

Marathon Patent Group, Inc.  
Form 424B5  
December 19, 2017

**Filed Pursuant to Rule 424(b)(5)**

**Registration No. 333-198569**

**PROSPECTUS SUPPLEMENT**

**(To the Prospectus Dated January 6, 2015)**

**1,354,546 Shares of Common Stock**

**MARATHON PATENT GROUP, INC.**

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering 1,354,546 shares of our common stock.

Our common stock is traded on The NASDAQ Capital Market under the symbol "MARA." On December 18, 2017, the last reported trading price of our common stock on The NASDAQ Capital Market was \$6.34 per share.

As of December 18, 2017, the aggregate market value of our outstanding common stock held by non-affiliates was approximately \$66,528,222 million based on 11,123,235 shares of outstanding common stock, of which 903,846 shares are held by affiliates, and a price of \$6.51 per share, which was the last reported trading price of our common stock on The NASDAQ Capital Market on November 27, 2017. As of the date of this prospectus supplement, we have sold 8,961,923 of securities pursuant to General Instruction I.B.6 of Form S-3 during the prior 12-calendar month period that ends on, and includes, the date of this prospectus supplement.

**Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page S-8 of this prospectus supplement and page 1 of the accompany prospectus to read about factors you should consider before buying our securities. You should also consider the risk factors described in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$ 5.50	\$7,450,003
Proceeds, before expenses, to us	\$ 5.50	\$7,450,003

Delivery of the securities offered hereby is expected to be made on or about December 21, 2017.

**The date of this prospectus supplement is December 18, 2017.**

Table of Contents

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>Prospectus Supplement</u></b>	
<u>About this Prospectus Supplement</u>	S-4
<u>Prospectus Supplement Summary</u>	S-4
<u>Risk Factors</u>	S-8
<u>Forward-Looking Statements</u>	S-40
<u>Use of Proceeds</u>	S-41
<u>Dividend Policy</u>	S-41
<u>Capitalization</u>	S-42
<u>Dilution</u>	S-42
<u>Plan of Distribution</u>	S-43
<u>Legal Matters</u>	S-43
<u>Experts</u>	S-43
<u>Where You Can Find More Information</u>	S-43
<u>Incorporation of Documents By Reference</u>	S-44

**Prospectus**

<u>About This Prospectus</u>	1
<u>Our Business</u>	2
<u>Risk Factors</u>	3
<u>Disclosure Regarding Forward-Looking Statements</u>	15
<u>Use of Proceeds</u>	15
<u>The Securities We May Offer</u>	16
<u>Description of Capital Stock</u>	17
<u>Description of Warrants</u>	22
<u>Description of Units</u>	23
<u>Plan of Distribution</u>	24
<u>Legal Matters</u>	27
<u>Experts</u>	27
<u>Where You Can Find More Information</u>	27
<u>Incorporation Of Certain Documents By Reference</u>	28

Table of Contents

This document is in two parts. The first part is the prospectus supplement, including the documents incorporated by reference, which describes the specific terms of this offering. The second part, the accompanying prospectus, including the documents incorporated by reference, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. We urge you to carefully read this prospectus supplement and the accompanying prospectus, and the documents incorporated herein and therein, before buying any of the securities being offered under this prospectus supplement. This prospectus supplement may add, update or change information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with statements made in the accompanying prospectus or any documents incorporated by reference therein, the statements made in this prospectus supplement will be deemed to modify or supersede those made in the accompanying prospectus and such documents incorporated by reference therein.

You should rely only on the information contained or incorporated herein by reference in this prospectus supplement, contained or incorporated therein by reference in the accompanying prospectus and in any free writing prospectus that we have authorized for use in connection with this offering. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus outside the United States. You should assume that the information in this prospectus supplement and the accompanying prospectus and in any free writing prospectus that we have authorized for use in connection with this offering is accurate only as of the date on the front of the applicable document and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus supplement or the accompanying prospectus and in any free writing prospectus that we have authorized for use in connection with this offering, or any sale of a security. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus and any related free writing prospectus that we authorized to be delivered to you when making your investment decision.

