

# ASTA FUNDING INC

## **FORM 8-K** (Current report filing)

Filed 08/13/19 for the Period Ending 08/13/19

Address	210 SYLVAN AVE ENGLEWOOD CLIFFS, NJ, 07632
Telephone	2015675648
CIK	0001001258
Symbol	ASFI
SIC Code	6153 - Short-Term Business Credit Institutions
Industry	Corporate Financial Services
Sector	Financials
Fiscal Year	09/30

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**  
Pursuant to Section 13 OR 15(d)  
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 13, 2019

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**ASTA FUNDING, INC.**  
(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of incorporation)

001-35637  
(Commission  
File Number)

22-3388607  
(IRS Employer  
Identification No.)

210 Sylvan Avenue, Englewood Cliffs, New Jersey  
(Address of principal executive offices)

07632  
(Zip Code)

Registrant's telephone number, including area code: 201-567-5648  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	ASFI	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## Item 2.02 Results of Operations and Financial Condition

On August 13, 2019 Asta Funding, Inc. issued a press release announcing its financial results for the third quarter of the fiscal year ended September 30, 2019, the quarterly period ended June 30, 2019. A copy of the press release, including financial information released as a part thereof, is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Item 2.02 of this Current Report, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that Section. The information in this Item 2.02 of this Current Report, including Exhibit 99.1, shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act.

## Item 9.01 Exhibits

(d) Exhibits. The following exhibit is furnished with this Current Report on Form 8-K:

<u>No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated August 12, 2019, announcing financial results for the third quarter of Fiscal Year 2019</a>

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ASTA FUNDING, INC.**

Date: August 13, 2019

By: /s/ Bruce R. Foster  
Bruce R. Foster  
Chief Financial Officer

**Investor Contact:**

Bruce R. Foster, CFO  
**Asta Funding, Inc.**  
 (201) 567-5648

**Asta Funding Announces Results for  
 The Third Quarter Ended June 30, 2019**

- *\$2.3 million in net income for the quarter ended June 30, 2019*
- *Diluted EPS rose to \$0.35 for the quarter ended June 30, 2019*
- *\$61.2 million in cash & securities as of June 30, 2019*

ENGLEWOOD CLIFFS, N.J., August 13, 2019 - Asta Funding, Inc. (NASDAQ: ASFI) (the "Company"), a diversified financial services company, today announced results for the third quarter ended June 30, 2019.

**Three Months Ended June 30, 2019 Results**

For the three months ended June 30, 2019, net income was \$2.3 million, or \$0.35 per diluted share, as compared to net income of \$2.0 million, or \$0.29 per diluted share for the three months ended June 30, 2018.

Total income for the three months ended June 30, 2019 decreased \$0.9 million to \$6.4 million, compared to \$7.3 million for the three months ended June 30, 2018. Total revenue included in the three months ended June 30, 2019 is approximately \$3.7 million in total revenue from finance income from the distressed receivable business, as compared to \$4.5 million for the three months ended June 30, 2018. Also included in total revenues for the three months ended June 30, 2019 is approximately \$0.4 million from personal injury claims income, as compared to \$1.6 million for the three months ended June 30, 2018. Disability fee income was \$1.2 million for the three months ended June 30, 2019 and 2018. Other income increased \$0.8 million to \$0.9 million for the three months ended June 30, 2019, compared to \$0.1 million for the three months ended June 30, 2018. The Company recognized a gain on settlement of \$0.3 million for the three months ended June 30, 2019.

General and administrative expenses decreased \$1.2 million to \$3.0 million for the three months ended June 30, 2019, as compared to \$4.2 million for the three months ended June 30, 2018.

Additionally, the Company had a loss from an equity method investment of \$(5,000) for the three months ended June 30, 2019.

**Nine Months Ended June 30, 2019 Results**

For the nine months ended June 30, 2019, net income was \$5.4 million, or \$0.80 per diluted share, as compared to a net income of \$0.3 million, or \$0.05 per diluted share for the nine months ended June 30, 2018.

