

# Mailbox Income

ABR's unique program for investors who want to earn 10% APR guaranteed interest backed by the safety of government contracts.

Executive Summary

2020

**ABR** First Capital, LLC

El Paso, Texas



# Mailbox Income

## Executive Summary

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El Paso, Texas

Celebrating 25 years in business.

Accredited Business with the Better Business Bureau.



# Mailbox Income

## A Unique Program for Investors Who Want to Earn 10% APR

ABR First Capital, LLC. offers a unique program for investors who want to earn 10% annual percentage rate (APR) guaranteed interest backed by the safety of government contracts. Our investors receive regular interest income checks in the mail, every month, guaranteed, while helping American businesses build America. We have been paying our investors 10% APR since we launched our program in 1995, and in over 24 years of offering our unique investor program and managing over \$20 million of investor money, not a single investor has ever lost a penny. Our investors are so confident with our program that they call it "Mail Box Income".

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### Investors – Does This Sound Familiar?

Are you happy with your present investments? Are they earning what you'd like, really need? Could changes in the market effect the money you have spent a lifetime accruing?

Maybe you're concerned about volatility in the stock market or how current events and economic policies could diminish the value of your accounts, especially when you may be dependent on your investments for long-term retirement income?

In response, maybe you've hedged against market ups and downs with an IRA or mutual funds, but you're tired of getting low interest rate returns.

The reality is that in today's economy a great rate of return for a typical investment might be 3%. Maybe you've found something with more risk that's paying 4-5 %? But will that last forever? Is it enough?

Would you like to earn higher interest, and regular, predictable monthly income from your money but absolutely want to avoid the kinds of risks that could harm your principle? *Bottom line, would you like higher returns without higher risk?*

Who wouldn't want higher returns on their money without incurring higher investment risks... but is that even possible? The answer is "yes", but this isn't penny stock speculation, bitcoin investment, real estate schemes, precious metal buys, tech start-ups, invention opportunities, foreign markets, online "income for sale" or similar vehicles.

### Introducing ABR

ABR First Capital, LLC (ABR) is the industry-leading provider of short-term accounts receivable financing, also called asset-based lending, to service and commercial construction contractors performing under government contracts. ABR is a Texas Corporation located in El Paso. We specialize in asset-based lending services exclusively to screened and qualified businesses performing awarded contract work for federal, state and local government agencies in the United States. Asset-based-lending is a long established and stable industry worth \$150 billion annually in North America, and over \$1.5 trillion annually worldwide.

Our investor program is different and is not tied to stocks, currency trading, the fed rate or any other economic factor that can (and does) effect the value of traditional investments. Instead, our program is based on trusted, hardworking American business.

For more than two decades, we've been helping small and medium-sized U.S. businesses compete and succeed in their marketplace using capital funded by our investors. Our business clients win because they are able to grow their businesses, and our investors win because they earn a stable 10% APR interest on their money, paid monthly. And remember, that rate **never** fluctuates, guaranteed.

The rate we pay our investors is based on our proven business model called *asset-based lending*. Our focus is on helping service and commercial construction companies and successfully perform on government

construction contracts by facilitating the short-term cash flow they need to do the work. By turning our working capital over multiple times a year, earning fees every time that money is turned over, we generate predictable income that pays for our business while earning our investors 10% APR interest, paid monthly, guaranteed.

Key to our program is to understand that we focus on government contracts in order to minimize risk. Unlike businesses that may be late or default on invoices, the government always pays its bills, and they do it on time, both by regulation and policy. That's why our program focuses on federal, state, and local government construction contracts.

Also important to appreciate is that our program has stability and longevity. Think about all the roads, schools, bridges, hospitals, military bases, airports and other infrastructure projects going on every day in the U.S. The government will never stop spending on infrastructure. In fact, the market for our business is so large that we've only begun to tap the potential growth in just a few states.

