



JIM JONASSEN & ASSOCIATES
VENTURE SEARCH



POWERED
BY **LOANZ**

OPPORTUNITY DESCRIPTION



CEO

Loanz, Inc.

Opportunity Description

LOANZ, INC.



Client Dossier

Website

www.Loanz

Founded

- 2013

Employees

- Startup w/ 20 employees

Headquarters

- Irvine, CA (Irvine Spectrum)

Social Media

- Not yet established

Strategic Focus

Loanz is a disruptive private label peer-lending platform offering multi-product loans as a service, "powered by Loanz"

Mission/Goal

Most peer-to-peer (P2P) lenders are silos, offering certain types of loans to specific categories of borrowers. But accredited investors want just ONE place to go to manage investments in this important emerging alternative asset class. Loanz is that place – including P2P for SMB, consumers, leasing, real estate, hard money, credit cards, auto loans, student loans and bill consolidation. Loanz aims to provide a loans-as-a-service platform that is in the primary business of delivering technology enabled financial services (emphasis on financial services) to consumers and businesses.

Financial Background

Outset Ventures with strategic individual investors including current and former senior executives from PIMCO, Janus Funds, Household Finance and other significant companies in technology, credit and financial services.

Key Loanz Strategic Benefits

- The private label, "powered by Loanz" strategy extends the platform to where the borrowers and investors already are
- Scalable across multiple products & markets, and thus more able to afford compliance and regulatory infrastructure costs
- Allows private partners to enter the online, peer lending market via an incremental relationship without building an entire platform

Position Title

Chief Executive Officer (CEO)

Position Location

Irvine, CA adjacent to Irvine Spectrum

Reports To

Chairman and the Board of Directors

Compensation

Highly competitive base, incentive bonus and equity (DOE)



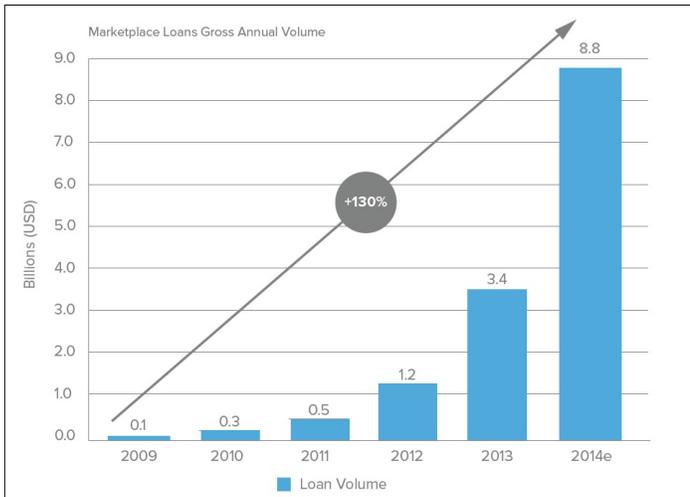
Background & Overview

As evidenced by the highly successful [Lending Club](#) and [OnDeck](#) IPOs, online lending platforms are rapidly replacing traditional banks and credit card companies as the lender of choice for consumers and small businesses seeking a loan. A \$Trillion market has emerged from this **disruption of lending** in the financial services industry **by Internet platforms that connect borrowers and investors directly, disintermediating traditional banks and credit card companies**. According to Foundation Capital's [Charles Moldow](#) the move to marketplace lending attacks a \$3.2 trillion market for consumer credit that is less than 1% penetrated with plenty of room for new entrants.

Loanz is an early-stage technology company that has built a proprietary, next generation credit platform focused on Marketplace (fka peer to peer) Lending. The company operates:

- A lending origination platform that provides a wide variety of loan products for borrowers; and
- A private credit funds platform that allows investors to invest in a variety of loan asset classes.

As the traditional financial services industry continues to stumble and underserve the need for smaller loans, the disruptive peer-to-peer (P2P) or "Marketplace Lending" industry is rapidly remaking the "banking" industry as we know it. But for a large swath of the loan world, banks are a highly inefficient mechanism, and as high-cost structure intermediaries they simply add to the cost of borrowing and lending. Meanwhile – thanks to the financial and banking crisis of recent years – lending in the sub-\$250k category has dropped precipitously.