Total income for the nine months ended June 30, 2019 decreased \$0.4 million to \$18.0 million, compared to \$18.4 million for the nine months ended June 30, 2018. Total revenue included in the nine months ended June 30, 2019 is approximately \$10.7 million in total revenue from finance income from the distressed receivable business, as compared to \$12.8 million for the nine months ended June 30, 2018. Also included in total revenues for the nine months ended June 30, 2019 is approximately \$1.6 million from personal injury claims income, as compared to \$2.2 million for the nine months ended June 30, 2018. Disability fee income was \$3.7 million for the nine months ended June 30, 2019, as compared to \$3.2 million for the nine months ended June 30, 2018. Other income increased \$1.2 million to \$1.4 million for the nine months ended June 30, 2019, compared to \$0.2 million for the nine months ended June 30, 2018. The Company recognized a gain on settlement of \$0.6 million for the nine months ended June 30, 2019.

General and administrative expenses decreased \$1.4 million to \$10.3 million for the nine months ended June 30, 2019, as compared to \$11.7 million for the nine months ended June 30, 2018. During the nine months ended June 30, 2018, the Company recorded a loss of \$(1.4) million on the acquisition of a minority interest.

Additionally, the Company had a loss from an equity method investment of \$(91,000) for the nine months ended June 30, 2019, compared to earnings from an equity method investment of \$0.8 million for the nine months ended June 30, 2018.

**Balance Sheet Review**

As of June 30, 2019, the Company had approximately \$61.2 million in cash and cash equivalents, and securities, \$89.2 million in stockholders' equity, and a net book value per share of \$13.50.

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## **About Asta Funding, Inc.**

Asta Funding, Inc. (NASDAQ:ASFI), headquartered in Englewood Cliffs, New Jersey, is a diversified financial services company that assists consumers and serves investors through the strategic management of three complementary business segments: Personal Injury Claims, Consumer Debt and Disability Advocacy. Founded in 1994 as a sub-prime auto lender, Asta now manages business units that include or have included funding of personal injury claims; acquiring and managing international distressed consumer receivables; and benefits advocacy. For additional information, please visit our website at <http://www.astafunding.com>.

## **Cautionary Note Regarding Forward-Looking Statements**

All statements in this news release other than statements of historical facts, including without limitation, statements regarding our future financial position, business strategy, budgets, projected revenues, projected costs, and plans and objectives of management for future operations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may,” “will,” “expects,” “intends,” “plans,” “projects,” “estimates,” “anticipates,” or “believes” or the negative thereof, or any variation thereon, or similar terminology or expressions. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are not guarantees and are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Important factors which could materially affect our results and our future performance include, without limitation, the identified material weaknesses in our internal control over financial reporting and our ability to remediate those material weaknesses, our ability to purchase defaulted consumer receivables at appropriate prices, changes in government regulations that affect our ability to collect sufficient amounts on our defaulted consumer receivables, our ability to employ and retain qualified employees, changes in the credit or capital markets, changes in interest rates, deterioration in economic conditions, negative press regarding the debt collection industry which may have a negative impact on a debtor’s willingness to pay the debt we acquire, and statements of assumption underlying any of the foregoing, as well as other factors set forth under “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended September 30, 2018, and other filings with the SEC. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the foregoing. Except as required by law, we assume no duty to update or revise any forward-looking statements.

## **Investor Contact:**

Bruce R. Foster, CFO  
**Asta Funding, Inc.**  
(201) 567-5648

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**ASTA FUNDING, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**