In this prospectus, unless otherwise specified or the context requires otherwise, we use the terms “Marathon,” the “Company,” “we,” “us” and “our” to refer to Marathon Patent Group, Inc. and its subsidiaries.

Table of Contents

**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights certain information about us, this offering and information appearing elsewhere in this prospectus supplement, in the accompanying prospectus and in the documents we incorporate by reference. This summary is not complete and does not contain all of the information that you should consider before investing in our securities. To fully understand this offering and its consequences to you, you should read this entire prospectus supplement and the accompanying prospectus carefully, including the information referred to under the heading “Risk Factors” in this prospectus supplement beginning on page S-8 and on page 1 of the accompanying prospectus, the financial statements and other information incorporated by reference in this prospectus supplement and the accompanying prospectus, and the information included in any free writing prospectus that we have authorized for use in connection with this offering, when making an investment decision.*

On October 30, 2017, we effectuated a reverse stock split of our issued and outstanding shares of Common Stock at a ratio of 1 share of Common Stock in exchange for each 4 shares of Common Stock outstanding. As a result, our issued and outstanding shares of Common Stock decreased to approximately 7,776,034 shares from 31,104,062 shares. No fractional shares were issued as a result of the reverse stock split. We did not decrease our authorized shares of capital stock in connection with the reverse stock split. Unless indicated otherwise, all prices and share amounts set forth in this prospectus are presented after giving effect to the reverse stock split.

**About Marathon Patent Group, Inc.**

In November 2012, we changed our name to Marathon Patent Group, Inc. and commenced business seeking to enforce and license patents, engaging in the business known as patent monetization. On November 1, 2017, we entered into an Agreement and Plan of Merger, or Merger Agreement, to acquire 100% of the capital stock of Global Bit Ventures, Inc., or GBV, which owns and operates specialized computer equipment in Canada to secure the blockchain and generate digital assets often referred to as “cryptocurrency”, such as bitcoin and ether. See “Risk Factors – Risks Related to the Merger”; “Risk Factors - Risks Related to the Business of GBV Upon Completion of the Merger”.

We were incorporated in the State of Nevada on February 23, 2010 under the name “Verve Ventures, Inc.” On December 7, 2011, we changed our name to “American Strategic Minerals Corporation”.

Description of Business

The Company maintains a portfolio of patents. We acquired patents and patent rights from owners or other ventures and sought to monetize the value of the patents through litigation and licensing strategies, alone or with others. As of December 8, 2017, we owned 86 patents, which include U.S. patents and foreign patents. The Company and certain of its subsidiaries entered into a First Amendment to Amended and Restated Revenue Sharing and Securities Purchase Agreement and Restructuring Agreement dated August 3, 2017, with DBD Credit Funding LLC, or DBD, to restructure and replace the obligations of Marathon under an Amended and Restated Revenue Sharing and Securities Purchase Agreement, dated January 10, 2017, amending the original agreement entered into by the Company and DBD on January 29, 2015. As contemplated in the First Amendment and Restructuring Agreement, in connection with the elimination of our long-term debt to DBD, on October 20, 2017 we entered into agreements with DBD and assigned several of its patents to a special purpose entity managed by DBD.

On October 20, 2017, we closed the First Amendment to Amended and Restated Revenue Sharing and Securities Purchase Agreement and Restructuring Agreement with DBD to restructure and replace the obligations of the Company under that certain Amended and Restated Revenue Sharing and Securities Purchase Agreement, dated January 10, 2017, which was originally entered into on January 29, 2015. Pursuant to the First Amendment and Restructuring Agreement, certain patents were assigned to the newly created special purpose entity, an SPE elected by DBD, which SPE is under the management and control of an affiliate of DBD. As a result, DBD now has full, direct control over the patents under the SPE structure. Our interest of 30% of the SPE may not have any value after the recoupment of DBD's investment and its costs and expenses. We retain no control over, ownership of, or recourse to, the SPE patents. As a result, we are wholly-dependent on the efforts and experience of DBD, as well as the costs associated with the efforts of DBD, for any recoveries under these patents as to which we do not anticipate receiving any.

