

CASHPASS NETWORK

AN IDEA

Ever try to buy airline tickets without a credit or debit card? How about reserving a hotel room or renting a car? Many of us take for granted the comfort, security and overall power of plastic. However, there is a substantial segment of the consumer population that is unable to obtain a credit or debit card for a variety of reasons. But should this limit their accessibility to everyday consumer freedoms that rely on plastic collateral? From this dilemma, the Cashpass Network was born.

In 2003, Brad Rixmann, Owner and Founder of Pawn America, wanted to get into the check-cashing business. Like with all his ventures, Brad did his research, but learned check-cashing was cost-prohibitive. As well, Brad was put off by the necessary security measures including bullet proof glass. Brad felt it would threaten the culture of Pawn America, its customers and employees.

After deciding not to pursue check-cashing, Brad learned of a company called MetaBank. Meta Financial Group, Inc was founded in 1954 and is an \$800 million bank holding company for MetaBank, which serves clients of debit cards and related services. Brad then met Jason Martin, now Cashpass Network Vice President of Operations. Together the two convinced MetaBank, a principal member of MasterCard, that selling the Cashpass Debit Card in pawn stores was a viable solution to getting the MasterCard product into more hands. Both MetaBank and MasterCard agreed. Brad then decided to take a chance on the Cashpass Network. It was a gamble that paid off.

HOW CASHPASS WORKS

The Cashpass Card is a pre-paid debit card issued by MasterCard. Users can get cash, buy gas and use the card anywhere MasterCard is accepted. Cashpass users directly deposit cash onto their card online, at nationwide Cashpass Network locations or at the more than 40,000 Western Union locations across the country. An employer can also directly deposit payroll onto the Cashpass Card and the US Government can do the same with social security payments. Users enjoy the benefits of checking their balance or paying bills online and knowing they don't have to carry cash. The Cashpass Card looks like any other credit or debit card and is FDIC insured protecting the customer for up to \$100,000. The Cashpass Card also provides a sense of self-esteem for customers now able to access all the benefits of credit and debit cards.

CASHPASS TAKES OFF

Since its inception in April of 2003, the Cashpass Network remains not only a successful option for its almost 10,000 customers, it has also allowed distributors like Pawn America to reap many benefits. Brad offers the product in his 14 Pawn America locations. "Since signing on with the Cashpass Network, we've enjoyed a 16% increase in sales and 20% increase in extension payments year to date," says Rixmann. This past August alone, \$1.9 million dollars was deposited onto the Cashpass Cards at Pawn America stores. "That's \$1.9 million dollars in one month alone walking into our stores that we didn't have last year. It's that increase in deposits that turns into additional sales," adds Rixmann. Brad also credits a good portion of Pawn America's 11% increase in transactions this quarter to the Cashpass Card.

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For Rixmann, offering the Cashpass product in Pawn America stores has opened up a new customer base. For example, a Cashpass customer comes into a Pawn America store to deposit money onto their card. That person is then exposed to Pawn America's retail offerings and pawn services. The result for Brad Rixmann and Pawn America is an increase of 13% in loans this year alone. "The Cashpass product gives us tremendous leverage, making us all-around more competitive," adds Rixmann.

Other benefits of the Cashpass Network for distributors like Pawn America include commissions for the sale of the card and subsequent transactions. Cashpass Network distributors also enjoy its benefits without new product start-up fees or other costs for plastics, marketing materials or training. There is no need to increase labor to keep the process running. Brad says the Cashpass transactions are very simple and with many customers depositing cash onto their cards, many transactions are also risk free as compared with cashing a check.

The Cashpass Network is a web-based system requiring only an internet connection. Pawn America is working on integrating with pawn software vendors to allow seamless integration through their own point of sale software and the Cashpass Network. The product is easy to manage on a store level and produces a tremendous base for customer loyalty.

A GROWING MARKET

The Cashpass Network is certainly a product whose time has come. Having signed on as a distributor two years ago, Brad admits having spent more time in the early stages integrating the system within his operations and working with MasterCard and MetaBank to develop a marketing plan specifically designed for pawn stores. In doing so, Pawn America has enjoyed the benefits of \$13 million dollars in Cashpass Network deposits in stores in 2005. "Already we've seen this product create a significant increase in store transactions, about 42,000 through August alone," says Rixmann. "With a potential market of about 60 million customers nationwide, we're very pleased to be in on the ground floor."