### **We Help Build America**

By providing asset-based-lending services as an alternative source of financing, we help small and medium-sized construction businesses qualify for, and perform under, government construction contracts. By helping to facilitate cash-flow while performing government contract work, our clients are able to successfully operate and grow their businesses. The government agencies have contractors that they know will have the cash they need to perform under their contracts. The contractors know they will have the cash they need to successfully compete for and perform under their government contracts, and our investors have the assurance that not only is their investment backed by government contracts, but that at the same time their investments are helping build America.

### **Demand for Our Services**

One of the biggest challenges small and medium-sized businesses continue to face in the United States is access to working capital. Today's tight credit environment has made it extremely difficult for small businesses to obtain the capital they need for their businesses. Many small businesses can't get

conventional financing because they don't have the earnings and equity to qualify, or do not have sufficient assets to pledge as collateral. This is especially critical when construction and trade companies would otherwise have opportunities to grow their business and hire more employees, but need access to working capital in order to successfully compete for, and perform under, secure government contracts. Our program fills this void.

### **Market Opportunity**

The U.S. government spends more in the private sector as a purchaser of goods and services than any other entity in the world, upwards of \$285 billion a year in contracts. In addition, government agencies are now mandating procurement goals that target minority-owned, veteran-owned, disabled-owned, veteran disabled-owned, Disadvantaged Business Enterprises (DBE), Women Owned Enterprises (WBE), Small Business Enterprise (SBE), Native American Owned, or are U.S. Small Business Administration SBA 8(a) Contractors.

These businesses are a primary audience for our services. Many of them do not enter into the government-contracting arena because of their inability to demonstrate adequate financial capacity to the cognizant government contracting authority. But our program directly helps them compete, opening up significantly more client opportunities for our business to grow.

### **Our Business Model**

ABR has developed a low-risk business-lending model that provides an alternative source of financing for businesses pursuing projects with federal, state or local government agencies. As an asset-based lender, we provide immediate short-term capital to businesses enabling them to pay their day-to-day expenses while we are in legal position to be paid on approved invoices being processed and paid by the contracting agencies. We operate with ABR managing investor relations, and two independent divisions managing the day-to-day asset-based-lending operations with our qualified clients and their government contract authorities, or contracting officers. Our current business focus includes markets in Texas and Arizona, as both regions have ample opportunity for growth well into the foreseeable future.

## Use of Investment Funds

Investment funds are used as working capital for our asset-based-lending program. We charge a small fee each time we advance funds on an “approved for payment” invoice for one of our clients. Because the contractor, and the contracting agency, “assign” payment of those invoices to us, we are guaranteed to be paid. And because government agencies pay approved invoices on a regular, predictable basis, we are able to turn that same working capital multiple times every year. The result is we are able to earn our fees to operate ABR, and our investors earn their guaranteed 10% annual interest, paid monthly.

## How Asset-Based Lending Works

Acme Company is a paving contractor that has been awarded a \$1,000,000 federal contract to repave an airstrip. We first thoroughly vet Acme Company before approving them for our funding services. Next, we file an *Assignment of Claims* with the federal government so that Acme’s invoices to the federal government are paid directly to us. Then, Acme goes to work.

After completing the first phase of work Acme submits an invoice for \$100,000 to the government. The government reviews their work and approves the invoice for payment. Based on the “approved for payment” invoice we then advance Acme 80% of the value of the invoice, or \$80,000. Within 30 days we receive directly from the federal government an ACH (Automatic Clearing House) payment for \$100,000 payable to us. Then the remaining funds less our service fee of 3.96% is returned to the contractor.

The result is that by using our service, the contractor receives \$80,000 up front on the approved invoice, and another \$16,040 back from us after the invoice is paid by the government, and we retain our 3.96% fee, or \$3,960.00. The process continues as the contractor submits additional invoices through completion of the contract. The contractor has the on-going cash flow they need to operate, and we continue to earn additional fees on the same monies we advance, multiple times throughout the year.