Table of Contents

In connection with the Company's agreement to acquire GBV, the Company has secured financing in connection with winding down the patenting business and working capital for reduced operations while it prepares for the acquisition of GBV. The Company is transitioning from its historic business into businesses involved in supporting the blockchain and digital asset (cryptocurrency) ecosystem. While reducing its reliance on patent enforcement and licensing for the generation of revenue, the Company has undertaken steps to dedicate its resources and efforts towards blockchain and digital asset (cryptocurrency) acquisition. Cryptocurrencies are one form of digital assets. As a result, we sometimes use the phrases "cryptocurrency" and "digital assets" interchangeably. These activities include the acquisition of businesses and assets engaged in or necessary for supporting the business of mining, as described below, including the direct acquisition of businesses, equipment and technology that service the blockchain ecosystem as well as the outright acquisition of digital assets, such as cryptocurrency, that may be held for appreciation or exchanged for other assets or sold. The Company intends to complete the acquisition of GBV and enter into a new and unproven business model with significant risks, both known and unknown, as more fully described in the section titled Risk Factors, below. In connection with that newly-adopted business strategy, the Company anticipates it will be necessary to add personnel to the management team, as well as other personnel, to enhance assessment of controls over risks, to review and seek approval of regulatory bodies (including the NASDAQ Capital Market for continued listing of its Common Stock) and will face other uncertainties associated with the evolving business and regulatory risks of blockchain and digital assets (cryptocurrency). There is no assurance that the Company will be able to successfully navigate these risks or that regulatory and other requirements will not have a material adverse effect on the goals and objectives of the Company or prevent the Company from realizing its objectives.

Founded in 2017, GBV is a digital asset mining company. GBV intends to power and secure the blockchain by verifying blockchain transactions using custom hardware and software. GBV intends to use their hardware to mine bitcoin (BTC) and ether (ETH), two different forms of digital assets. GBV will be compensated in digital assets by the respective blockchain network that it secures for its efforts, which is how GBV generates revenue.

Blockchains are decentralized digital ledgers that record and enable secure peer-to-peer transactions without third party intermediaries. Blockchains enable the existence of digital assets by allowing participants to confirm transactions without the need for a central certifying authority. When a participant requests a transaction, a peer-to-peer network consisting of computers, known as nodes, validate the transaction and the user's status using known algorithms. After the transaction is verified, it is combined with other transactions to create a new block of data for the ledger. The new block is added to the existing blockchain in a way that is permanent and unalterable, and the transaction is complete. The following illustration outlines the process of a transaction between two digital asset holders.

Table of Contents

Digital assets (also known as cryptocurrency) is a medium of exchange that uses encryption techniques to control the creation of monetary units and to verify the transfer of funds. Many consumers use digital assets because it offers cheaper and faster peer-to-peer payment options without the need to provide personal details. Every single transaction made and the ownership of every single digital asset in circulation is recorded in the blockchain. Miners use powerful computers that tally the transactions to run the blockchain. These miners update each time a transaction is made and ensure the authenticity of information. The miners receive a transaction fee for their service in the form of a portion of the new digital “coins” that are issued. Bitcoin is the most well-known digital asset, while ether is another type of digital asset.

Blockchain based transactions can involve digital assets, contracts, records, or other information.

Mining digital assets typically requires a substantial amount of specialized computer hardware and server equipment including a cost-effective data center to house the hardware. GBV is utilizing a datacenter based in Quebec Canada to house and run its equipment in order to meet the requirements to mine bitcoin and ether.

**Company Information**

Our principal office is located at 11601 Wilshire Blvd., Ste. 500, Los Angeles, California 90025. Our telephone number is (703) 232-1701. Our Internet address is [www.marathonpg.com](http://www.marathonpg.com). Information on our website is not incorporated into this prospectus supplement or the accompanying prospectus and should not be relied upon in connection with making any investment decision with respect to the securities offered by this prospectus supplement and the accompanying prospectus.