As a result, peer lending is skyrocketing as borrowers and lenders/investors alike find it effective and profitable. This fruitful marriage of the Internet and innovation is spawning a new, disruptive type of financial services model that makes borrowing both more affordable and vastly more convenient.

This is where Loanz fits. When online trading became established in the early 2000s, it collapsed the cost structure of a person-based network (brokers) in favor of an IP based network that could provide the same financial service at a fraction of the cost. This is what Loanz is doing for P2P or "marketplace lending"

The Private Credit Investing Thesis

- There has been a pullback by traditional lenders across all credit markets since 2008
- Loans to highly qualified borrowers are not being made
- Regulatory changes, most notably from the JOBS Act of 2012, now enable new lending models
- Qualified investors are scrambling to find high yield and cash flow producing investments
- Yield hunger will grow as baby boomers retire and look for yield and cash flow and [central banks move toward negative interest rates](#)
- An opportunity exists to make a market between investors and borrowers

Perfect Storm of Opportunity

Marketplace lending is already a white-hot market while it is still in the early innings. It represents a new solution for a biblical set of underserved borrowers AND a high yield asset class in climate of baby boomers searching for yield! Loanz offers a ground floor opportunity in both an exciting growth market and company!

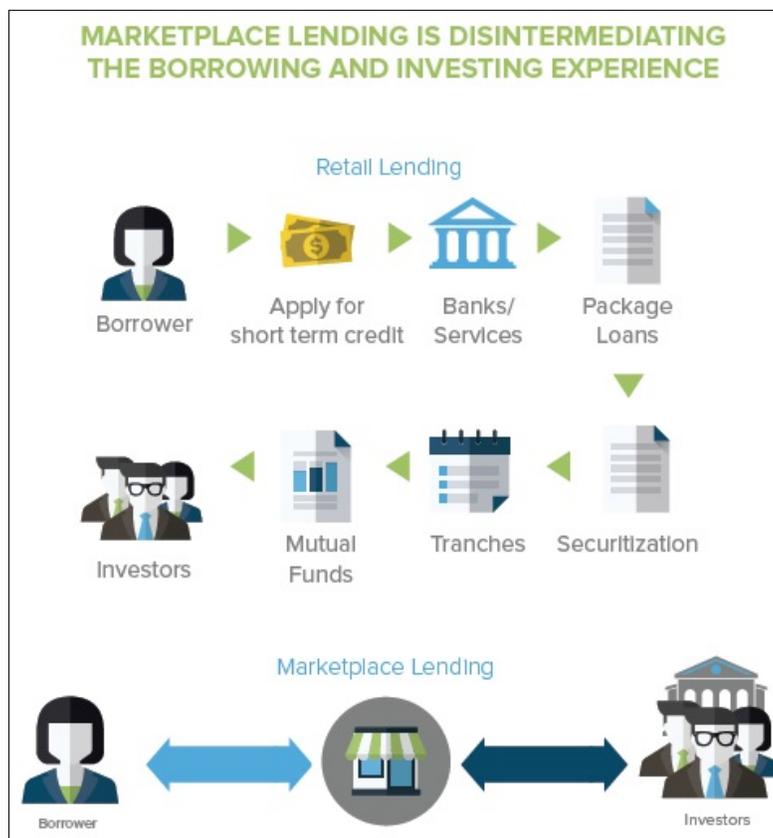
These marketplace, technology and regulatory factors are creating a perfect storm of opportunity for P2P lending. As traditional lenders continue pulling back from the small loan space, many loans to highly qualified borrowers are not being made.

P2P lending markets and platforms now have significant operating histories, and rules/standards in the space are maturing as acceptance and credibility continue to grow rapidly.

Meanwhile, advances in “Big Data” are helping P2P lenders enhance traditional loan underwriting and develop sophisticated and highly accurate scoring systems that help inform loan decisions and interest rates.