	June 30, 2019 (Unaudited)	September 30, 2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,898,000	\$ 6,284,000
Available for sale debt securities (at fair value)	50,286,000	38,054,000
Investments in equity securities (at fair value)	8,032,000	—
Consumer receivables acquired for liquidation (at cost)	2,184,000	3,749,000
Investment in personal injury claims, net	5,909,000	10,745,000
Due from third party collection agencies and attorneys	813,000	755,000
Accounts receivable, net	235,000	—
Prepaid and income taxes receivable, net	4,456,000	5,387,000
Furniture and equipment, net of accumulated depreciation of \$1.9 million at June 30, 2019 and \$1.8 million at September 30, 2018	145,000	100,000
Equity method investment	207,000	236,000
Note receivable	—	4,313,000
Settlement receivable	1,990,000	3,339,000
Deferred income taxes	10,360,000	10,940,000
Goodwill	1,410,000	1,410,000
Other assets	1,443,000	1,003,000
Total assets	<u>\$ 90,368,000</u>	<u>\$ 86,315,000</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<u>\$ 1,208,000</u>	<u>\$ 2,281,000</u>
Commitments and contingencies		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$.01 par value; authorized 5,000,000 shares; issued and outstanding — none	—	—
Preferred stock, Series A Junior Participating, \$.01 par value; authorized 30,000 shares; issued and outstanding — none	—	—
Common stock, \$.01 par value, authorized 30,000,000 shares; issued 13,459,708 at June 30, 2019 and September 30, 2018; and outstanding 6,605,915 at June 30, 2019 and 6,685,415 at September 30, 2018	135,000	135,000
Additional paid-in capital	68,558,000	68,551,000
Retained earnings	87,956,000	82,441,000
Accumulated other comprehensive income, net of taxes	199,000	35,000
Treasury stock (at cost) 6,853,793 shares at June 30, 2019 and 6,774,293 at September 30, 2018	(67,688,000)	(67,128,000)
Total stockholders' equity	<u>89,160,000</u>	<u>84,034,000</u>
Total liabilities and stockholders' equity	<u>\$ 90,368,000</u>	<u>\$ 86,315,000</u>

**ASTA FUNDING, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations**  
(Unaudited)

	<b>Three Months Ended June 30, 2019</b>	<b>Three Months Ended June 30, 2018</b>	<b>Nine Months Ended June 30, 2019</b>	<b>Nine Months Ended June 30, 2018</b>
<b>Revenues:</b>				
Finance income, net	\$ 3,684,000	\$ 4,509,000	\$ 10,659,000	\$ 12,795,000
Personal injury claims income	439,000	1,557,000	1,608,000	2,167,000
Disability fee income	1,175,000	1,188,000	3,732,000	3,248,000
<b>Total revenues</b>	<b>5,298,000</b>	<b>7,254,000</b>	<b>15,999,000</b>	<b>18,210,000</b>
Gain on settlement	273,000	—	596,000	—
Other income, net	855,000	76,000	1,395,000	179,000
	<u>6,426,000</u>	<u>7,330,000</u>	<u>17,990,000</u>	<u>18,389,000</u>
<b>Expenses:</b>				
General and administrative	2,980,000	4,201,000	10,301,000	11,712,000
Loss on acquisition of minority interest	—	—	—	1,420,000
Interest	—	17,000	—	19,000
Impairment	100,000	100,000	100,000	100,000
Loss (earnings) from equity method investment	5,000	—	91,000	(845,000)
	<u>3,085,000</u>	<u>4,318,000</u>	<u>10,492,000</u>	<u>12,406,000</u>
Income from continuing operations before income tax	3,341,000	3,012,000	7,498,000	5,983,000
Income tax expense	1,037,000	1,055,000	2,146,000	5,595,000
<b>Net income from continuing operations</b>	<b>2,304,000</b>	<b>1,957,000</b>	<b>5,352,000</b>	<b>388,000</b>
Net loss from discontinued operations, net of income tax	—	—	—	(80,000)
<b>Net income</b>	<b><u>\$ 2,304,000</u></b>	<b><u>\$ 1,957,000</u></b>	<b><u>\$ 5,352,000</u></b>	<b><u>\$ 308,000</u></b>
<b>Net income (loss) per basic shares:</b>				
Continuing operations	\$ 0.35	\$ 0.29	\$ 0.80	\$ 0.06
Discontinued operations	—	—	—	(0.01)
	<u>\$ 0.35</u>	<u>\$ 0.29</u>	<u>\$ 0.80</u>	<u>\$ 0.05</u>
<b>Net income (loss) per diluted shares:</b>				
Continuing operations	\$ 0.35	\$ 0.29	\$ 0.80	\$ 0.06
Discontinued operations	—	—	—	(0.01)
	<u>\$ 0.35</u>	<u>\$ 0.29</u>	<u>\$ 0.80</u>	<u>\$ 0.05</u>
<b>Weighted average number of common shares outstanding:</b>				
Basic	6,666,012	6,685,415	6,678,947	6,654,911
Diluted	6,666,231	6,685,628	6,679,260	6,657,840