Table of Contents

**The Offering**

The following summary contains basic information about this offering. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement and the accompanying prospectus.

**Common stock offered by us** 1,354,546 shares.

**Offering price** \$5.50 per share

**Common stock to be outstanding immediately after the offering(1)** 12,479,781 shares.

**Use of proceeds** We intend to use the net proceeds from this offering for working capital and other general corporate purposes.

**NASDAQ Capital Market symbol** MARA

**Risk factors** Investing in our common stock involves a high degree of risk. See “Risk Factors” beginning on page S-8 of this prospectus supplement and other information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before investing in our common stock.

**Transfer Agent for our Common Stock** Equity Stock Transfer LLC

The number of shares of common stock to be outstanding immediately after this offering as shown above is based (1) on 11,123,235 shares of common stock outstanding as of December 18, 2017. The number of outstanding shares excludes:

448,775 shares of our common stock issuable upon the exercise of outstanding stock options having a weighted average exercise price of \$16.22 per share;

869,393 shares of our common stock issuable upon the exercise of outstanding warrants with a weighted average exercise price of 6.90;

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1 share of common stock issuable upon conversion of 1 outstanding shares of Series B Preferred Stock;

5,480,649 shares of common stock issuable upon conversion of 5,480.65 outstanding shares of Series E Preferred Stock;

300,000 shares of Common Stock issuable to members of the Company's Board of Directors and advisors; and

5,067,435 shares of common stock issuable upon conversion of \$4,053,948 in outstanding convertible notes.

S-7

Table of Contents

**RISK FACTORS**

*Investing in our securities involves a high degree of risk. Before making an investment in our securities, you should carefully consider, among other things, the risks described below and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. If any of the following risks actually occurs, our business, financial condition, operating results, prospects and ability to accomplish our strategic objectives could be materially harmed. As a result, the trading price of our common stock could decline and you could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and the market price of our common stock.*

**Risks Related to Our Company**

*We may not be able to successfully monetize our patents and thus we may fail to realize all of the anticipated benefits of such acquisitions.*

There is no assurance that Marathon will be able to continue to successfully acquire, develop or monetize its patent portfolio. The acquisition of patents could fail to produce anticipated benefits or there could be other adverse effects that we do not currently foresee. Failure to successfully monetize our patents would have a material adverse effect on our business, financial condition and results of operations. We have ceased acquiring new patents and have significantly reduced our workforce and activities seeking to monetize patents.

In addition, our patent portfolio is subject to a number of risks, including, but not limited to the following:

There is a significant time lag between acquiring a patent portfolio and recognizing revenue from such patent asset. During such time lag, substantial amounts of costs are likely to be incurred that could have a negative effect on our results of operations, cash flows and financial position;

The monetization of a patent portfolio is a time consuming and expensive process that may disrupt our operations. If our monetization efforts are not successful, our results of operations could be harmed. In addition, we may not achieve anticipated synergies or other benefits from such acquisition; and

We may encounter unforeseen difficulties with our business or operations in the future that may deplete our capital resources more rapidly than anticipated. As a result, we may be required to obtain additional working capital in the future through public or private debt or equity financings, borrowings or otherwise. If we are required to raise additional working capital in the future, such financing may be unavailable to us on favorable terms, if at all, or may

be dilutive to our existing shareholders. If we fail to obtain additional working capital, as and when needed, such failure could have a material adverse impact on our business, results of operations and financial condition.

Therefore, there is no assurance that the monetization of our patent portfolios will generate enough revenue to recoup our investment.

