

Having developed additional technology capabilities and expertise, NES Financial is enabling financial institutions and corporations to pursue additional specialized transaction types including EB-5 escrows and 1031 like-kind exchanges

**Business Services
Financial**

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Michael Halloran
CEO

BIO:

Michael Halloran drives the leadership and strategic vision for NES Financial. His passion for consumer protection has defined the company's products and services. He has emerged as a leading voice for consumer advocacy in the 1031 industry and has led the company to design solutions that ensure financial security, transparency, and compliance. With an impressive track record in building high-growth organizations, Michael provides considerable expertise in enterprise-class real-time technology solutions for financial risk management, compliance, sales, and marketing. Michael's background in-

cludes developing marketing strategies for Intel, Microsoft, Charles Schwab, Nikon and other major US corporations.

About NES Financial:

NES Financial provides technology-enabled services that streamline the administration of highly-scaled financial transactions. Many of the world's largest financial institutions and corporations rely on NES Financial's unparalleled expertise to ensure secure, transparent, and compliant management of EB-5 escrows, 1031 like-kind exchanges, and multi-tiered sub-accounting environments. Repeatedly recognized by Inc. 500/5000 as one of the fastest-growing, private companies in America, NES Financial delivers end-to-end solutions that help companies lower administrative costs, reduce risk, and improve ROI. For more information, please visit www.nesf.com.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Halloran, would you tell us about NES Financial and your focus?

Mr. Halloran: We are a technology-enabled service provider to financial institutions and corporations for managing large-scale, specialized financial transactions. We provide a high level of security and transparency for companies and investors, and our services help reduce risk and costs for financial institutions.

CEOCFO: When you say "large-scale" do you mean large dollar amount, great volume, or both?

Mr. Halloran: Both. They are not your prototypical financial transactions where a bank can be highly profitable given the state of its current technology infrastructure, resource limitations or subject matter expertise. Therefore, we developed service capabilities and underlying technology that allow the banks in these very highly-specialized environments to manage client relationships and process transactions very cost effectively. A good example would be a "landlord / tenant" deposit. The deposit amount per tenant is typically quite small by bank standards but (particularly on the East Coast), banks are required to maintain information, process transactions, and provide regular reporting to each of these landlords in order for the landlord to comply with regulatory requirements. These requirements are different on a state-by-state basis and sometimes even on a county-by-county basis. The relatively small deposits per account compared to the level of complexity create a less profitable operating environment for both the bank and the property manager.

CEOCFO: There are certainly many companies that provide technology services to banks. Who is your competition and why choose NES Financial?

Mr. Halloran: Our services model positions us uniquely in the marketplace so our competitors tend to be point solutions providers depending on the specific applications and markets. As an example, we originally built the business in the 1031 Tax Deferred Exchange sector as a Qualified Intermediary. In that sector our competition would be other Qualified

Intermediaries. While the specific competitors vary from sector to sector our differentiators are common. Our big differentiators are an extremely high level of expertise and our technology. Our general counsel wrote part of the 1031 code during her tenure at the IRS. Our technology makes the processing very efficient, cost effective, and most importantly, more transparent and secure than what customers would typically get. We grew our 1031 business to become the leading provider in the sector, and with that success we have developed additional technology capabilities and expertise to help our clients pursue additional specialized transaction types including the EB-5 visa program. In this market we have very few competitors. There are many outsourcing vendors in the banking sector today which vary between being just pure service plays, and some are even technology focused. Our technology is very different in that it is focused specifically towards highly skilled sub-accounting environments usually in sectors with some sort of regulatory or reporting risk. That plays to what we developed in our technology. We operate in a complex environment, and our ability to make things simple and secure is really how we end up generating much of our growth in business.

CEOCFO: What was the hardest part of the basic technology to put into place? What is the basic building block that you figured out that maybe others have not quite understood as well?