## Our Strategic Advantage

As an asset-based lender, we do not focus on a company’s financial statements (and the long process banks require for lending), but rather, we

focus on a company’s assets, including government awarded contracts that include a guarantee, in writing, to pay ABR. This simplifies the financing and cash flow needs of the construction contractor competing for government contracts, assures the government that the contractor will have the money they need to perform, and guarantees that ABR will always be paid for its services.

This win-win combination has allowed ABR to become the leading option to credit worthy construction companies performing under government contracts.

## About Our Investor Program

Our investor program is based on a two or three-year promissory note, with a minimum investment of \$25,000. We pay our investors 10% annual percentage rate interest, fixed for the term of the note, with interest paid monthly on the first of every month by check. At maturity investors have the option to request re-payment of their note, or renew and/or increase their note for an additional term, again with guaranteed 10% APR interest.

To get started as a new investor you first complete a confidential one-page questionnaire for the preparation on our individual promissory note. Once we receive your signed questionnaire, we will provide you with wiring instructions and set up your account. Upon receipt of your wire, You will receive immediate account credit as soon as we receive your funds and you start earning interest and we will email and mail your new promissory note.

## Key Information for Investors

1. We pay 10% APR on your investment.
2. Interest checks are sent monthly on the 1<sup>st</sup>.
3. Our 10% APR interest rate is guaranteed.
4. No investor has ever lost money in our program... ever.
5. We ask for a two-year commitment because we put that money to work in asset-based lending with our vetted clients.
6. If you want to start with a one-year commitment, let’s talk.
7. If you have an extreme emergency (death) we will work with you on a case by case basis,

and without penalty, if we are able to return some or all of your principle early.

8. At maturity, you can have your investment returned, or you can renew your investment, adjust it up or down, and continue to earn “Mail Box Income”. If you want to leave our program at maturity, we ask that you give us 90 days notice so we can adjust our current asset based lending commitments to ensure your principle is available when you exit.
9. Our experience is that almost all our investors renew and never leave our program. Even when a spouse passes, the surviving spouse renews in order to continue to receive the guarantee monthly 10% interest income.
10. Your investment is not affected by the stock market or interest rates because we don’t invest your money, we use it as working capital in our asset-based lending program.
11. For new investors, we recommend starting with a smaller commitment and let us prove to you how the program works, including the 10% APR guaranteed interest, paid monthly.
12. If you, the principle investor, were to pass away, we will work with the executor of your estate to either return your investment, or continue with a new note representing your surviving spouse or family member(s).

### **Mitigating Investor Risk**

No investment opportunity is without risk. For all investors there is a balance between achieving high return while minimizing risk. The obvious goal is the highest return possible with the lowest exposure possible. By focusing our providing an alternative source of financing for construction and service companies that are pursuing federal, state and local government contracts, and only advancing on contractor invoices already approved for payment by the government contracting authority, we substantially mitigate risk to our investors.

In more than 24 years with our program, funding over 35,000 client invoices and managing over \$20 million of investor funds, ABR has never experienced a loss on a government project, and not a single investor has ever lost money with us!

### **How We Protect Our Investors**

#### Business Model Protections

1. ABR only lends short-term funds on progress invoices already approved for payment.
2. ABR has a highly experienced management staff that has been with ABR for over 22 years. This experience spans not only banking and finance, but also government contracting and commercial construction.
3. ABR does not offer asset-based-lending to higher risk verticals such as transportation, retail or manufacturing.
4. We focus our program to government backed contracts for commercial construction, and only to invoices already approved for payment by the government.
5. If there was to be an issue with an approved invoice or payment, ABR will step into pay any shortfall so that all investor monies remain whole.
6. ABR has retained the services of an independent securities attorney who reviewed our processes, documentation, fiduciary management practices and compliance performance as part of our investor quality assurance program.