On October 20, 2017, we closed the First Amendment to Amended and Restated Revenue Sharing and Securities Purchase Agreement and Restructuring Agreement, or First Amendment and Restructuring Agreement, with DBD to restructure and replace the obligations of Marathon under that certain Amended and Restated Revenue Sharing and Securities Purchase Agreement, dated January 10, 2017, which was originally entered into on January 29, 2015. Pursuant to the First Amendment and Restructuring Agreement, certain patents were assigned to the newly created special purpose entity, or SPE, elected by DBD, which SPE is under the management and control of an affiliate of DBD. As a result, DBD now has full, direct control over the patents under the SPE structure. Our interest of 30% of the SPE may not have any value after the recoupment of DBD's investment and its costs and expenses. We retain no control over, ownership of, or recourse to, the SPE patents. As a result, we are wholly-dependent on the efforts and experience of DBD, as well as the costs associated with the efforts of DBD, for any recoveries under these patents as to which we do not anticipate receiving any. After creation of the SPE and as of December 8, 2017, we owned 86 patents.

Table of Contents

***We presently rely upon the patent assets we acquire from other patent owners. If we are unable to monetize such assets and generate revenue and profit through those assets or by other means, there is a significant risk that our business would fail.***

When we commenced our current line of business in 2012, we acquired a portfolio of patent assets from Sampo IP, LLC, a company affiliated with our Chief Executive Officer, Douglas Croxall, from which we have generated revenue from enforcement activities. On April 16, 2013, we acquired a patent from Mosaid Technologies Incorporated, a Canadian corporation. On April 22, 2013, we acquired a patent portfolio through a Merger between our wholly-owned subsidiary, CyberFone Acquisition Corp., a Texas corporation and CyberFone Systems LLC, a Texas limited liability company. In June 2013, in connection with the closing of a licensing agreement with Siemens Technology, Inc., or Siemens, we acquired a patent portfolio. In September 2013, we acquired a portfolio from TeleCommunication Systems and an additional portfolio from Intergraph Corporation. In October 2013, we acquired a patent portfolio from TT IP, LLC. In December 2013, we engaged in three transactions: (i) in connection with a licensing agreement with Zhong Technologies Inc., we acquired a portfolio of patents from that company; (ii) we acquired a patent portfolio from Delphi Technologies, Inc.; and (iii) in connection with a settlement and license agreement, we agreed to settle and release a defendant for past and future use of our patents, whereby the defendant agreed to assign and transfer two U.S. patents and rights to us. In May 2014, we acquired ownership rights of Dynamic Advances, LLC, a Texas limited liability company, IP Liquidity Ventures, LLC, a Delaware limited liability company and Sarif Biomedical, LLC, a Delaware limited liability company, all of which hold patent portfolios or contract rights to the revenue generated from patent portfolios. In June 2014, we acquired Selene Communication Technologies, LLC, which holds multiple patents in the search and network intrusion field. In August 2014, we acquired patents from Clouding IP LLC, with such patents related to network and data management technology. In September 2014, we acquired TLI Communications, which owns a single patent in the telecommunication field. In October 2014, we acquired three patent portfolios from MedTech Development, LLC, which owns medical technology patents. In June 2016, one of our subsidiaries, Munitech S.a.r.l., acquired two patent portfolios from Siemens covering W-CDMA and GSM cellular technology. In July 2016, one of our subsidiaries, Magnus GmbH, acquired a patent portfolio from Siemens Switzerland Ltd. covering internet-of-things technology. In August 2016, we entered into two transactions. In the first, we acquired a patent portfolio from CPT IP Holdings, LLC covering battery technology and in the second, we entered into a Patent Funding and Exclusive License Agreement with a Fortune 50 company to monetize more than 10,000 patents in a single industry vertical. In September 2016, one of our subsidiaries, Motheye Technologies, LLC, acquired a patent from Cirrex Systems, LLC, covering LED technology; however, in June 2017, following a decision by Marathon not to enforce such patent, Motheye Technologies, LLC, entered into an agreement whereby such patent held by the subsidiary was assigned back to Cirrex Systems, LLC. In September 2017, we sold Munitech S.a.r.l., which included both its assets and its liabilities, in a private transaction to a third party.

Following the closing of the Merger, and giving effect to the SPE, we no longer may generate revenues from our acquired patent portfolios, several of which have been disposed of and others are inactive. If our efforts to generate revenue from these assets fail, we will have incurred significant losses and may be unable to acquire additional assets. If this occurs, our patent monetization business would likely fail.