At the same time, widespread adoption of mobile devices and payment systems, and adoption of cloud solutions and connectivity in the small business universe are all leading to greater interest in P2P as a loan source.

Overall, lending in the U.S. generates over \$870 billion in annual revenue – less than 2% of which is captured by Marketplace (P2P) online players.



Key Components of LOANZ Model

A private label peer-to-peer lending platform offering loans as a service “powered by Loanz”

- Syndicated loan storefronts distributed across the web in bank and other partner sites **where borrowers live**.
- Syndicated investor storefronts distributed through banks, broker dealers, wealth managers, RIAs, finance portals and other places **where investors live**.
- Core product/platform infrastructure that scales to achieve appropriate relative compliance and operations costs.
- Low/no portal marketing expenses as borrowers and investors are acquired via partnership and revenue share.

A private label core platform with **syndication of borrower acquisition and investor acquisition** to qualified third party sites “powered by Loanz”

- Scalable across multiple products and markets to be able to afford its compliance and other infrastructure costs.
- Powered by Loanz strategy extends the platform to where the borrowers and investors already live.
- Enables a wide range of private label partners to enter the online lending market through an incremental relationship without having to build the entire platform themselves.
- Greater scale, partnership structure and product diversification facilitates a future rollup of “silo” type P2P businesses after regulatory burdens make standalone silo businesses untenable

Management Team & Founders

John M. Payne, Executive Chairman is a Jumpstart/Turnaround/Founder CEO for early stage Internet software companies in SaaS, mobile, consumer Internet, mail/logistics and IT security. He has a history of success in building or turning around early stage venture funded Internet software and technology companies as a founder and in conjunction with the founders and investors of high opportunity companies. John is former CEO of two public Internet software companies; Stamps.com (NASDAQ: STMP) and Day Software (SWX: DAYN) Jumpstart/Turnaround/Founder CEO for additional startups resulting in sales to McAfee/Intel (NASDAQ: INTC), Wolters Kluwer (AM: WKL), CFI/Harland (NASDAQ: PROI, UGHO: US), Adobe (NASDAQ: ADBE) and TrustWave.

Early in his career, he was also the founder or co-founder of two regulatory compliance financial services software companies, LoanStar, Inc. (Acquired: BSI, now Wolters Kluwer (AM: WKL)) and FMI, Inc. (Acquired Nasdaq PROI, now Harland (UGHO: US)) He is an experienced fundraiser who has raised over \$550 million in public and private equity, including \$150 million+ in early stage venture capital raised from well-known venture firms and strategic investors.

Steve Holder, Board Member has 37 years of consumer lending and finance experience building and growing large scale lending organizations across the United States. He has successfully managed the credit, risk, operations, underwriting, distribution and marketing of well over **\$50 Billion** of consumer finance and real estate loans during his career.

Mike Berengolts, CTO is a senior technology executive and entrepreneur with direct hands-on experience in Implementing Internet banking and corporate technology systems, developing software for business processing and consumer applications, and manufacturing physical products. As CTO at Bank of Internet USA, he has been responsible for all hardware and software systems, including the in-house development of the internal processing systems for originating over the Internet consumer deposits, loans (multifamily, equity, vehicle) and first mortgage trust deeds.

Mike led a small team of developers to support the bank as it grew to \$1 billion in assets in its first 7 years of operations. This included responsibility for implementing and developing internal processing systems, hardware and software support, web development, business continuity, audit, policies and procedures for information technology, information security, and physical infrastructure of the bank.

Nick Minardi, Chief Credit Officer has 30 years of credit and risk experience in banking and mortgage lending. His responsibilities include active involvement in the development, management and oversight of the underwriting engine, lending/origination activity, strategic and secondary functions and servicing/loss mitigation activity.

Paul Henderson, CFO has a broad-based background in technical accounting, financial analysis, modeling and forecasting with 5+ years at Big 4 public accounting firms and 10+ years at technology and real estate investment companies. Paul was most recently with Newmark Grubb Knight and Frank where he was responsible for company-wide financial planning, forecasting and management reporting, and was previously the principal financial officer for LNR's commercial property group and investment fund.

