

Max Sound Corp
Form 10-K
March 29, 2019
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission file number 000-51886

MAX SOUND CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

State or other jurisdiction of incorporation or organization

26-3534190

(I.R.S. Employer Identification No.)

3525 Del Mar Heights Road # 802

San Diego, CA

(Address of principal executive offices)

92130

(Zip Code)

Registrant's telephone number, including area code: **800-327-(MAXD)**

Securities registered pursuant to Section 12(b) of the Act: **None.**

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

Common Stock, par value \$.00001 per share

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that

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the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The Aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of March 26, 2018 was approximately \$1,835,800.

As of March 26, 2019, there were 6,577,102,823 shares issued and outstanding.

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CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

This Annual Report on Form 10-K (this “Report”) contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements discuss matters that are not historical facts.

Because they discuss future events or conditions, forward-looking statements may include words such as “anticipate,” “believe,” “estimate,” “intend,” “could,” “should,” “would,” “may,” “seek,” “plan,” “might,” “will,” “expect,” “predict,” “project,” “potential,” “continue” negatives thereof or similar expressions.

Forward-looking statements speak only as of the date they are made, are based on various underlying assumptions and current expectations about the future and are not guarantees. Such statements involve

known and unknown risks, uncertainties and other factors that may cause our actual results, level of activity, performance or achievement to be materially different from the results of operations or plans expressed or implied by such forward-looking statements.

We cannot predict all of the risks and uncertainties. Accordingly, such information should not be regarded as representations that the results or conditions described in such statements or that our objectives and plans will be achieved and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements are found at various places throughout this Report and include information concerning possible or assumed future results of our operations, including statements about potential acquisition or merger targets; business strategies; future cash flows; financing plans; plans and objectives of management; any other statements regarding future acquisitions, future cash needs, future operations, business plans and future financial results, and any other statements that are not historical facts.

These forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors. Many of those factors are outside of our control and could cause actual results to differ materially from the results expressed or implied by those forward-looking statements. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Report. All subsequent written and oral forward-looking statements concerning other matters addressed in this Report and attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this Report.

Except to the extent required by law, we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, a change in events, conditions, circumstances or assumptions underlying such statements, or otherwise.

CERTAIN TERMS USED IN THIS REPORT

When this report uses the words “we,” “us,” “our,” and the “Company,” they refer to Max Sound Corporation, and “SEC” refer to the Securities and Exchange Commission.

PART I

ITEM 1. BUSINESS

Overview

Max Sound Corporation (“we,” “us,” “our,” or the “Company”) was incorporated in the State of Delaware on December 9, 2005 as 43010, Inc. to engage in any lawful corporate undertaking, including, but not limited to, locating and negotiating with a business entity for combination in the form of a merger, stock-for-stock exchange or stock-for-assets exchange. On October 7, 2008, pursuant to the terms of a stock purchase agreement, Mr. Greg Halpern purchased a total of 100,000 shares of our common stock from Michael Raleigh for an aggregate of \$30,000 in cash. The total of 100,000 shares represents 100% of our issued and outstanding common stock at the time of the transfer. As a result, Mr. Halpern became our sole shareholder. As part of the acquisition, and pursuant to the Stock Purchase Agreement, Michael Raleigh, our then President, CEO, CFO, and Chairman resigned from all the positions he held in the company, and Mr. Halpern was appointed as our President, CEO CFO and Chairman. The original business model was developed by Mr. Halpern in September of 2008 and began when he joined the Company on October 7, 2008. In October 2008, we became a development stage company focused on creating an Internet search engine and networking web site.

From October 2008 until January 17, 2011, Mr. Halpern was our CEO, and during that time the Company was focused on developing their Internet search engine and networking web site. In January of 2010, the

Company launched their Internet search engine and networking website. In 2011, the Company decided to abandon its social networking website. On May 11, 2010, the Company acquired the worldwide rights, title, and interest to all fields of use for MAX-D.

On January 17, 2011, Mr. Halpern resigned as the Company's CEO and John Blaisure was appointed as CEO. In February of 2011, the Company elected to change its business operations and focus primarily on developing and launching the MAX-D technology. Our current website (maxd.audio) is used to showcase the MAX-D technology. On March 8, 2011, the Company changed its name to Max Sound Corporation, and its trading symbol on the OTC Bulletin Board to MAXD.

Max Sound Corporation owns the worldwide rights to all fields of use to MAX-D HD Audio, which was invented by Lloyd Trammell, a top sound designer and audio engineer who helped develop and sell the first working Surround Sound System to Hughes Aircraft. Mr. Trammell, also developed MIDI for Korg. We believe that MAX-D is to Audio what High Definition is to Video. MAX-D works by converting all audio files to their highest possible acoustically perfect equivalent without increasing files size or bandwidth usage.

No later than June 20, 2014, MAXD entered into a representation agreement with VSL Communications, Inc., making MAXD the exclusive agent to VSL to enforce all rights with respect to patented technology owned and controlled by VSL. In particular, the Company announced that it had acquired a worldwide license and representation rights to a patented video and data technology "Optimized Data Transmission System and Method" (ODT) which enables end-user licensees to transport 100% of data bandwidth content in only 3% of the bandwidth with the identical lossless quality. Significantly, this represents thirty three times reduction associated with transport cost and the time it takes for the video or digital content to be viewed by an end-user. As described more fully in the Legal Proceedings Section, The Company has since filed suit against Google, Inc., YouTube, LLC, and On2 Technologies, Inc., alleging willful infringement of the patent.

On August 11, 2014, the Company and VSL simultaneously filed trade secret and patent infringement actions against Google, Inc., and its subsidiaries YouTube, LLC, and On2 Technologies, Inc., relating to proprietary and patented technology owned by Vedanti Systems Limited ("Vedanti"), a subsidiary of VSL. The patent infringement complaint was originally filed in the U.S. District Court for the District of Delaware; the trade secret suit was filed in Superior Court of California, County of Santa Clara. On September 30, 2014, the Company filed notices of voluntary dismissal without prejudice as to both lawsuits. On October 1, 2014, the Company amended the patent complaint and filed it in the U.S. District Court for the Northern District of California. In this patent lawsuit, the Company contends that, in 2010, while Google was in discussions with Vedanti about the possibility of acquiring Vedanti's patented digital video streaming techniques and other proprietary methods, Google gained access to and received technical guidance regarding Vedanti's proprietary codec, a computer program capable of encoding and decoding a digital data stream or signal. The lawsuit further alleges that soon after Google and Vedanti initiated negotiations, Google willfully infringed Vedanti's patent by incorporating Vedanti's patented technology into Google's own VP8, VP9, WebM, YouTube, Google AdSense, Google Play, Google TV, Chromebook, Google Drive, Google Chromecast, Google Play-per-view, Google Glasses, Google+, Google's Simplify, Google Maps, and Google Earth, without compensating Vedanti for such use. On May 13, 2015 Google's "motion to dismiss" was denied by the Northern District of California court in a seven page order, stating that Max Sound had sufficiently alleged the existence and validity of the '339

Patent. However, on November 24, 2015, the court granted a second motion to dismiss for lack of subject matter jurisdiction based on the defendants' argument that the agreements between the Company and VSL/Vedanti did not clearly give the Company standing to enforce the patent rights. The Company appealed that decision on February 22, 2016. On January 18, 2017 the Company received a notice from the Federal Circuit Court of Appeals that affirmed the order of the District Court dismissing MAXD's patent infringement lawsuit against Google for lack of standing. The Court did not issue a written decision explaining its reasoning or that the Company's arguments were not correct; however, the Company believes that their decision was predicated on the fact that as now co-owners of the patents with Vedanti, the Company can simply re-file together against Google. The Court also issued an order denying Google's motion arguing that the Company's appeal should be dismissed as moot. On September 25, 2017, the Court issued an order that the

Company should reimburse defendants for its attorneys' fees in the amount of \$820,321.41 The Company was informed by counsel that the Order for fees was without merit and appealed but was told at the hearing that Google would lose the appeal if the Company had not committed Waiver. After an excessively long delay by the Federal Appeals Court to hear the case so it could be combined with another case (Vedanti Licensing Limited vs Google) using the same Tribunal with the sole intention to harm the Company, and continue to allow Google to steal and destroy the ODT Patent while profiting from it as a key component of its business, the Appeal was finally heard and the Company lost with no reasonable explanation with the corrupt Tribunal simply rubber stamping both cases Affirmed See Fed Rule 36, which means "we won't even look at the facts because then we would have no choice but to reverse the case." The Company is exploring additional rights it may have in both cases with its ongoing battle against Judicial Corruption. The Company is taking recourse by planning to file a petition for rehearing en banc, where all judges of the appellate court will hear the case. This petition is based on a precedent case similar to Max Sound's case with the same defense lawyer for the opposing side, the same judges who heard the case and a similar chain of events. Max Sound has until April 11, 2019 to file the petition. For the twelve months ended December 31, 2018, the Company recorded the judgement payable on the balance sheet.