***We have economic interests in patent portfolios that we do not control and the decision regarding the timing and amount of licenses are held by third parties, which could lead to outcomes materially different than what we***

*intended.*

We own contract rights to patent portfolios (including the SPE) over which we do not exercise control and cannot determine when and if, and if so, for how much, the patent owner licenses the patents. This could lead to situations where we have dedicated resources, time and money to portfolios that provide little or no return on our investment. In these situations, we would record a loss on investment and incur losses that contribute to our overall performance and could have a material adverse impact on its financial condition.

S-9

Table of Contents

***Failure to effectively manage our growth could place strains on our managerial, operational and financial resources and could adversely affect our business and operating results.***

Our growth has placed, and is expected to continue to place, a strain on our limited managerial, operational and financial resources and systems. Further, as our subsidiary companies' businesses grow, we will be required to continue to manage multiple relationships. Any further growth by us or our subsidiary companies, or an increase in the number of our strategic relationships, may place additional strain on our managerial, operational and financial resources and systems. Although we may not grow as we expect, if we fail to manage our growth effectively or to develop and expand our managerial, operational and financial resources and systems, our business and financial results would be materially harmed.

***We initiate legal proceedings against potentially infringing companies in the normal course of our business and we believe that extended litigation proceedings would be time-consuming and costly, which may adversely affect our financial condition and our ability to operate our business.***

To monetize our patent assets, we historically have initiated legal proceedings against potential infringing companies, pursuant to which we may allege that such companies infringe on one or more of our patents. Our viability could be highly dependent on the cost and outcome of the litigation, and there is a risk that we may be unable to achieve the results we desire from such litigation, which failure would substantially harm our business. In addition, the defendants in the litigations are likely to be much larger than us and have substantially more resources than we do, which could make our litigation efforts more difficult and impact the duration of the litigation which would require us to devote our limited financial, managerial and other resources to support litigation that may be disproportionate to the anticipated recovery.

These legal proceedings may continue for several years and may require significant expenditures for legal fees, patent related costs, such as inter-partes review, and other expenses. Disputes regarding the assertion of patents and other intellectual property rights are highly complex and technical. Once initiated, we may be forced to litigate against others to enforce or defend our patent rights or to determine the validity and scope of other party's patent rights. The defendants or other third parties involved in the lawsuits in which we are involved may allege defenses and/or file counterclaims or commence re-examination proceedings by patenting issuance authorities in an effort to avoid or limit liability and damages for patent infringement, or declare our patents to be invalid or non-infringed. If such defenses or counterclaims are successful, they may preclude our ability to derive revenue from the patents we own. A negative outcome of any such litigation, or an outcome which affects one or more claims contained within any such litigation or invalidating any patents, could materially and adversely impact our business. Additionally, we anticipate that our legal fees and other expenses will be material and will negatively impact our financial condition and results of operations and may result in our inability to continue our business. We have incurred significant legal expenses in our patent litigation in the past that are liabilities of the Company and may be unable to settle or reduce these expenses, regardless of the outcome of our patent litigation or the inability to license or recover damages from our patents. These liabilities may continue following the Merger and lead to litigation or claims with respect to the payment or collection of legal expenses.

***Variability in intellectual property laws may adversely affect our intellectual property position.***

Intellectual property laws, and patent laws and regulations in particular, have been subject to significant variability either through administrative or legislative changes to such laws or regulations or changes or differences in judicial interpretation, and it is expected that such variability will continue to occur. Additionally, intellectual property laws and regulations differ among states, and countries. Variations in the patent laws and regulations or in interpretations of patent laws and regulations in the United States and other countries may diminish the value of our intellectual property and may change the impact of third-party intellectual property on us. Accordingly, we cannot predict the scope of patents that may be granted to us, the extent to which we will be able to enforce our patents against third parties, or the extent to which third parties may be able to enforce their patents against us.

