



## The Art of Thinking Outside the Box |May 2013|

### Peter Nunes

Senior Vice President

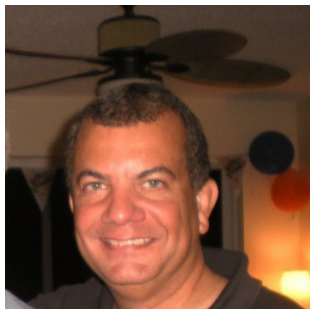
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Where does an under-capitalized Fort Lauderdale aircraft company turn to when growth opportunities outstrip its financial resources? In the fall of 2012, management of FBR Aviation, Inc. popped the champagne corks to celebrate being the successful bidder to supply and mount high definition, state of the art surveillance cameras on helicopters to handle the security detail in Brazil for three of the most prestigious sporting events on the planet: the Confederations



Cup in June 2013 which is a dry run for the most popular tournament in the world –soccer's

World Cup in June 2014 and the Rio summer Olympic Games in 2016.

It was great news indeed, but these were multi-million dollar bids and the challenge of securing the necessary financing quickly presented itself. The challenges were many: end-debtor credit risk, FX risk, performance risk, intercompany transactions, repatriation of funds back to the US. With not much meat on the bone on its balance sheet and with having less than three years of a business track record, FBR found it tough going as more than 15 banks & non-traditional lenders passed on the opportunity because FBR was “not bankable.”

The company's credit insurance broker, Mr. John Steel of One Source Risk Management & Funding, a premier credit insurance specialist contacted TFS to see what solutions, if any we

could propose. TFS focuses on three areas: structured trade finance, factoring whether domestic or international and purchase order financing. We analyzed FBR's financial statements but more importantly we drilled down to the transaction's moving parts and created flow charts and time lines to better bring into focus what the risk profile really was. Once the risks were identified, the TFS team had several brain storming sessions to agree on risk mitigation strategies and how to implement them.

For the last three years running, Brazil has been Florida's #1 trading partner – trade volume was more than \$19.6 billion in 2012 but it quickly became clear that to navigate Brazil's Byzantine import regulations and corporate statutes and to perfect a security interest in our financed goods, we needed good legal advice. We were fortunate to secure the services of a knowledgeable, seasoned attorney who was fluent in both Portuguese and English – Mr. Igor Fonseca Santos Teixeira of the law firm Ferreira Cardoso, Vasconcellos & Teodoro in Belo Horizonte.

With Igor's assurance that our "I's" were dotted and "T's" crossed, TFS funded its first FBR transaction in December



2012 and I flew to Brazil shortly thereafter for an on-site inspection of the cameras, to view the installation process and to meet with engineers.

TFS has since gone on to finance more than \$4.20M in transactions for FBR since December of last year. Said Ms. Danielle Cunha Silva, CEO of FBR: "We are so happy with TFS just for helping us, believing in us at



that time, actually keeping trust in us and helping us make this happen. Because if we didn't get the

money and financial help at that time, probably we would not be able to do it.”

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