In connection with the dismissal of the aforementioned litigation, the Company initiated an arbitration against VSL Communications, Ltd., Vedanti Systems, Ltd., Constance Nash, Robert Newell and eTech Investments as respondents before the American Arbitration Association for breach of contract, fraud, and other causes of action. Subsequently, the Company is pursuing in arbitration claims against VSL to enforce the agreement and to compel VSL to comply with the agreement's terms and conditions that inter alia VSL must fully cooperate with the Company to cure any issues the Court raised with standing to pursue the claims. On January 17, 2017 the AAA notified the Company's counsel that the respondent's counterclaim was withdrawn this arbitration claim was formally concluded.

On November 29, 2016, MAXD announced that it entered into an agreement with Vedanti Systems Limited and Vedanti Licensing Limited (VLL) that resolves their dispute over the international Optimized Data Transmission (ODT) patent portfolio previously owned by Vedanti. The agreement further provides that VLL and MAXD will become co-owners of the pioneering portfolio.

On December 20, 2016 Companies House, the United Kingdom's registrar of companies, notified the Company that VSL Communications Limited was dissolved, thereafter voiding any remaining agreement with VSL Communications or its previous Officers, Directors or Management.

On May 22, 2014, MAXD entered into a representation agreement with architect Eli Attia giving MAXD the exclusive rights to sue violators of Eli Attia's intellectual property rights. While Eli Attia was teaching his invention at Google [x], the project was internally valued by Google at \$120 Billion USD a year. Since then, Flux has since been spun-out of Google [x], funded and has quickly growing, upon information and belief, to over 800 employees according to one of its founders. MAXD, on behalf of Attia's, have since filed suit against Google, Inc., Flux Factory, and various executives of these companies for misappropriation of trade secrets. Since this time, the Company has advanced the case(s) and has signed additional agreements with the inventor as late as February 21st, 2017. On March 1, 2017, at Google's request, Max Sound Management met with Google Representatives to mediate the Attia matter. At the end of the day, no settlement agreement was reached and Max Sound agreed to leave the mediation negotiations open while the case continues.

On December 5, 2014, the Company, along with renowned architect Eli Attia, filed a lawsuit in the Superior Court of California, County of Santa Clara, against Google, its co-founders Sergey Brin and Larry Page, Google's spinoff company Flux Factory, and senior executives of Flux. Plaintiffs' allege misappropriation of trade secrets, breach of contract and other contract-related claims, breach of confidence, slander of title, violation of California's Unfair Competition Law (California Business and Professions Code §§ 17200 et seq.), and fraud, and also a claim for declaratory relief. The lawsuit contends that Google and the other Defendants stole Mr. Attia's trade secrets, proprietary information, and know-how regarding a revolutionary architecture design and building process that he alone had invented, known as Engineered Architecture. Defendants are alleged to have engaged Mr. Attia in 2010 and 2011 to translate his architectural technology into software for a proof of concept, with the goal of determining at

that point whether to continue with full-scale development with Mr. Attia. Instead, the lawsuit claims that once Mr. Attia had disclosed the trade secrets and proprietary information Defendants needed to bring the technology to market, they severed ties with Mr. Attia, and continued to use his technology without a license and without compensation, in order to bring the technology to market themselves. Plaintiffs seek a permanent injunction against Google, damages (including punitive damages), and restitution. As exclusive agent to Eli Attia to enforce all rights with respect to the subject technology, the Company has retained Buether Joe & Carpenter LLC to represent the Company in the suit, on a contingency fee basis. The case will be vigorously prosecuted, and the Company believes it has a good likelihood of success. Defendants have filed multiple demurrers to the complaint, and the Court has issued orders allowing the case to proceed. Defendants filed another demurrer on March 17, 2016, which was denied by the Court on August 12, 2016. On October 4, 2017, the Court granted Mr. Attia leave to amend the complaint to add causes of action against defendants for civil violations of the federal Racketeer Influenced and Corrupt Organizations Act (commonly known as RICO). Subsequently, on October 23, 2017, the defendants removed the lawsuit from California state court to the federal district court in the Northern District of California, San Jose Division. In February 2019, that court gave a dismissal without prejudice, and the virtue of an appeal is being considered going forward.

Description of Our Business

Max Sound (MAX-D) is engaged in activities to sell and license products and services based on its patent-pending MAX-D HD Audio Technology for sound recording and playback that dramatically improves the listener's experience. The MAXD-D HD Audio Technology delivers high definition audio without increasing file size.

The Company is marketing MAX-D on the basis that it is to audio what HD is to video. MAX-D technology improves all types of audio; moreover, it is intended to be particularly valuable in improving the ever-growing use of compressed audio and video as used in mp3 files, iPods, internet, and satellite/terrestrial broadcasting. For example, a listener using a portable mp3 player with MAX-D will experience sound quality that is comparable to the original CD before it was converted into an mp3 file. In another example, cell phone users using a cell phone equipped with MAX-D will hear the other person's voice as if they are speaking directly in front of them. The Company believes that the MAX-D HD is better for a consumers hearing than today's highly compressed audio and anticipate that continued research and development will support the Company's position. In numerous consumer audio tests, MAXD-D HD sounded better to consumers than high-resolution WAV files. Importantly, MAX-D HD remains one tenth the size of a WAV file, and in the Company's opinion offers more clarity, dimension, articulation and impact in every range of the audio spectrum to the listener. The Company's current business model is to license the technology to content creators, manufacturers, and network broadcasters. The Company's patent-pending technology stands customer ready today. The Company's market pursuits include motion picture, music recording, video game, broadcasting, internet video and audio, automobile infotainment systems and consumer electronics.

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The Company maintains an efficient staff of four, including employees and sub-contractors, which has established business relationships with the leading companies in the Smartphone, Tablet, Chip, Music and Consumer Retail business. The Company is executing its “Go To Market” strategy and sales programs to solve the degraded compressed audio issues plaguing the audio currently being consumed. These companies dominate the multi-media and electronics technology arena providing audio delivery across all channels of the exploding smartphone tablet device phenomenon.

Qualcomm

The Company is currently working under its existing license with Qualcomm to implement onto the 600 and 700series Snap Dragon chip series and is completing an application that improves voice transmission on mobile devices and has great potential as a revenue share arrangement with many Qualcomm OEM's by providing a better experience to consumers and a competitive marketing advantage globally. The license agreement is automatically renewable for one-year periods unless terminated by either party with 30 days prior written notice. The Company believes MAXD Voice will be ready for product demonstration in Q2 and is working with related retailers to deliver a newly branded series of MAX-D portable blue tooth speakers, ear buds and head phones with projected Q2 launch.

Optimized Data Transmission (ODT)

In November 2016, MAXD announced that it entered into an agreement with Vedanti Systems Limited and Vedanti Licensing Limited (VLL), which provides that VLL and MAXD will become co-owners of the pioneering ODT portfolio.

Becoming co-owners of this portfolio was a major milestone for the Company, as it carries numerous positive implications for the Company going forward. First, it solidifies our highly positive relationship with Vedanti and ends our legal standing issues. Second, we were able to drop our litigations and arbitrations against each other saving both companies potentially hundreds of thousands of dollars. Finally, as co-owners we're able to work together on existing business opportunities and jointly implement strategies for monetizing the ODT patents here in the United States and around the world.

About MAX-D HD Audio:

The **MAX-D** software improves the sound heard from any device. Consumers have unknowingly sacrificed better audio quality for portable convenience and **MAX-D** rectifies this problem by: analyzing what content is missing from the compressed audio signal; dynamically resynthesizing lost harmonics and natural sound fields in real time; maximizing the output potential of any device without increasing original file size; and without requiring consumers or OEM's to change equipment or infrastructure.

MAX-D Benefits:Increases dynamic range, eliminates destructive effects of audio compression with no increase in file size or transmission bandwidth; High-resolution audio reproduction with an omni-directional sound field using only two speakers; “Real” three-dimensional sound field, versus artificial sound field created by competing technologies; and More realistic “live performance” quality of all recordings with optimal dynamic range, bass response and overall clarity.