#### Government Backed Contracts

1. ABR focuses on government contracts.
2. We use the “Assignment of Claims Act” to assign the contract and contract proceeds to us. This includes each contract being legally modified and approved to reflect our assignment. That means the government is legally required to pay us for invoices submitted by our clients that have been approved for payment by the government.
3. We are CCR/SAM Registered with the government. This is the Central Contractor Registration (CCR) system, which has now been updated to the System for Award Management (SAM) program.
4. The Federal Acquisitions Act (FAR) recognizes our assignment of claims and guarantees that all payments will be sent

via ACH (automated clearing house electronic funds-transfer) directly to us.

5. In all cases, ABR is, by legal assignment, the required payee when the government Contracting Officer pays an invoice. This ensures return of funds back to ABR and protects investor monies which are used as our working capital in our program.

#### Program Protections

1. ABR **only** advances funds on progress invoices issued by the contractor that have **already been approved for payment** by the government Contracting Officer. This assures payment back to us.
2. ABR requires contractors to assign their accounts receivable, including the contract proceeds from their government contracts, to ABR. This ensure payments to ABR.
3. ABR ensures that a UCC-1 lien is filed with the Secretary of State Office in states where contractors are located and/or performing contract work so that we are always in first position if there is ever a payment dispute.
4. ABR utilizes the Federal Acquisitions Regulation (FAR) to legally require contractors to assign their contract proceeds/payments directly to us. This assignment requires the government contracting officer to pay us for invoices submitted by the contractor and approved for payment by the contracting officer.
5. ABR requires that all Assignment of Claims documents are signed by the contractors, our representatives and then properly executed by the government agency that is awarding the contract.
6. All payments from the federal government are paid directly to us through EFT transactions (ACH) to ensure timely receipt of money back to us. This allows ABR to “turn” capital multiple times in a 12-month period.
7. Federal contracts along with State and City government agencies pay between 30 to 40 days from date of invoice approval.

#### Rigorous Contractor Screening

1. ABR only accepts companies as clients for its asset-based lending that have been thoroughly vetted.
2. Our client application process is designed to determine the viability and quality of the contractor’s business, IRS tax status, ownership-guarantor status, and other compliance and performance factors.
3. ABR vetting includes proof of identity for owners/key individuals, proof of business documentation (articles of incorporation, business licenses, etc.) lien search, court records search and IRS search.

#### Government Recognition

1. ABR has a long and successful history helping service and commercial construction companies qualify for, and perform under their government awarded contracts by facilitating the asset-based lending that allows these businesses to successfully perform under contract.
2. ABR is authorized to issue a “Letter of Commitment” when a business is in the final stage of being awarded a government contract. Letters of Commitment assures the contracting officer that the contractor will have the sustained financial resources available to perform under a contract.

#### Insulated from Market Fluctuation

1. The interest rate we pay investors – 10% APR – is based on our proven business model, and not on fluctuations of value inherent in other investment opportunities. This has been consistent in our business since inception in 1995.
2. The government is always spending money on infrastructure. In strong economies there is a tax base to spend on projects. In weak economies, the government is incentivized to spend on infrastructure to stimulate job growth and recovery.

## Investor Relations

In over 24 years working with our investors and managing over \$20 million of invested funds, we are proud to have a 95% investor retention rate in our program. The reasons are simple: investments are backed by government contracts; investors earn 10% APR interest guaranteed; investors receive a check in the mail every month; and no investor has every lost money with our program.

The only time we lose an investor is, unfortunately, when one should pass away. Invariably, the surviving spouse or family member will continue the investment, as it provides guaranteed monthly income. This is also why we have never, in our entire operating history, received an investor complaint.

Regarding confidentiality, ABR takes investor and information privacy very seriously. We have a direct responsibility to protect all investor information. By policy, we limit staff access to investor personal information, all records are maintained under secure lock, and all digital records are fully encrypted and archived separately (off-site) from our IT systems.

We also understand the importance of on-going communication with our investors. As such, we are implementing a newsletter program as our investor program grows. Feedback from our investors is that it's exciting to know how their funds are being used to help build America.

