478,619	417,200
Total assets	\$1,521,347	\$1,623,640
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$15,563	\$36,444
Deposits	500,022	565,401
Obligations to customers	84,762	98,052
Settlement obligations	3,674	4,484
Amounts due to card issuing banks for overdrawn accounts	980	1,224
Other accrued liabilities	63,100	79,137
Deferred revenue	10,200	24,418
Note payable	22,500	22,500
Income tax payable	171	—
Net deferred tax liabilities	4,252	3,995
Total current liabilities	705,224	835,655
Other accrued liabilities	41,226	31,495
Note payable	110,625	127,500
Total liabilities	857,075	994,650
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Convertible Series A preferred stock, \$0.001 par value (as converted): 10 shares authorized as of September 30, 2015 and December 31, 2014; 2 shares	2	2

Edgar Filing: GREEN DOT CORP - Form 10-Q

issued and outstanding as of September 30, 2015 and December 31, 2014,  
respectively

Class A common stock, \$0.001 par value: 100,000 shares authorized as of  
September 30, 2015 and December 31, 2014; 52,150 and 51,146 shares issued  
and outstanding as of September 30, 2015 and December 31, 2014,  
respectively

Treasury stock at cost, 1,856 shares as of September 30, 2015 and no shares  
outstanding as of December 31, 2014

Additional paid-in capital

Retained earnings

Accumulated other comprehensive loss

Total stockholders' equity

Total liabilities and stockholders' equity

See notes to unaudited consolidated financial statements

52

51

(32,000

) —

406,052

383,296

290,181

245,693

(15

) (52

)

664,272

628,990

\$ 1,521,347

\$ 1,623,640

Table of Contents

GREEN DOT CORPORATION  
 CONSOLIDATED STATEMENTS OF OPERATIONS  
 (UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
	(In thousands, except per share data)			
Operating revenues:				
Card revenues and other fees	\$71,870	\$58,948	\$242,904	\$188,007
Processing and settlement service revenues	28,470	44,085	155,007	135,852
Interchange revenues	46,020	43,757	148,381	133,626
Stock-based retailer incentive compensation	—	(2,131	) (2,520	) (6,541
Total operating revenues	146,360	144,659	543,772	450,944
Operating expenses:				
Sales and marketing expenses	52,873	55,599	169,997	173,042
Compensation and benefits expenses	40,555	31,487	123,370	88,665