MAX-D Audio Markets:

MAX-D can be used in a variety of venues and applications that provide audio capability, as categorized below:

- MOBILE - Communication | Voice – Data | Entertainment
- ENTERTAINMENT - Music | Movies | Audiobooks | Streaming Content | Live Events
- MULTI-MEDIA - Computing | Gaming
- CONSUMER - Home Theater | Portable Audio Players | Live Concert Sound | Automotive

We intend to license the MAX-D technology to creators of film, music, broadcast, and gaming content and selling them the service of applying the MAX-D technology to their end product. MAX-D is fully compatible with existing playback technology. We believe that no current competitor can provide the level of sound quality and end user experience that MAX-D delivers. MAX-D technology is ready for these markets now. We also intend to license the technology to manufacturers of consumer electronics products such as portable mp3 players, TV's, Set Top Boxes, Car Stereo, Home Theatre, Smartphones and Tablets.

MAX-D App:

In 2018, the Company's Mobile App user base (with no dedicated marketing budget being employed) had over 750,000 subscribers on the free version of our HD Audio App for MP3's on Android and Apple.

MAX-D Revenue Model:

The Company expects to derive its revenue through the licensing of its MAX-D technology. The Company is negotiating the licensing of its HD Audio Technology onto hardware and software across the primary vertical markets in Entertainment, Multi-media and Mobile Communications technology.

The Company is pursuing the following expansion strategies:

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Re-launch MAX-D audio on the Qualcomm Snapdragon DSP, which stands to make MAX-D audio available on potentially hundreds of millions of devices that can be licensed OEMs around the world.

- Grow the MAX-D HD Audio Apps user base and sell a paid version of the App.
- Deploy MAX-D APIs for use in streaming online Video/Audio and stand-alone Audio services.

MAX-D Embedded Chip Solution:

The MAX-D Embedded Chip technology is being designed to restore the natural sound field, causing compressed audio to sound like the original audio at playback time in any device. The audio does not have to be pre-processed or encoded. The Chip is being designed to be imbedded into TV Receivers, Digital Projection TVs, LCD TVs, Plasma TVs, Component DVD Players/Recorders, DVD Recorders, Set-Top Boxes, Personal Video Recorders (PVRs), Direct Broadcast Satellite (DBS) Receivers, Personal Computers, Satellite Radio Receivers, Mobile Video Devices, Domestic Factory Installed Auto Sound, Camcorders, MP3 Players, Electronic Gaming Hardware, Wireless Telephones, Cell Phones, and Personal Digital Assistants (PDAs).

MAX-D Dynamic Software Module: Max Sound has delivered and is working to implement an application programming interface (“API”)for all Internet applications to process all audio/video content streamed or downloaded by consumers. Viable target candidates within the next 24 months include streaming movie and music services. Companies selling downloaded MP3’s are also expected to find immense value in our technology due to their dominance in web-based audio and video. This Module is a lossless dynamic process requiring no destructive encoding or decoding and needs no additional hardware or critical monitoring stage after processing. In addition, no specialized decoder is necessary on any audio system.

Technology

MAX-D is a unique approach to processing sound, based on the physics of acoustics rather than electronics. Remarkably simple to deploy, MAX-D is a technology that dramatically raises the standard for sound quality, with no corresponding increase in file size or transmission channel bandwidth. This is accomplished by processing audio with our proprietary, patent-pending process. This embedded and duplicating format either remains the same, or can be converted to whatever format the user desires, while retaining unparalleled fidelity and dynamic range.

MAX-D restores the original recorded acoustical space in any listening environment. MAX-D is the only technology that both aligns phase and corrects phase distortion in a completed recording. MAX-D supplies missing audio content by adding acoustics and frequency response lost in the original recording or in the compression and transmission processes. MAX-D corrects and optimizes harmonic content and low frequency responses, greatly enhancing acoustic accuracy and we believe reduces ear fatigue.

MAX-D integrates time, phase, harmonics, dynamics, and sub-harmonic region optimizations in a fully dynamic fashion. MAX-D is a lossless dynamic process, requiring no destructive encoding/decoding process, or any specialized decoder at all. MAX-D needs no additional hardware or critical monitoring stage after processing. The end result is that every aspect of audio processed with MAX-D - voice, instrument, or special effects - sounds refreshingly clear, realistic, and natural. The MAX-D HD Audio Technology creates an optimum sound field throughout every listening environment – from the corners of a theater; on your living room couch; to the back seat of your car.

MAXD-D HD Audio Technology requires no equipment changeover and can be embedded into any product (e.g. speakers, headphones, mobile devices), or online content delivery systems (e.g. streaming, cable, video games) to provide better sounding audio.

Market

MAX-D products and services are designed and intended to solve problems and add value to audio components of several separate industries, including consumer electronics, motion picture, broadcasting, video game, recording, cell phone, internet, and VOIP applications.

Competition

The Company's management believes there are no current competitors capable of delivering the high quality of audio products and services produced by the company. Although other companies, like DTS or

Dolby, have technologies that enhance sound; we do not believe these technologies negatively affect the Company because the MAX-D process can enhance the other audio company's technology.

We believe we will be considered friendly competition in the future for three reasons; (1) we believe that MAX-D technology delivers the best sound quality available today, (2) MAX-D does not require any additional equipment; and (3) MAX-D makes any competition's audio processes sound better.

Intellectual Property

Max-D and HD Audio technologies and designs are Patented, Patents Pending and Trademarked. The Company currently owns Patent No. 9300262, *Audio Processing Application for Windows*, which was published on November 12, 2015 and then unlawfully assigned to Adli Law Group. Adli Law Group states that the patent has been reassigned to the Company, notwithstanding, the Company is pursuing damages against Adli Law Group. On February 8, 2011, the words "Max Sound" were issued to the Company by the U.S. Patent and Trademark office under Serial Number 85050705. On June 13, 2017, the U.S. Patent and Trademark office Company was granted a "*Biometric audio security*" patent to the Company under Serial Number 9,679,427. On June 2, 2015, the words "HD Audio" were issued to the Company by the U.S. Patent and Trademark office under Serial Number 86395458 for the following applications: Computer application software for mobile phones, namely, software for HD audio; Computer hardware and software systems for delivery of improved HD audio; Computer hardware for communicating audio, video and data between computers via a global computer network, wide-area computer networks, and peer-to-peer computer networks; Computer software for manipulating digital audio information for use in audio media applications; Computer software to control and improve computer and audio equipment sound quality; Digital materials, namely, CD's, DVD's, MP3's, streaming media, movies, videos, music, concerts, news, pre-recorded video, downloadable audio and video and high definition audio and video featuring improved HD audio; Digital media, namely, pre-recorded DVDs, downloadable audio and video recordings, and CDs featuring and promoting improved HD audio; Digital media, namely, pre-recorded video cassettes, digital video discs, digital versatile discs, downloadable audio and video recordings, DVDs, and high definition digital discs featuring improved HD audio; Digital media, namely, CD's, DVD's, MP3's, movies, videos, music, concerts, news, pre-recorded video, downloadable and streaming audio and video and high definition audio and video featuring improved HD audio; Downloadable MP3 files, MP3 recordings, on-line discussion boards, webcasts, webinars and podcasts featuring music, audio books in the field of entertainment and general subjects, and news broadcasts; Software to control and improve audio equipment sound quality; Sound recordings featuring improved HD audio.

The Company has a total of 24 patents issued or pending for its technologies, with 18 patents issued and 6 patents pending.

Research and Development

The Company is entering into the licensing phase of the MAX-D HD Audio Technologies. The Company is working with strategic partners who are now integrating or assisting with the development of the Company's application on their respective platforms. The Company's development team is concentrating on enhancing the existing MAX-D HD, and is also developing additional API interfaces to include 32 and 64 bit options. The MAX-D API can be deployed across all streaming platforms along with most audio/video web-based services including audio hardware such as speakers and audio receivers including car smart head units. In 2014, the Company completed testing for industry the MAX-D HD Audio boxes and the MAXD -D Accurate Voice. Significantly, in 2015 the Company achieved breakthroughs in the software development of MAX-D HD for Android OS, Windows OS, Apple OS, a universal MAX-D API and development activities relating to the build-out for the Company's App for Windows Linux and IOS, as well as the MAX-D's 300 KB API.

Employees

As of December 31, 2018, we had 3 employees, of which all were full-time. Since that time, the Company had reduced its overhead and staff by 1 employee.

Anticipated Milestones for the Next Twelve Months

For the next twelve months, our most important goal is to become cash flow positive by growing Max Sound HD Audio sales through licensing and recurring revenue streams. Our goal is to have this growth improve our stock value and investor liquidity. We expect our financial requirements to increase with the additional expenses needed to promote the MAX-D HD Audio Technology. We plan to fund these additional expenses by equity loans from our existing lines of credit and we are also considering various private funding opportunities until such time that our revenue stream is adequate enough to provide the necessary funds.

