

## **Strategic Alliance Enhances Business Loan Availability in South Texas**

*Nuevo Santander Group teams up with Tarkus Capital*

**McALLEN, TEXAS — May 19, 2010** — Today, David Girault, Principal/Managing Director of McAllen-based Nuevo Santander Group, and Barry Morganstern, Managing Director of Los Angeles based Tarkus Capital, LLC, announced the formation of a strategic alliance to bring much-needed business financing to South Texas. The alliance will combine the local resources and market knowledge of Nuevo Santander Group with the long-standing reputation of Tarkus Capital in the Asset-Based Lending (ABL) market, and will make loans available to small and medium-size businesses throughout South Texas, and beyond. ABL structures offer loans and lines of credit based on a business's accounts receivable or machinery and equipment, and take the form of revolving lines of credit or short to medium term loans.

“As a long-time entrepreneur and business owner in South Texas, I have battled repeatedly with the lack of sophisticated lending structures in our credit markets,” said Girault, a Rio Grande Valley native, and former attorney. “I have worked with Barry [Morganstern] and his associates for many years, and I am very excited about bringing Tarkus Capital's financial products to the South Texas market.” “With David's deep roots in the community and Tarkus' access to financing tools not available from local banks, we believe we can fill a significant void in the region's credit markets,” added Morganstern.

### **Lack of Working Capital is Inhibiting Business Growth**

A recent article in the Rio Grande Guardian aided Girault in his decision to pursue the alliance with Tarkus. According to that article, researchers working on a project called IGNITE Hidalgo County are facing difficulty in determining the availability of working capital financing for Valley businesses. Brian Kelsey, a lead consultant on the project, was quoted by the Guardian as indicating that data suggests that accessing capital is probably difficult for Valley businesses; a sentiment Girault shares. “Particularly since the sale of Texas State Bank a few years ago, access to working capital has become even more difficult. The two or three large, local banks in the area have a strong leaning toward real estate backed loans, and the dozen or so small banks have lending limits result in local businesses literally out-growing their banks,” Girault said.

“We don't want to take business away from local banks,” said Arman Walker, another of Tarkus' principals. “In fact, we can help those local banks by providing loans that they are not set up to handle, that will, in turn, position them to maintain a relationship with their customer for deposits and other commercial banking services—a relationship they would otherwise lose if their customer sought out a competitor for financing.”

### **Types of Loans Available**

Through their strategic alliance, Nuevo Santander Group and Tarkus offer loans and lines of credit from \$500,000 to \$10,000,000 and above, based on accounts receivable, inventory, machinery and equipment. The group is targeting loans to agriculture, distribution, wholesale, and consumer goods companies, and can even offer financing to Mexican companies who sell their products directly to US customers. Purchase Order financing is also available to complement revolving credit lines. Another division of the group can secure credit facilities for specialty finance companies and offer participation in consumer finance portfolios.

Founded in 2005, Tarkus Capital's team of experienced finance professionals add value by structuring asset based lending solutions for middle market businesses and specialty finance companies. Our knowledge of structured finance and industry professionals bring a high level of expertise to solve our clients' financing needs.

Founded in 2009, Nuevo Santander Group provides strategic consulting and management services to small and middle-market companies in the greater South Texas region. Known as Nuevo

Santander during the Spanish Colonial era, our service area encompasses San Antonio, Laredo, McAllen, Harlingen, Brownsville/South Padre Island and Corpus Christi, as well as Victoria and the Texas Hill Country. NSG's goal is to reshape the dynamics of small businesses in South Texas through the introduction of operational efficiencies and capital budgeting strategies. Small business expansion is dependent on exposure to optimal capital structures and operational execution. As the economy and population grow, NSG's growing presence in South Texas will expose more high quality companies to business and financial structures that are commonplace outside the region. In the years to come we look forward to fostering new relationships and developing more companies, after all, it's a great time to invest in people and the South Texas markets.

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**For more information:**

David Girault, 956-639-2702, [dg@girault.us](mailto:dg@girault.us)

[www.nuevosantandergroup.com](http://www.nuevosantandergroup.com)

[www.tarkuscapital.com](http://www.tarkuscapital.com)