Steve Szpytek, Chief Operations Officer is an experienced consumer finance executive with C-level background in both lending operations and credit policy/underwriting management. Steve was previously President of Loan Originations for Fay Servicing and Chief Operating Officer for Elder life Financial Services. Steve's credit background includes serving as Chief Credit Officer at New Century Mortgage.

Eileen Kim, VP of Product Management and Marketing is a strategic digital product executive with 13+ years experience in B2B and B2C engagement and multi-channel online product strategies. Eileen was previously a vice president with Krillion, a shopping data platform, and was Director of Product Management at LifeLock, where she launched multiple consumer subscription products.

Anthony Jenkins, VP of Engineering is a senior technology executive with a diverse background in software development ranging from large-scale high transactional systems to SaaS applications, and hardware intensive solutions. Most recently, Tony was Tyco Retail Solutions where he led a team that built and deployed the leading RFID retail platform. Tony has also worked in early stage startups, including Stamps.com, Questerra and Formalogix, where he was a co-founder and head of engineering.

Investors & Advisors

Scott Mather is Chief Investment Officer U.S. Core Strategies at PIMCO and a managing director in their Newport Beach, CA office. Prior to assuming that role, he was PIMCO's head of global portfolio management, led portfolio management in Europe, managed euro and pan-European portfolios and worked closely with many Allianz-related companies.

Richard Weil is Chief Executive Officer of Janus Capital Group Inc. and a member of its board. In that role, Mr. Weil is responsible for the strategic direction and overall day-to-day management of the firm and leads the firm's Executive Committee. Prior to joining Janus in February 2010, Mr. Weil spent 15 years with PIMCO where most recently he served as the global head of PIMCO Advisory, a member of PIMCO's executive committee, and a member of the board of trustees of the PIMCO Funds.

Thomas Detelich is the former Group General Manager and a Group Executive of HSBC in North America, holding the functional position of President of HSBC's Consumer and Mortgage Lending businesses. Mr. Detelich is a founder of and a partner in Grandview Capital, LLC, a real estate investment firm specializing in residential real estate.

Steven Ozonian is Chief Real Estate Officer of Carrington Capital Management, LLC, an alternative asset management firm focused on control-based investing in the US real estate, mortgage and fixed income markets. Mr. Ozonian serves as a member of Carrington's executive leadership team and leads the portfolio of Carrington's real estate affiliates. Mr. Ozonian also serves as a director of Tree.com, the publicly traded parent of LendingTree.

Lou Weiss serves as Chief Marketing and Merchandising Officer for the Vitamin Shoppe. As a leader in the space, he has been at the forefront of internet-based customer acquisition and retention marketing programs since 1995 for a variety of public, private equity-owned and venture-capital-backed companies.

Key Loanz Differentiators/Highlights

- **PASSIONATE, BRILLIANT, SUCCESSFUL FOUNDERS:** John, Steve and Tim are very different personalities, but they share a vision and philosophy which values work product, results over face time, putting your money behind your vision and hiring smarter people than they are across the board while they abhor silos, posers, vulture capital and BS
- **TEAM:** World-class startup team (maybe the best we've seen in So Cal) across the org chart. Technology, Product, Credit/Risk, Compliance, Finance and Capital Markets; in their own words, "we will out-execute anyone!"
- **A MATURE, LEARNING CULTURE:** A high performance culture that is transparent, incredibly direct, apolitical and allergic to silos; Hallmarks are a sophisticated set of leaders and individual contributors that are seasoned pros with extremely high expectations of each other and a complete absence of micro-management, with a sign over the door that reads, "No assholes!" Every Loanz Associate we met said this was, "the best team ever!"
- **TWO SOCIETAL SHIFTS:** On one hand, this is a total Baby Boomer play as retiring boomers go in search of financial products that can deliver high returns and monthly cash flow and discover that such products no longer exist... except from Loanz. On the other hand, this is a fundamental shift from financial services delivered by the traditional banking industry to one where those services are delivered purely online by specialty alternative lenders at dramatically higher quality and incredibly lower costs.
- **TWO BUSINESSES:** This is an exciting opportunity to manage two businesses in one; a thriving loan origination platform offering a variety of different loan products to borrowers plus a new generation of Private Credit Funds platform which provides capital in a virtuous circle to the origination platform while servicing institutional and accredited investors interested in this exciting new asset class.
- **RIGHT FROM THE OUTSET...** The Outset Ventures "studio model" enabled Loanz to get through proof of concept and product market fit funded by Outset and strategic, individual investors. As a result, the company will effectively go directly to strategic and institutional investors interested in securing access to the company's loan assets instead of traditional early stage VC money