Over the next twelve months, our focus will be on achieving and implementing the following:

- The marketing of the MAX-D Apple iOS APP for smartphones into the direct consumer market. This includes the ability to upgrade to a paid version and stream content through the MAX-D Apps.
- MAX-D is available to Qualcomm OEM's on the 600 Series Snap Dragon and soon the 700 Series
- Settle one or more of our ongoing litigations.

Long-Term Goals

- Increase Max Sound's customer base producing scalable consumer adoption and branding.
- Make a financial return on the investments of the last year, with new sales and reduction of indirect costs, to become cash flow positive and then profitable in 2019.
- Increased adoption by industry leaders and differentiated as a deliverer of game-changing audio technology.

Where You Can Find More Information

We are a publicly reporting company under the Exchange Act and are required to file periodic reports with the Securities and Exchange Commission. The public may read and copy any materials we file with the Commission at the SEC's Public Reference Room at 100 F Street, NE., Washington, DC 20549, on official business days during the hours of 10 a.m. to 3 p.m. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission and state the address of that site (<http://www.sec.gov>). In addition, you can obtain all of the current filings at our Internet website at www.maxd.audio.

ITEM 1A. RISK FACTORS

Not applicable for smaller reporting companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable for smaller reporting companies.

ITEM 2. PROPERTIES.

Office Arrangements and Operational Activities

In November 2010, we leased our MAX-D post-production facility at 2902A Colorado Ave., Santa Monica, CA, 90404. The lease was for two years with one-year renewable options. On February 5, 2016, the Company closed the Santa Monica office space located at 2902A Colorado Avenue Santa Monica, CA 90404 centralizing its new address of record at 3525 Del Mar Heights Road, #802, San Diego, CA 92130

ITEM 3. LEGAL PROCEEDINGS.

See NOTE 8 titled LITIGATION for information on Legal Proceedings.

No assurance can be given as to the ultimate outcome of these actions or its effect on the Company.

ITEM 4. SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Our shares of common stock are traded on the OTC Bulletin Board under the symbol "MAXD." The following table sets forth, for the period indicated, the high and low bid quotations for the Company's common stock. These quotations represent inter-dealer quotations, without adjustment for retail markup, markdown or commission, and may not represent actual transactions.

Price

	High	Low
2018		
First quarter	\$.0015	\$.0002
Second quarter	\$.0006	\$.0002
Third quarter	\$.0004	\$.0002
Fourth quarter	\$.0005	\$.0001

2017

First quarter	\$.0175	\$.007
Second quarter	\$.008	\$.0017
Third quarter	\$.0028	\$.001
Fourth quarter	\$.0017	\$.0006

Holders

As of December 31, 2018, in accordance with our transfer agent records, we had 2612 record holders of our Common Stock. This number excludes individual stockholders holding stock under nominee security position listings.

Dividends

To date, we have not declared or paid any dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future on our common stock, when issued pursuant to this offering. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our Board of Directors will have the discretion to declare and pay dividends in the future.

Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our Board of Directors may deem relevant.

Securities Authorized For Issuance Under Equity Compensation Plans.

None.

Stock Option Grants

See NOTE 6 - STOCKHOLDERS' EQUITY, Section 2(c)

Recent Sales of Unregistered Securities

NONE

See NOTE 3 - DEBT

Compensation-based Issuances

See NOTE 7 - COMMITMENTS

The Company determined that the securities described above were issued in transactions that were exempt from the registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(a)(2) thereunder. This determination was based on the non-public manner in which we offered the securities and on the representations of the recipients of the securities, which included, in pertinent part, that they were "accredited investors" within the meaning of Rule 501 of Regulation D promulgated under the Securities Act, that they were acquiring such securities for investment purposes for their own account and not with a view toward resale or distribution, and that they understood such securities may not be sold or otherwise disposed of without registration under the Securities Act or an applicable exemption therefrom.

ITEM 6. SELECTED FINANCIAL DATA.

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following plan of operation provides information which management believes is relevant to an assessment and understanding of our results of operations and financial condition. The discussion should be read along with our financial statements and notes thereto. This section includes a number of forward-looking statements that reflect our current views with respect to future events and financial performance. Forward-looking statements are often identified by words like believe, expect, estimate, anticipate, intend, project and similar expressions, or words which, by their nature, refer to future events. You should not place undue certainty on these forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our predictions.

Overview

We were incorporated in the State of Delaware as of December 9, 2005 as 43010, Inc. to engage in any lawful corporate undertaking, including, but not limited to, locating and negotiating with a business entity for combination in the form of a merger, stock-for-stock exchange or stock-for-assets exchange. On October 7, 2008, pursuant to the terms of a stock purchase agreement, Mr. Greg Halpern purchased a total of 100,000 shares of our common stock from Michael Raleigh for an aggregate of \$30,000 in cash. The total of 100,000 shares represents 100% of our issued and outstanding common stock at the time of the transfer. As a result, Mr. Halpern became our sole shareholder. As part of the acquisition, and pursuant to the Stock Purchase Agreement, Michael Raleigh, our then President, CEO, CFO, and Chairman resigned from all the positions he held in the company, and Mr. Halpern was appointed as our President, CEO CFO and Chairman. The current business model was developed by Mr. Halpern in September of 2008 and began when he joined the company on October 7, 2008. In October 2008, we became a development stage company focused on creating an Internet search engine and networking web site.

In May of 2010, we acquired the world-wide rights to all fields of use for Max Sound HD Audio

Technology. In November of 2010, we opened our post-production facility for Max Sound HD Audio in Santa Monica California. In February of 2012, after several successful demonstrations to multi-media industry company executives, we decided to shift the focus of the Company to the marketing of the Max Sound HD Audio Technology and commenced the name change from So Act Network, Inc. to Max Sound Corporation and the symbol from SOAN to MAXD.

On December 3, 2012, the Company completed the purchase of the assets of Liquid Spins, Inc., a Colorado corporation (“Liquid Spins”). Pursuant to the Asset Purchase Agreement, the assets of Liquid Spins were exchanged for 24,752,475 shares of common stock of the Company (the “Shares”), equal to \$10,000,000 and a purchase price of \$.404 per share. The assets of Liquid Spins purchased included: record label distribution agreements; Liquid Spins technology inventory; independent arts programs; retail contracts for music distribution; physical inventory and office equipment; design and retail ready concepts; brand value; records; publishing catalog; and web assets. During 2016, the Company reviewed the intangible asset for impairment and determined that certain items had been impaired due to obsolescence. As a result of this review, the Company recorded an impairment loss of \$ 15,703,617 that is recorded as impairment loss on intangible asset.

No later than June 20, 2014, MAXD entered into a representation agreement with VSL Communications, Inc., making MAXD the exclusive agent to VSL to enforce all rights with respect to patented technology owned and controlled by VSL. In particular, the Company announced that it had acquired a worldwide license and representation rights to a patented video and data technology “Optimized Data Transmission System and Method” which enables end-user licensees to transport 100% of data bandwidth content in only 3% of the bandwidth with the identical lossless quality. Significantly, this represents thirty three times reduction associated with transport cost and the time it takes for the video or digital content to be viewed by an end-user. As described more fully in the Legal Proceedings Section, The Company has since filed suit against Google, Inc., YouTube, LLC, and On2 Technologies, Inc., alleging willful infringement of the patent.

On May 22, 2014, MAXD entered into a representation agreement with architect Eli Attia giving MAXD the exclusive rights to sue violators of Eli Attia’s intellectual property rights. While Eli Attia was teaching his invention at Google [x], the project was internally valued by Google at \$120 Billion USD a year. Since then, Flux has since been spun-out of Google [x], funded and has quickly growing, upon information and belief, to over 800 employees according to one of its founders. MAXD, on behalf of Attia’s, have since filed suit against Google, Inc., Flux Factory, and various executives of these companies for misappropriation of trade secrets. Since this time, the Company has advanced the case(s) and has signed additional agreements with the inventor as late as February 21st, 2017 and with additional counsel in June 2018 to support the RICO claim.

On November 29, 2016, MAXD entered into an agreement with Vedanti Systems Limited and Vedanti Licensing Limited (VLL) that resolves their dispute over the international Optimized Data Transmission (ODT) patent portfolio previously owned by Vedanti. The agreement further provides that VLL and MAXD will become co-owners of the pioneering portfolio.

Videos and news relating to the Company is available on the company website at www.maxd.audio. The MAX-D Technology Highlights Video summarizes the HD Audio™ process and shows the need for high definition (HD) Audio in several key vertical markets. The video explains MAX-D as what we believe to be the only dynamic HD Audio™ that is being offered to various markets.

Plan of Operation

We began our operations on October 8, 2008, when we purchased the Form 10 Company from the previous owners. Since that date, we have conducted financings to raise initial start-up money for the building of our internet search engine and social networking website and to start our operations. In 2011, the Company shifted the focus of its business operations from their social networking website to the marketing of the Max Sound HD Audio Technology and in 2014 the Company began litigations against Google and others for infringement of its technologies and associated legal rights to the various proprietary technologies.