Mr. Halloran: Particularly with the financial services companies, there are a core set of vendors that represent the majority of the infrastructure. Given the massive installed bases that these vendors support it has been very difficult, or impossible for them to incorporate the latest technology breakthroughs into their complex systems. What we were able to do was really look at how to develop technology that augments those existing infrastructure investments and really leverages leading-edge technology. We also had to do it in a way that was

very sensitive to how financial services sectors deploy technology. In the banking sector, for instance, the normal procurement and deployment process of technology is multi-years. Generally, you might be looking at eighteen months just to evaluate the technology and determine what vendor you would use and maybe another eighteen months to actually deploy it. Leading-edge developments in technology move far too fast for that cycle time. Instead, we came up with a methodology and technology that could be scaled, deployed and adapted to very specific sectors or environments within about a 90 day window. This mitigates much of the technology risk for the financial institutions and allows them to get a much better return in a much shorter period of time.

CEOCFO: Are there applications, segments, companies, industries or

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pieces that you would like to work with that you are not working with now or that you would like to have more involvement with?

Mr. Halloran: Oh yes, quite a bit! The interesting thing is that there are many environments that have the key characteristics that would benefit from what we do. There are already many sectors that have significant reporting requirements, sub-accounting requirements, are very highly scaled, and yet there are no focused solutions that really address and create the efficiencies that need to be there today, other than what we are doing. We are actually really excited because the market is enormous, and with the increasing trends in regulatory oversight and financial protection we expect it to continue to grow. We believe we are very well positioned to benefit from these trends. We are already at a point where we have a significant amount of validation. We are the

leading provider in the country for 1031 exchanges and EB-5 services. We have major corporations on the Fortune 100 list as our clients, and in the banking sector we have top twenty banks that use our services and technology to reduce risks, improve service capabilities to their customers, and most importantly, eliminate cost from the process.

CEOCFO: How do you keep up with the constantly changing regulatory environment?

Mr. Halloran: We pay very close attention to the changes in the specific sectors that we have actually deployed technology within, and we try to take as much of a leadership role as we can. Because of where this company originated, which was in 1031, we have always been very active advocates for requiring regulatory oversight in that sector, and there have been some notorious abuses in

the past. We have developed technology and entered the sector to eliminate those abuses, and we petitioned Congress for about a year and a half to create a regulatory framework. As a result, that was something that became part of our nature as an organization. In EB-5 we are actively involved in the Best

Practices Committee for the leading industry association to try to ensure that investors, Regional Centers, and banks are protected. Banks are obviously very risk-sensitive in today's environment, particularly with all of the reform that is going on within the sector. We are able to incorporate those sensitivities and regulatory requirements into our solutions to enable banks to succeed.

CEOCFO: How is business these days?

Mr. Halloran: Our company is doing very well! We had a very successful year last year just as we did the year before. We have been in the Inc. 5000 Fastest Growing Companies for two consecutive years. On an annual basis we process over \$85 billion worth of transactions, and that number is growing considerably year over year. We continue to be the dominant

provider in the sectors we service. Last year saw a tremendous growth within the EB-5 sector as a whole. Our technology being deployed within financial institutions, banks in particular, has seen dramatic growth. We expect this year, based on the banks that we are currently working with and the projects that we are working through, to continue to see impressive growth. We are a company that, when the market is down, the things that drive people to us (reducing cost and reducing risk) really favor what we do. For that reason, this is a great environment for us.

CEO CFO: Do companies in the industry know you? Are the types of services and solutions that you pro-

vide well recognized in general or do they really have to start looking around to find you?

Mr. Halloran: We are a very recognized brand within the 1031 and EB-5 sectors. In the banking sector more and more institutions are becoming aware of us. There is still quite a bit of brand development that needs to be done in additional discreet escrow administration environments as we continue to grow our business.

CEO CFO: Will you be doing so?

Mr. Halloran: Yes, absolutely. Our strategy has been, and will continue to be, to work with partners to identify where there are needs that should be addressed in a specific market, develop a solution closely with them,

make sure we have the appropriate expertise and deploy it in the market. Once we have deployed it we then work very aggressively towards scaling it.

CEO CFO: Why should investors and people in the business community be paying attention to NES Financial today?

Mr. Halloran: Because we do three things exceptionally well. We help people reduce risk, reduce cost, and increase overall security on financial related transactions. That is where we excel.



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