- **FAST FOLLOWERS:** The now legacy players in the peer-to-peer lending space have been around for nearly a decade which meant they had to survive through and pivot out of the '08/'09 crash; this meant they carry the baggage of cap tables whacked by Sand Hill Rd, last generation technology stacks and in the main, focus on a single niche product and target customer set in the emerging market. Loanz is a very fast follower in this space, taking advantage of the groove cut by the market leaders but emerging to leapfrog them with a strategy and technology platform designed for 2015.
- **AGILE EVERYWHERE:** Loanz' technology and product teams have architected a state of the art, big data powered underwriting engine and development environment that is highly extensible and where they can create a new technology financial product in weeks instead of quarters; Loanz leadership and its team emphasize speed over perfection and taking risk over the safe path.
- **CAPITAL MARKETS MATTER:** Unlike the vast majority of marketplace lending platforms, Loanz enables investors to take advantage of a sophisticated back-end capitalization vehicle which allows them to “buy the market”, spread their risk and enjoy dramatically simplified reporting

So What's Missing?

- A **galvanizing leader** who can coalesce the grand vision that is Loanz. A true market maker who can literally get old and new demographics to forget about credit cards, loans and home equity lines and think of Loanz as the only card they'll ever need! It's not just about capturing share—it's about making the pie BIGGER!
- **DNA of a Marketer** – who has identified target markets/demographics/opportunities and then built and driven the funnel to capture and serve those audiences; Gotta **build a bold brand** that gets into and then drives the conversation on both Wall St. and Main St. The CEO and VP Marketing MUST build a core competency for identifying, acquiring, converting and retaining consumers!
- Big picture thinker who has the **intellectual reach** to grok the complexities of both the lending platform and the funds platform and understand the synergistic flow that binds them together.
- Ability, agility and gut to **surface those underserved niche markets** and drive a product roadmap that will exploit the strengths of the Loanz engine room.
- A **team player and people person** who thrills in mentoring and touting the success and rise of his/her teams over their personal accomplishments
- **Real Presence** – “own the room” charisma; the market is so noisy, that the CEO must be a born evangelist and spokesman and this team is so strong that it will take real gravitas to get everyone's best game—which will be required to out execute the early movers and the bigger (slower) followers
- The magic born in the consumer web where innovation truly **disrupts and captures large market opportunities virally**; Loanz needs to scale the borrower side of the marketplace first and foremost by leveraging all that has made the internet revolutionary and an unparalleled vehicle for wealth creation

Position Description

Chief Executive Officer

Loanz is an early stage startup with a disruptive and highly scalable business model in the rapidly growing and high-potential world of P2P online lending. The company seeks an experienced and professional startup stage CEO who brings the experience and track record of success in launching/scaling businesses, operations and teams into several hundred millions of revenues, profitability and liquidity.

Loanz has a tremendous “perfect storm” opportunity to leverage the strength of its model and resources as it enables new types of online financial services, rather than merely extending existing ones. This is initially an execution play as Loanz’s primary vision and strategy are defined so the charter for the new incoming CEO will be to navigate the company through launch and into growth. After “contact with the enemy” the CEO will play an important role with the Board of Directors in identifying the ongoing long term strategy for the company.