The Company believes that Max Sound HD Audio Technology is a game changer for several vertical markets whose demand will create revenue opportunities in 2019.

We expect our financial requirements to increase with the additional expenses needed to market and promote the MAX-D HD Audio Technology. We plan to fund these additional expenses through financings and through loans from our stockholders and/or officers based on existing lines of credit and we are also considering various private funding opportunities until such time that our revenue stream is adequate enough to provide the necessary funds.

Results of Operations

For the year ended December 31, 2018 and December 31, 2017:

General and Administrative Expenses: Our general and administrative expenses were \$357,225 for the year ended December 31, 2018 and \$371,720 for the year ended December 30, 2017, representing a decrease of 14,495, or approximately 4%, as a result of decrease in the general operation of the Company included decreasing personnel, product development and marketing of our Max Sound Technology.

Consulting Fees: Our consulting fees were \$294,034 for the year ended December 31, 2018 and \$126,950 for the year ended December 31, 2017, representing an increase of \$167,084, or approximately 132%. The Company has increased the use of consultants to assist the Company.

Professional Fees: Our professional fees were \$221,244 for the year ended December 31, 2018 and \$551,469 for the year ended December 31, 2017, representing decrease of \$330,225 or approximately 60%, as a result of ongoing litigation.

Compensation: Our compensation expenses were \$600,000 for the year ended December 31, 2018 and \$839,361 for the twelve months ended December 31, 2017, representing a decrease of \$239,361, or approximately 29%, as a result of decrease in our expensing of monthly compensation to our management and employees and options granted to the Company's CFO.

Judgment: Our Judgment expense was \$0 for the year ended December 31, 2018 and \$888,821 for the year ended December 31, 2017, representing decrease of \$888,821, or approximately 100%, as a result of the court issued order

on September 25, 2017.

Net Loss: Our net loss for the twelve months ended December 31, 2018 was \$12,153,248. While the operational expenses in marketing our Max Sound technology decreased from the same period of last year, the overall amount of our net loss substantially decreased as a result of an increase in the change in the fair value of embedded derivative liability associated with the convertible debt.

Liquidity and Capital Resources

Revenues for the twelve months ended December 31, 2018 and 2017, were \$0 and \$0, respectively. We have an accumulated deficit of \$93,595,670 for the period from December 9, 2005 (inception) to December 31, 2018, and have negative cash flow from operations of \$1,100,221 for the twelve months ended December 31, 2018.

Our financial statements have been presented on the basis that it is a going concern, which contemplates the realization of revenues from our subscriber base and the satisfaction of liabilities in the normal course of business. We have incurred losses from inception. These factors raise substantial doubt about our ability to continue as a going concern.

From our inception through December 31, 2018, our primary source of funds has been the proceeds of private offerings of our common stock, private financing, and loans from stockholders. Our need to obtain capital from outside investors is expected to continue until we are able to achieve profitable operations, if

ever. There is no assurance that management will be successful in fulfilling all or any elements of its plans.

Below is a summary of our capital-raising activities for the quarter ended December 31, 2018:

The convertible notes issued for years December 31, 2018 and 31, 2017, consist of the following terms:

		Year ended December 31, 2018 Amount of Principal Raised	Year ended December 31, 2017 Amount of Principal Raised
Interest Rate		0% - 12%	0% - 12%
Default interest rate		14% - 22%	14% - 22%
Maturity		November 4, 2015 –May 22, 2019	November 4, 2015 –December 7, 2018
Conversion terms 1	65% of the “Market Price”, which is the average of the lowest three (3) trading prices for the common stock during the ten (10) trading day period prior to the conversion.	3,691,578	3,495,100
Conversion terms 2	65% of the “Market Price”, which is the one lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	1,131,560	1,164,777
Conversion terms 3	70% of the “Market Price”, which is the average of the lowest three (3) trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	paid on conversion	paid on conversion
Conversion terms 4	75% of the “Market Price”, which is the average of the lowest three (3) trading prices for the common stock during the ten (10) trading day period prior to the conversion.	765,000	765,000

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Conversion terms 5	60% of the "Market Price", which is the lowest trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	paid on conversion	paid on conversion
Conversion terms 6	Conversion at \$0.10 per share	Paid on conversion	Paid on conversion
Conversion terms 7	60% of the "Market Price", which is the lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	50,000	Paid on conversion
Conversion terms 8	65% of the "Market Price", which is the two lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	265,050	487,061
Conversion terms 9	65% of the "Market Price", which is the two lowest trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	204,579	Paid on conversion
Conversion terms 10	65% of the "Market Price", which is the one lowest trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	paid on conversion	paid on conversion
Conversion terms 11	60% of the "Market Price", which is the two lowest trading prices for the common stock during the twelve (12) trading day period prior to the conversion.	paid on conversion	Paid on conversion

Conversion terms 12	61% of the “Market Price”, which is the average of the three lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	52,662	201,000
Convertible Debt		6,160,429	6,112,938
Less: Debt Discount		(169,377)	(610,686)
Less: Debt Issue Costs		(3,525)	(27,436)
Convertible Debt - net		5,987,527	5,474,816

During the year ended December 31, 2018 and year ended December 31, 2017, the Company issued convertible notes totaling \$869,579, less the original issue discount and debt issue costs of \$42,379, for net proceeds of \$827,200 and \$1,799,264, respectively.

Loans and Advances

On July 6, 2017, the Company entered into a two-year line of credit agreement with the principal stockholder in the amount of \$100,000. Subsequently, on October 2, 2017, the Company entered into a two year line of credit agreement with the principal stockholder in the amount of \$200,000. The line of credit carries an interest rate of 4%.

On October 2, 2017, the Company, in exchange for Greg Halpern's consideration issuing the Company a line of credit of \$100,000 on July 6, 2017 and another line of credit of \$200,000 on October 2, 2017 and for Mr. Halpern's forgiveness of \$960,000 of interest owed to Mr. Halpern for his Preferred Shares accrued dividend rate of 8% per annum of his already owned 5 million Series A Convertible Preferred Shares, the Board deemed it proper to grant Mr. Halpern an additional 800,000,000 shares of the Company's common stock, which at Mr. Halpern's election he may convert into 5,000,000 additional Series A Convertible Preferred Shares with the same voting rights and percentages as his previously granted and owned 5,000,000 Series A Convertible Preferred Shares.

As of December 31, 2017, the principal stockholder has advanced \$47,450 to the Company and was repaid \$15,000 under the terms of this line of credit agreement. As of December 31, 2017, \$34,156 is owed under the line of credit including the accrued interest of \$306. During the year ended December 31, 2018, the principal stockholder has advanced \$557,299 accrued \$3,792 in interest and was repaid \$284,957 under the terms of this line of credit. The line of credit balance and accrued interest as of December 31, 2018 is \$310,290.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Topic 842 affects any entity that enters into a lease, with some specified scope exemptions. The guidance in this Update supersedes Topic 840, Leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For public companies, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact of adopting ASU No. 2016-02 on our financial statements.

In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which provides further guidance on identifying performance obligations and improves the operability and understandability of licensing implementation guidance. The effective date for ASU 2016-10 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. In May 2016, the FASB issued ASU 2016-12 “Revenue from Contracts with Customers (Topic 606) - Narrow-Scope Improvements and Practical Expedients,” which amends the guidance on transition, collectability, non-cash consideration, and the presentation of sales and other similar taxes. ASU 2016-12 clarifies that, for a contract to be considered completed at transition, all (or substantially all) of the revenue must have been recognized under legacy GAAP. In addition, ASU 2016-12 clarifies how an entity should evaluate the collectability threshold and when an entity can recognize nonrefundable consideration received as revenue if an arrangement does not meet the standard’s contract criteria. The standard allows for both retrospective and modified retrospective methods of adoption. The Company evaluated the impact of adopting the new standard and concluded that there was no material impact on the Company’s revenue recognition policy.

In August 2016, the FASB issued ASU 2016-15, “Classification of Certain Cash Receipts and Cash Payments,” which aims to eliminate diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and other Topics. ASU 2016-15 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2017 (fiscal year 2019 for the Company). The adoption of this guidance did not have a material impact on our financial statements.