S-10



Table of Contents

***We may seek to internally develop additional new inventions and intellectual property, which would take time and be costly. Moreover, the failure to obtain or maintain intellectual property rights for such inventions would lead to the loss of our investments in such activities.***

We may in the future seek to engage in commercial business ventures or seek internal development of new inventions or intellectual property. These activities would require significant amounts of financial, managerial and other resources and would take time to achieve. Such activities could also distract our management team from its present business initiatives, which could have a material and adverse effect on our business. There is also the risk that such initiatives may not yield any viable new business or revenue, inventions or technology, which would lead to a loss of our investment in such activities.

In addition, even if we are able to internally develop new inventions, in order for those inventions to be viable and to compete effectively, we would need to develop and maintain, and we would be heavily reliant upon, a proprietary position with respect to such inventions and intellectual property. However, there are significant risks associated with any such intellectual property we may develop principally including the following:

patent applications we may file may not result in issued patents or may take longer than we expect to result in issued patents;

we may be subject to interference proceedings;

we may be subject to opposition proceedings in the U.S. or foreign countries;

any patents that are issued to us may not provide meaningful protection;

we may not be able to develop additional proprietary technologies that are patentable;

other companies may challenge patents issued to us;

other companies may have independently developed and/or patented (or may in the future independently develop and patent) similar or alternative technologies, or duplicate our technologies;

other companies may design around technologies we have developed; and

enforcement of our patents would be complex, uncertain and very expensive.

We cannot be certain that patents will be issued as a result of any future patent applications, or that any of our patents, once issued, will provide us with adequate protection from competing products. For example, issued patents may be circumvented or challenged, declared invalid or unenforceable or narrowed in scope. In addition, since publication of discoveries in scientific or patent literature often lags behind actual discoveries, we cannot be certain that we will be the first to make our additional new inventions or to file patent applications covering those inventions. It is also

possible that others may have or may obtain issued patents that could prevent us from commercializing our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. As to those patents that we may acquire, our continued rights will depend on meeting any obligations to the seller and we may be unable to do so. Our failure to obtain or maintain intellectual property rights for our inventions would lead to the loss of our investments in such activities, which would have a material adverse effect on us.

Moreover, patent application delays could cause delays in recognizing revenue from our internally generated patents and could cause us to miss opportunities to license patents before other competing technologies are developed or introduced into the market. We are not actively pursuing any commercialization opportunities or internally generated patents.

S-11

Table of Contents

***Our future success depends on our ability to expand our organization to match the growth of our activities.***

As our operations grow, the administrative demands upon us will grow, and our success will depend upon our ability to meet those demands. We are organized as a holding company, with numerous subsidiaries. Both the parent company and each of our subsidiaries require certain financial, managerial and other resources, which could create challenges to our ability to successfully manage our subsidiaries and operations and impact our ability to assure compliance with our policies, practices and procedures. These demands include, but are not limited to, increased executive, accounting, management, legal services, staff support and general office services. We may need to hire additional qualified personnel to meet these demands, the cost and quality of which is dependent in part upon market factors outside of our control. Further, we will need to effectively manage the training and growth of our staff to maintain an efficient and effective workforce, and our failure to do so could adversely affect our business and operating results. Currently, we have limited personnel in our organization to meet our organizational and administrative demands. For example, we have reduced our workforce and have outsourced many services, including our accounting department.

***Potential acquisitions may present risks, and we may be unable to achieve the financial or other goals intended at the time of any potential acquisition.***

Our future growth may depend in part on our ability to acquire patented technologies, patent portfolios or companies holding such patented technologies and patent portfolios if we determine to again actively pursue patent monetization activities in the future. Such acquisitions are subject to numerous risks, including, but not limited to the following:

our inability to enter into a definitive agreement with respect to any potential acquisition, or if we are able to enter into such agreement, our inability to consummate the potential acquisition;

difficulty integrating the operations, technology and personnel of the acquired entity including achieving anticipated synergies;

our inability to achieve the anticipated financial and other benefits of the specific acquisition;

difficulty in maintaining controls, procedures and policies during the transition and monetization process;