## What Our Investors Say

*The main reason I decided to invest with ABR is that they obtain better returns than banks or riskier stock markets, and I liked that my investments is backed by contracts. My biggest concern was that I had never heard of ABR before and it was hard to believe that something like this existed. But then I spoke with Frank, the President of ABR I Learned about their business model, and especially how ABR deals with Government agencies, which is more secure and is always backed by contractual obligation to pay customers. What I also like about ABR is that they always available for communication and they promptly send out the monthly payments.*

Lakshmikanth, California

*What I like about ABR is the 10% yield. I have lots of CD's but 10% is a better financial plan. I had never heard of ABR and was a little confused why they were a safe investment. But then I ran across a huge list of ABR customers and felt confident that they showed who they were lending money to, plus they have been around for a long time. Because of my age, they worked with me to do a one year term. I like the 10% yield and the monthly payment. I feel it's safe, they've been around 20+ years, and Frank gets back to you immediately, which is important.*

Bill, New Jersey

*My main reason was a referral by a long-time investor. After 18 months bragging about his returns I decided to give it a go. Boy am I glad did invest with ABR. My biggest concern was getting my principal back and my monthly interest checks. What I learned was that ABR is a reputable company run by knowledgeable people with decades of experience. Others should know that ABR is helping families grow their business when they would otherwise not be able to expand. What do I like about ABR? What's not to like? Great business model, timely cash flow on my investments and easy to work people.*

Gary, Texas

*The primary motivation to invest with ABR was the opportunity to make above market interest on a fixed time investment. We pretty much were out of options. At our age of 70 we need to protect our basic nest egg but could not deal with bank interest rates or the volatility of the equity markets. We were concerned about investing with an out-of-state company that we were unfamiliar with. But we learned they have been in business for 24 years with an impeccable history of never suffering a loss on their investment strategy. We like the fact of a locked in interest rate with monthly payments along with the opportunity to add to our total investment and roll it over at the same rate if we choose to. Also, we liked that we always dealt with the President of ABR, who was always responsive to all questions and readily available. And, we particularly like that they are involved with supporting projects done by women and minorities.*

Ann, Georgia



## **ABR Government Contract Experience**

Below is a partial list of federal, state and local government agencies for which ABR has provided asset-based lending services to contractors performing under government contract:

### Federal Government Agencies/Projects

- Army Corps of Engineers
- Bureau of Customs and Border Protection
- Federal Aviation Administration
- Federal Bureau of Prisons
- Federal Bureau of Indian Affairs
- General Services Administration
- Department of Indian Affairs
- Department of Veterans Affairs
- National Institute of Health
- U.S. Department of Defense
- U.S. Army Corp of Engineers
- U.S. Department of Agriculture
- U.S. Department of the Interior
- U.S. Department of Homeland Security
- U.S. Department of Transportation
- U.S. Department of Veteran Affairs
- U.S. Postal Service, USA

### State Government Agencies

- Arizona Department of Transportation
- Arizona Department of Economic Security
- Texas Department of Public Safety
- Texas Department of Transportation
- Texas General Services Administration

### City and Local Entities

- City of Peoria, AZ
- City of Phoenix, AZ
- City of Albuquerque, NM
- City of Sunland Park, NM
- Tierra Del Sol (Veteran) Housing Corp, NM
- City of El Paso, TX
- Community Economic Development, El Paso, TX
- El Paso Water Utilities, TX
- Public Service Board, El Paso, TX
- Waco Housing Authority, TX

### Schools and Universities

- Albuquerque Independent School District, NM
- Anthony Independent School District, NM
- El Paso Community College, TX
- El Paso Independent School District, TX
- Fabens Independent School District, TX
- San Elizario Independent School District, TX
- Texas Tech University Health Service, TX
- University of Texas, El Paso, TX

## **Contact Us**

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## **Disclosure**

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