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory (ASU 2016-16), which requires companies to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, rather than when the asset has been sold to an outside party. We adopted the new standard effective January 1, 2018, using the modified retrospective transition approach. The adoption of this guidance did not have a material impact on our financial statements.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18), which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted the new standard effective October 1, 2018, using the retrospective transition approach for all periods presented. The adoption of this guidance did not have a material impact on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business (ASU 2017-01), which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. We adopted the new standard effective January 1, 2018 on a prospective basis. The adoption of this guidance did not have a material impact on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment (ASU 2017-04), which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance will be effective for us commencing on October 1, 2020 on a prospective basis, and early adoption is permitted. We do not expect the standard to have a material impact on our financial statements.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

Critical Accounting Policies and Estimates

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States (“GAAP”). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenues and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Use of Estimates:

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Revenue Recognition:

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is assured. We had \$0 and \$0 in revenue for the ended December 31, 2018 and 2017, respectively.

Stock-Based Compensation:

In December 2004, the FASB issued FASB Accounting Standards Codification No. 718, *Compensation – Stock Compensation*. Under FASB Accounting Standards Codification No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company applies this statement prospectively.

Equity instruments (“instruments”) issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB Accounting Standards Codification No. 718. FASB Accounting Standards Codification No. 505, *Equity Based Payments to Non-Employees* defines the measurement date and recognition period for such instruments. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and

circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

Derivative Financial Instruments

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are

also valued using the Black-Scholes option-pricing model.

Impairment of Long-Lived Assets

The Company accounts for its long-lived assets in accordance with ASC Topic 360-10-05, Accounting for the Impairment or Disposal of Long-Lived Assets." ASC Topic 360-10-05 requires that long-lived assets, such as technology rights, be reviewed for impairment annually, or whenever events or changes in circumstances indicate that the historical cost carrying value of an asset may no longer be appropriate. The Company assesses recoverability of the carrying value of an asset by estimating the future net cash flows expected to result from the asset, including the eventual disposition. If the future net cash flows are less than the carrying value of an asset, an impairment loss is recorded equal to the difference between the asset's carrying value and fair value or disposable value.

During the year ended December 31, 2018, the Company recorded an asset impairment of \$28,211 consisting of office furniture and equipment. The assets are fully impaired and the remaining carrying value is \$0 for the year ended December 31, 2018.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as "special purpose entities".

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are subject to certain market risks, including changes in interest rates and currency exchange rates. We have not undertaken any specific actions to limit those exposures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MAX SOUND CORPORATION

PAGE F - 2 REPORT OF INDEPENDENT REGISTERED ACCOUNTING FIRM

PAGE F - 3 BALANCE SHEETS AS OF DECEMBER 31, 2018 and 2017.

PAGE F - 4 STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

PAGE F - 5 STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders

Max Sound Corporation

Opinion on the Financial Statements

We have audited the accompanying statement of financial position of Max Sound Corporation (the “Company”) as of December 31, 2018 and 2017, the related statements of loss, stockholders’ deficit and cash flows for each of the two year period ended December 31, 2018, and the related notes (collectively, the “financial statements”).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

The Company’s management is responsible for these financial statements. Our responsibility is to express an opinion on the Company’s consolidated financial statements. We are a public accounting firm registered with the Public

Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, these conditions raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Company be unable to continue as a going concern.

/s/ G.A. Wahl

We have served as the Company's auditor since 2015.

Newport Beach, California

March 28, 2019

Max Sound Corporation**Financial Position****ASSETS**

	December 31, 2018	December 31, 2017
Current Assets		
Cash	\$449	\$ 745
Prepaid expenses	-	59,730
Total Current Assets	449	60,475
Property and equipment, net	-	44,063
Total Assets	\$449	\$104,538
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current Liabilities		
Accounts payable	\$675,295	\$ 399,761
Accrued expenses	1,245,600	814,930
Accrued expenses - related party	404,429	43,000
Judgement payable	819,626	819,626
Line of credit - related party	306,575	34,156
Derivative liability	13,849,591	5,909,121
Convertible note payable, net of debt discount of \$169,377 and \$610,686, and related debt issue costs of \$3,525 and \$27,436, respectively	5,987,527	5,474,816
Total Current Liabilities	23,288,643	13,495,410
Commitments and Contingencies		
Stockholders' Deficit		
Preferred stock, \$0.0001 par value; 10,000,000 shares authorized, No shares issued and outstanding	-	-
Series, A Convertible Preferred stock, \$0.00001 par value; 10,000,000 shares authorized, 10,000,000 and 10,000,000 shares issued and outstanding, respectively	100	100
Common stock, \$0.00001 par value; 4,250,000,000 shares authorized, 6,573,852,824 and 2,158,961,690 shares issued and outstanding, respectively	65,867	21,718
Additional paid-in capital	70,776,084	68,564,307
Treasury stock	(534,575)	(534,575)
Accumulated deficit	(93,595,670)	(81,442,422)
Total Stockholders' Deficit	(23,288,194)	(13,390,872)
Total Liabilities and Stockholders' Deficit	\$449	\$104,538

See Accompanying notes to financial Statements

Max Sound Corporation**Statement of Operations**

	For the Years Ended,	
	December 31,	December 31, 2017
	2018	
Revenue	\$—	\$—
Operating Expenses		
General and administrative	357,225	371,720
Consulting	294,034	126,950
Professional fees	221,244	551,469
Website development	4,000	28,700
Compensation	600,000	839,361
Judgement payable	-	888,821
Total Operating Expenses	1,476,503	2,807,021
Loss from Operations	(1,476,503)	(2,807,021)
Other Income / (Expense)		
Other income	-	26
Interest expense	(453,469)	(1,399,786)
Interest expense – related party	(418,510)	-
Derivative Expense	(375,302)	(639,224)
Amortization of debt offering costs	(44,426)	(96,338)
Gain/(Loss) on debt settlement	-	(239,203)
Amortization of debt discount	(1,276,576)	(2,647,357)
Change in fair value of embedded derivative liability	(8,080,251)	868,761
Impairment of fixed assets	(28,211)	-
Total Other Income / (Expense)	(10,676,745)	(4,153,121))
Provision for Income Taxes	—	—
Net Loss	\$(12,153,248)	\$(6,960,142))
Net Loss Per Share - Basic and Diluted	\$(0.00))	\$(0.00))

Weighted average number of shares outstanding during the year Basic and Diluted	5,280,292,846	1,404,057,270
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See Accompanying notes to financial Statements

Max Sound Corporation**Statement of Changes in Stockholder's Equity****Years Ended December 31, 2018 and 2017**

	Series A Preferred Stock		Preferred stock		Common stock		Additional paid-in capital	Accumulated Deficit	Treasury Stock	To Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance, December 31, 2016	5,000,000	\$50	-	\$-	935,642,115	\$9,355	\$64,355,387	\$(74,482,280)	\$(519,575)	\$(1,300,000)
Convertible debt, accrued interest and penalty conversion into common stock	-	-	-	-	1,229,440,607	12,294	1,296,949	-	-	1,300,000
Common stock issued for services (\$0.009/sh) - related party	-	-	-	-	6,878,968	69	54,531	-	-	54,531
Common stock issued in exchange for accounts payable (\$0.01/sh)	-	-	-	-	-	-	-	-	-	-
Common stock issued in exchange accrued interest - related party (\$0.0012/sh)	-	-	-	-	800,000,000	8,000	952,000	-	-	960,000
Preferred stock issued in exchange for common stock - related party	5,000,000	50	-	-	(800,000,000)	(8,000)	7,950	-	-	(792,000)
Buyback of common shares	-	-	-	-	(13,000,000)	-	-	-	(15,000)	(15,000)
Warrants issued to services to related party	-	-	-	-	-	-	191,361	-	-	191,361
Reclassification of derivative liability associated with convertible debt	-	-	-	-	-	-	1,706,129	-	-	1,706,129
	-	-	-	-	-	-	-	(6,960,142)	-	(6,960,142)

Net loss for the year
ended December 31,
2017

Balance, December 31, 2017	10,000,000	\$100	-	\$-	2,158,961,690	\$21,718	\$68,564,307	\$(81,442,422)	\$(534,575)	\$(1,000,000)
Convertible debt, accrued interest and penalty conversion into common stock	-	-	-	-	4,373,012,563	43,730	834,484	-	-	878,000
Common stock issued for services (\$0.0008/sh)	-	-	-	-	32,678,571	327	46,173	-	-	46,000
Common stock issued in exchange for warrant forgiveness	-	-	-	-	9,200,000	92	2,668	-	-	2,700
Reclassification of derivative liability associated with convertible debt	-	-	-	-	-	-	1,328,452	-	-	1,328,452
Net loss for the year ended December 31, 2018	-	-	-	-	-	-	-	(12,153,248)	-	(12,153,248)
Balance, December 31, 2018	10,000,000	\$100	-	\$-	6,573,852,824	\$65,867	\$70,776,084	\$(93,595,670)	\$(534,575)	\$(1,000,000)

