

## CrowFly sees rising demand amid low interest rates, could consider USD 5m equity raise early 2021 - CEO

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**CrowFly** has seen rising demand for selling and buying structured settlement products amid a low interest rate environment and could consider USD 5m equity raise early 2021, said Tony Barnes, CEO and co-founder.

Buffalo, New York-based CrowFly connects sellers of structured settlements, typically plaintiffs of lawsuits or claims who want cash quickly, with interested investors who want higher rewards. CrowFly does not charge sellers of structured settlements but gets commissions from buyers based on transactions.

CrowFly, which is profitable, expects to generate USD 1m in revenue by year-end, Barnes said. The firm was founded in 2017 and officially launched its service in September 2019.

The COVID-19 outbreak is bringing more users to CrowFly, as some sellers of structured settlements may have more urgent needs for upfront cash and the current low interest rate environment encourages more investors to consider alternative investments for higher returns, Barnes said.

However, a big threat to CrowFly is that some courts have closed, which delayed some approval processes of the structured settlement transactions, Barnes said, adding that he remains positive as some courts are moving towards remote operations.

While CrowFly can continue generating cash to self-support its business, the firm could consider its first external equity raise to accelerate growth and grab market share from leading player **J.G. Wentworth** [OTCQX:JGWE], and its affiliates Peachtree Financial Solutions and Stone Street Capital, Barnes said.

“We don't expect to have a failure of cash. We are not in a place where we must raise, or we will become nonexistent,” Barnes said, adding that he believes there's a significant amount of investor money out there looking for solid business opportunities in the next six to 12 months.

Proceeds from an equity raise will be used to expand video-related marketing channels and improve the legal structure to handle larger investment pools, he said.

Barnes said he talked to potential investors more than a year ago to help launch the website, but he did not pursue further due to an unappealing valuation for CrowFly. Barnes said he has stayed in touch with many potential investors and plans to start more formal talks in summer for this USD 5m equity raise.

CrowFly is considering a debt raise as an alternative to the equity raise, Barnes said, though a debt raise could mean more pressure for short-term revenue. CrowFly doesn't have any debt, he said.

Just like many other small businesses, CrowFly is also considering applying for the forgivable SBA loan program under the CARES Act, he said.

While CrowFly is not actively seeking a sale, it would entertain offers, Barnes said, adding that he doesn't think CrowFly can get an acceptable valuation with less than a year of revenue.

Logical buyers include competitors, insurance-related providers, and alternative investors, Barnes said, adding that it doesn't want to sell to a competitor.

It works with **McCarter & English** for legal counsel.

by Xinyi Jiang in Charlottesville, Virginia