The CEO will launch and accelerate the company across all key performance indicators increasing the cadence of the organization and the ambition of the company. This charismatic, data-driven leader will “**lead from the front**” and inspire the team to achieve goals and drive the company to new heights.

Responsibilities & Deliverables

The CEO will be responsible for launching and establishing the Loanz platform and brand, developing a strong culture of execution by installing operations and procedures for “best of breed” quality and delivery, and to create a flexible architecture for integrating new products and services into the company’s core offering. The CEO will also actively monitor the market landscape, track competition and identify strategic market opportunities and potential partnerships.

The CEO will be responsible for:

- Assessment of growth opportunities and development of priorities for Loanz as a whole
- Identifying and developing initial partnerships with borrower and investor facing third parties for deployment of the **powered by LOANZ** platform
- Grow the company’s core loan volume to \$1million per month while writing good loans that meet target loss levels by the end of 2016
- Market domination as the private label P2P lending platform
- Develop and execute a growth strategy in the private label P2P lending platform market

Key Qualifications: *The ideal CEO candidate will be/bring the following:*

- **Growth & Scale:** a documented history of scaling businesses similar to or larger than Loanz while building/managing teams growing from dozens to hundreds of employees.
- **Operate vs. Transact:** a true General Manager with many years of full P&L responsibility who is a hands-on operator with a track record of execution as opposed to a strategic planner or M&A specialist
- **Internet Savvy:** experience with Internet business models including domain experience in online finance

- **Financial Services:** experience with technology enabled financial services markets where the delivery of the financial service is largely enabled by the technology infrastructure
- **Marketer:** a track record of building a successful marketing-centric brands
- **Shrewd Strategist:** demonstrated ability to identify, prioritize and sequence short and long term business objectives; experience in corporate development and a successful track record of evaluating and closing acquisitions
- **The Numbers:** rock solid business acumen with strong quantitative/analytical and financial skills
- **Big & Small:** prefer a balance of experience in established companies in addition to more entrepreneurial (start-up and emerging growth) environments

Personal Attributes & Characteristics

- **Leader:** A team builder who has previously recruited teams of “A Players” and delivered high-performance results with the ability to mold new hires into strong contributors
- **Intelligent:** Must have high-level intellectual bandwidth; someone who can fit into a culture of excellence where people expect nothing less.
- **Great Communicator:** A polished presence, self-confidence, gravitas and a certain level of intensity; able to create productive dynamics within an established team; able to inspire, persuade, motivate and get the troops to row in the same direction (faster!)
- **Entrepreneurial:** Flexible and resourceful, with a figure-it-out-and-get-it-done mentality; experienced in building and scaling a business; not afraid to take risks, make mistakes quickly and course-correct
- **Decisive and Outcome Oriented:** Make data driven decisions (and sometimes mistakes) with alacrity; Keen focus on outcomes and goals while maintaining a high tolerance for ambiguity
- **Disciplined:** Focused on managing costs and schedules
- **Collaborative Team Player:** Able to work with the existing team; to support, enable and inspire others to succeed, but not afraid
- **Hunger to win:** The desire and the need to lead Loanz to successful scale & liquidity
- **Credible:** Brings reputation, relationships and track record that give company the stamp of approval with the VC community. Highest standards of integrity, honesty and judgment.
- **Strategic:** Partners with the Board in setting company direction; able to balance the needs and requirements of various stakeholders, set priorities sensibly and understand what can be deferred vs. what must be addressed immediately.
- **Analytical:** On all strategic planning as well as a myriad of financial transactions. Excellent business sense is essential; this individual will have the ability to make sound business decisions and to conceptualize complex business problems with a bottom-line orientation.
- **Operational & Scale Excellence:** Someone who can design, build, optimize and execute the process and systems required to deliver a highly tuned and scalable product department
- **Driven Leader:** Must have the passion to lead, and optimize teams, upping the team’s “game” and see initiatives through, from start to finish. Must possess desire to significantly transform a business, not just build upon existing successes.
- **Passion for the Mission:** You “get it” and will understand the Loanz mission deeply in some personal way.

#####