See Accompanying notes to financial Statements

Statement of Cash Flows

	For the Years Ended,	
	December 31,	December
	2018	31, 2017
Cash Flows From Operating Activities:		
Net Loss	\$(12,153,248)	\$(6,960,142)
Adjustments to reconcile net loss to net cash used in operations		
Depreciation/Amortization	15,852	42,459
Loss on impairment of fixed assets	28,211	-
Stock and stock options issued for services	46,500	54,600
Warrant issued to employees – related party	-	191,361
Stock issued in exchange of warrant forgiveness	2,760	-
Amortization of debt offering costs	44,426	96,338
Amortization of debt discount	1,276,575	2,647,357
Change in fair value of derivative liability	8,080,251	(868,761)
Derivative Expense	375,302	639,229
Changes in operating assets and liabilities:		
Shares issued for interest – related party	-	960,000
Cash paid on accrued interest	-	(4,927)
Decrease in prepaid expenses	59,730	2,500
Increase accounts payable	276,349	161,169
Decrease in security deposit	-	413
Increase in accrued expenses	485,642	451,925
Increase in accrued expenses – related party	361,429	43,306
Increase in judgement payable	-	819,626
Net Cash Used In Operating Activities	(1,100,221)	(1,723,552)
Cash Flows From Investing Activities:		
Purchase of property equipment	-	(25,100)
Net Cash Used In Investing Activities	-	(25,100)
Cash Flows From Financing Activities:		
Proceeds from stockholder loans / lines of credit	557,679	48,500
Repayment from stockholder loans / lines of credit	(284,954)	(15,000)
Repayment of convertible note	-	(233,743)
Proceeds from issuance of convertible note, less offering costs and OID costs paid	827,200	1,799,264
Repayment of note payable	-	(20,000)
Cash paid on common stock repurchase	-	(15,000)
Net Cash Provided by Financing Activities	1,099,925	1,564,371
Net Decrease in Cash	(296)	(184,281)
Cash at Beginning of Year	745	185,026
Cash at End of Year	\$449	\$745

Supplemental disclosure of cash flow information:

Cash paid for interest	\$-	\$4,297
Cash paid for taxes	\$8,709	\$2,832

Supplemental disclosure of non-cash investing and financing activities:

Shares issued in conversion of convertible debt and accrued interest	\$878,214	\$1,309,243
Conversion of common to preferred stock	\$-	\$8,000
Reclassification to additional paid in capital for financial instruments that ceased to be a derivative liability	\$1,328,452	\$1,706,129

See Accompanying notes to financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

(A) Organization and Basis of Presentation

Max Sound Corporation (the "Company") was incorporated in Delaware on December 9, 2005, under the name 43010, Inc. The Company business operations are focused primarily on developing and launching audio technology software.

Effective March 1, 2011, the Company filed with the State of Delaware a Certificate of Amendment of Certificate of Incorporation changing our name from So Act Network, Inc. to Max Sound Corporation.

On August 9, 2016 the Company moved a level down from OTCQB to OTC Pink Current Information where it is within the continued standards and pricing requirements as found in Section 2 of the OTCQB Eligibility Standards. The Company's services, may re-apply at any time after a price increase to meet all of the OTCQB Eligibility Standards to be moved back to the higher OTCQB marketplace.

It is management's opinion, however, that all material adjustments (consisting of normal and recurring adjustments) have been made which are necessary for a fair financial statements presentation. The results for the interim period are not necessarily indicative of the results to be expected for the year.

(B) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

(C) Cash and Cash Equivalents

For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. As of December 31, 2018 and December 31, 2017, the Company had no cash equivalents.

(D) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful life of three to five years.

(E) Research and Development

The Company has adopted the provisions of FASB Accounting Standards Codification No. 350, *Intangibles - Goodwill & Other* (“ASC Topic 350”). Costs incurred in the planning stage of a website are expensed as research and development while costs incurred in the development stage are capitalized and amortized over the life of the asset, estimated to be three years. Expenses subsequent to the launch have been expensed as website development expenses.

(F) Concentration of Credit Risk

The Company at times has cash in banks in excess of FDIC insurance limits. The Company had \$0 in excess of FDIC insurance limits as of December 31, 2018 and December 31, 2017.

(G) Revenue Recognition

Effective January 1, 2018, the Company recognizes revenue in accordance with Accounting Standards Codification 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific revenue recognition guidance throughout the Industry Topics of the Accounting Standards Codification. The updated guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance also provides for additional disclosures with respect to revenues and cash flows arising from contracts with customers. The standard will be effective for the first interim period within annual reporting periods beginning after December 15, 2017, and the Company adopted the standard using the modified retrospective approach effective January 1, 2018.

(H) Loss Per Share

In accordance with accounting guidance now codified as FASB ASC Topic 260, “*Earnings per Share*,” Basic earnings (loss) per share (“EPS”) is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding during the period, excluding the effects of any potentially dilutive securities. Diluted EPS gives effect to all dilutive potential of shares of common stock outstanding during the period including stock options or warrants, using the treasury stock method (by using the average stock price for the period to determine the number of shares assumed to be purchased from the exercise of stock options or warrants), and convertible debt or convertible preferred stock, using the if-converted method. Diluted EPS excludes all dilutive potential of shares of common stock if their effect is anti-dilutive. Because of the Company’s net losses, the effects of stock warrants and stock options would be anti-dilutive and accordingly, is excluded from the computation of earnings per share.

The computation of basic and diluted loss per share for the years ended December 31, 2018 and 2017 excludes the common stock equivalents of the following potentially dilutive securities because their inclusion would be anti-dilutive:

December 31, 2018	December 31, 2017
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Stock Warrants (Exercise price - \$0.25 - \$.52/share)	11,620,690	19,220,690
Stock Options (Exercise price - \$0.00250/share)	95,332,500	95,332,500
Convertible Debt (Exercise price - \$0.0001 - \$.000150/share)	85,342,765,754	8,399,417,649
Series A Convertible Preferred Shares (\$0.01/share)	250,000,000	250,000,000
Total	85,699,718,944	8,763,970,809

The Company's obligations to issue shares upon conversion of its outstanding convertible notes, the exercise of stock options and warrants and conversion of its preferred stock (the "Convertible Instruments") at current market prices for its common stock exceeds by the 82,273,571,767 authorized but unissued shares of Common Stock as of the date of this report (the "Potentially Issuable Shares"). While it is uncertain whether the Company would receive requests to issue all of the Potentially Issuable Shares and the number of such shares fluctuates based on the market price of the Company's common stock, the Company may increase the number of its authorized shares of common stock or effectuate a

recapitalization, or a combination of both, in order to make available additional shares of its Common Stock for the Potentially Issuable Shares. Such action would require shareholder approval. Until such time as the Company has a sufficient number of shares of its Common Stock for issuance to cover the Potentially Issuable Shares, the Company could be subject to penalties and damages to the holders of the Convertible Instruments in the event it does not deliver the Potentially Issuable Shares upon request by a holder of the Convertible Instruments. Furthermore, the lack of available shares of common stock may be deemed a default under one or more of the Convertible Instruments.

(I) Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 (“ASC 740-10-25”) Income Taxes. Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

On December 22, 2017, the 2017 Tax Cuts and Jobs Act (the Tax Act) was enacted into law and the new legislation contains several key tax provisions that affected us, including a one-time mandatory transition tax on accumulated foreign earnings and a reduction of the corporate income tax rate to 21% effective January 1, 2018, among others. We are required to recognize the effect of the tax law changes in the period of enactment, such as determining the transition tax, remeasuring our U.S. deferred tax assets and liabilities as well as reassessing the net realizability of our deferred tax assets and liabilities. In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act (SAB 118), which allows us to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. Since the Tax Act was passed late in the fourth quarter of 2017, and ongoing guidance and accounting interpretation are expected over the next 12 months, we consider the accounting of the transition tax, deferred tax re-measurements, and other items to be incomplete due to the forthcoming guidance and our ongoing analysis of final year-end data and tax positions. We expect to complete our analysis within the measurement period in accordance with SAB 118.

The net deferred tax liability in the accompanying balance sheets includes the following amounts of deferred tax assets and liabilities:

	2018	2017
Deferred tax liability:	\$—	\$—
Deferred tax asset		
Temporary differences		

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Net Operating Loss Carryforward	9,973,745	9,307,403
Valuation allowance	(9,973,745)	(9,307,403)
Net deferred tax asset	—	—
Net deferred tax liability	\$—	\$—

The provision for income taxes has been computed as follows:

	2018	2017
Expected income tax recovery (expense) at the statutory rate of 27.64%	\$(3,358,672)	\$(1,923,505)
Tax effect of expenses that are not deductible for income tax purposes (net of other amounts deductible for tax purposes)	106,748	181,294
Tax effect of differences in the timing of deductibility of items for income tax purposes:	(2,585,582)	141,066

Utilization of non-capital tax losses to offset current taxable income	—	—
Change in valuation allowance	666,342	1,601,145
Provision for income taxes	\$—	\$—

The valuation allowance was established to reduce the deferred tax asset to the amount that will more likely than not be realized. This is necessary due to the Company's continued operating losses and the uncertainty of the Company's ability to offset future taxable income through 2037.

