

KBRA

- One of 10 Nationally Recognized Statistical Rating Organizations (NRSROs) and one of only 5 fully licensed in all rating categories
- Navarro purchased KBRA in 2015. Since acquisition the company has expanded its areas of ratings and increased revenue 30%
- Has issued 9,000+ ratings to date, rating over \$775BN in bond issuance
- Currently expanding internationally into Europe and Canada
- 2017 Revenue of \$93MM and EBITDA of \$13MM, no debt

Wharf RE

- Opportunistic real estate investment entity, with assets in Delaware, Florida and Ireland
- Partners with experienced operators and developers to pursue opportunistic acquisition of off-market real estate assets
- Value is currently estimated to be \$410MM, with a cost basis of \$250MM
- Property is all owned outright, without the use of debt

8. Reputational risk(s) identified

- 1) Sherman Financial Group – RDC alert re: NY Settlement
 - On 5/9/2014 SFG settled with the NY Attorney General on what were considered improper debt collection actions, given they were filed with the courts outside of the required statute of limitations.
 - In NY state debt collectors are required to file default judgements subject to the statute of limitations in the state where the credit accrual occurred (i.e. if it occurred in DE, statute is 3 years, while NY is 6 – the shorter statute governs)
 - In April 2010 – NY Court of Appeals reaffirmed the required compliance with these statutes. Per the article SFG complied from then on, but still proceeded with the approximate 400 judgements obtained prior to.
 - Settlement terms mainly included: vacating the 400 improper judgements, paying civil/state penalties of \$175K and making key enhancements to their debt collection practices in NY (namely updating disclosures).
- 2) Resurgent Capital – *Baltimore Business Journal* article found in internet search
 - On 7/11/2012 the Baltimore Business Journal published an article detailing a voluntary settlement reached between Resurgent Capital Services, LP and the Maryland State Collection Agency.
 - The agreement resolved allegations that Resurgent had violated fed and state debt collection laws – however did not constitute an admission of guilt, rather the company cooperated and denied any liability and wrongdoing.
 - Resurgent, and a second company paid \$1MM penalty, exited the 3,600 subject cases and agreed to give \$3.8MM in credits to 6,200 cases already concluded.
- 3) Resurgent Capital - RDC alerts and research – included 2 settled court cases due to the nature of the entity's business:
 - NY – Resurgent pays \$50K for mortgage license violation and agrees to get/stay in compliance with state laws, 2013
 - AZ – Resurgent pays \$95K for a disclosure violation on license renewal applications and a mislabelled trust account and agrees to get/stay in compliance with state laws, 2014

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