The net change in the valuation allowance for the year ended December 31, 2018 and 2017 was an increased/ (decreased) of \$666,342 and \$1,601,145, respectively.

The components of income tax expense related to continuing operations are as follows:

	2018	2017
Federal		
Current	\$—	\$—
Deferred	—	—
	\$—	\$—
State and Local		
Current	\$—	\$—
Deferred	—	—
	\$—	\$—

The Company's federal income tax returns are no longer subject to examination by the IRS for the years prior to 2012, and the related state income tax returns are no longer subject to examination by state authorities for the years prior to 2011.

(J) Business Segments

The Company operates in one segment and therefore segment information is not presented.

(K) Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Topic 842 affects any entity that enters into a lease, with some specified scope exemptions. The guidance in this Update supersedes Topic 840, Leases. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For public companies, the amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are currently evaluating the impact of adopting ASU No. 2016-02 on our financial statements.

In April 2016, the FASB issued ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, which provides further guidance on identifying performance obligations and improves the operability and understandability of licensing implementation guidance. The effective date for ASU 2016-10 is the same as the effective date of ASU 2014-09 as amended by ASU 2015-14, for annual reporting periods beginning after December 15, 2017, including interim periods within those years. In May 2016, the FASB issued ASU 2016-12 “Revenue from Contracts with Customers (Topic 606) - Narrow-Scope Improvements and Practical Expedients,” which amends the guidance on transition, collectability, non-cash consideration, and the presentation of sales and other similar taxes. ASU 2016-12 clarifies that, for a contract to be considered completed at transition, all (or

substantially all) of the revenue must have been recognized under legacy GAAP. In addition, ASU 2016-12 clarifies how an entity should evaluate the collectability threshold and when an entity can recognize nonrefundable consideration received as revenue if an arrangement does not meet the standard's contract criteria. The standard allows for both retrospective and modified retrospective methods of adoption. The Company evaluated the impact of adopting the new standard and concluded that there was no material impact on the Company's revenue recognition policy.

In August 2016, the FASB issued ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments," which aims to eliminate diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows under Topic 230, Statement of Cash Flows, and other Topics. ASU 2016-15 is effective for annual reporting periods, and interim periods therein, beginning after December 15, 2017 (fiscal year 2019 for the Company). The adoption of this guidance did not have a material impact on our financial statements.

In October 2016, the FASB issued Accounting Standards Update No. 2016-16, Income Taxes (Topic 740): Intra-Entity Transfers Other than Inventory (ASU 2016-16), which requires companies to recognize the income-tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs, rather than when the asset has been sold to an outside party. We adopted the new standard effective January 1, 2018, using the modified retrospective transition approach. The adoption of this guidance did not have a material impact on our financial statements.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18), which requires companies to include amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the statement of cash flows. We adopted the new standard effective October 1, 2018, using the retrospective transition approach for all periods presented. The adoption of this guidance did not have a material impact on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business (ASU 2017-01), which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. We adopted the new standard effective October 1, 2018 on a prospective basis. The adoption of this guidance did not have a material impact on our financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment (ASU 2017-04), which eliminates step two from the goodwill impairment test. Under ASU 2017-04, an entity should recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value up to the amount of goodwill allocated to that reporting unit. This guidance will be effective for us commencing on January 1, 2020 on a prospective basis, and early adoption is permitted. We do not expect the standard to have a material impact on our financial statements.

All other newly issued accounting pronouncements but not yet effective have been deemed either immaterial or not applicable.

(L) Fair Value of Financial Instruments

The carrying amounts on the Company's financial instruments including accounts payable, derivative liability, convertible note payable, and note payable, approximate fair value due to the relatively short period to maturity for these instruments.

We adopted accounting guidance for financial and non-financial assets and liabilities (ASC 820). The adoption did not have a material impact on our results of operations, financial position or liquidity. This standard defines fair value, provides guidance for measuring fair value and requires certain disclosures.

This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements. This guidance does not apply to measurements related to share-based payments. This guidance discusses valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). The guidance utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs in which little or no market data exists, therefore developed using estimates and assumptions developed by us, which reflect those that a market participant would use.

The following are the major categories of liabilities measured at fair value on a recurring basis: as of December 31, 2018 and December 31, 2017, using quoted prices in active markets for identical liabilities (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	December 31 , 2018				December 31, 2017			
	<i>Fair Value Measurement Using</i>				<i>Fair Value Measurement Using</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Derivative Liabilities	—	13,849,591	—	13,849,591	—	5,909,121	—	5,909,121

(M) Stock-Based Compensation

In December 2004, the FASB issued FASB Accounting Standards Codification No. 718, Compensation - Stock Compensation. Under FASB Accounting Standards Codification No. 718, companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees are required to provide services. Share-based compensation arrangements include stock options, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant. The Company applies this statement prospectively.

Equity instruments (“instruments”) issued to other than employees are recorded on the basis of the fair value of the instruments, as required by FASB Accounting Standards Codification No. 718. FASB Accounting Standards Codification No. 505, Equity Based Payments to Non-Employees defines the measurement date and recognition period for such instruments. In general, the measurement date is when either a (a) performance commitment, as defined, is reached or (b) the earlier of (i) the non-employee performance is complete or (ii) the instruments are vested. The measured value related to the instruments is recognized over a period based on the facts and circumstances of each particular grant as defined in the FASB Accounting Standards Codification.

(N) Reclassification

Certain amounts from prior periods have been reclassified to conform to the current period presentation. These reclassifications had no impact on the Company's net loss or cash flows.

(O) Derivative Financial Instruments

Fair value accounting requires bifurcation of embedded derivative instruments such as conversion features in convertible debt or equity instruments, and measurement of their fair value for accounting purposes. In determining the appropriate fair value, the Company uses the Black-Scholes option-pricing model. In assessing the convertible debt instruments, management determines if the convertible debt host instrument is conventional convertible debt and further if there is a beneficial conversion feature requiring measurement. If the instrument is not considered conventional convertible debt, the Company will continue its evaluation process of these instruments as derivative financial instruments.

Once determined, derivative liabilities are adjusted to reflect fair value at each reporting period end, with any increase or decrease in the fair value being recorded in results of operations as an adjustment to fair value of derivatives. In addition, the fair value of freestanding derivative instruments such as warrants, are also valued using the Black-Scholes option-pricing model.

(P) Original Issue Discount

For certain convertible debt issued, the Company provides the debt holder with an original issue discount. The original issue discount is recorded to debt discount, reducing the face amount of the note and is amortized to interest expense over the life of the debt.

(Q) Debt Issue Costs and Debt Discount

The Company may pay debt issue costs, and record debt discounts in connection with raising funds through the issuance of convertible debt. These costs are amortized to interest expense over the life of the debt. If a conversion of the underlying debt occurs, a proportionate share of the unamortized amounts is immediately expensed.

NOTE 2 GOING CONCERN

As reflected in the accompanying financial statements, the Company had a net loss of \$12,153,248 for the year ended December 31, 2018, has an accumulated deficit of \$93,595,670 as of December 31, 2018, and has negative cash flow from operations of \$1,100,221 for the year ended December 31, 2018.

As the Company continues to incur losses, transition to profitability is dependent upon the successful commercialization of its products and achieving a level of revenues adequate to support the Company's cost structure.

The Company may never achieve profitability, and unless and until it does, the Company will continue to need to raise additional cash. Management intends to fund future operations through additional private or public debt or equity offerings. Based on the Company's operating plan, existing working capital at December 31, 2018 was not sufficient to meet the cash requirements to fund planned operations through December 31, 2019 without additional sources of cash. The Company continues to explore various financing alternatives, including debt and equity financings and strategic partnerships, as well as trying to generate revenue. However, at this time, the Company has no commitments to obtain any additional funds, and there can be no assurance such funds will be available on acceptable terms or at all. If the Company is unable to obtain additional funding and improve its operations, the Company's financial condition and results of operations may be materially adversely affected and the Company may not be able to continue operations. This raises substantial doubt about the Company's ability to continue as a going concern. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty.

NOTE 3 DEBT AND ACCOUNTS PAYABLE

Debt consists of the following:

	AS of December 31, 2018	As of December 31, 2017
Line of credit– related party	\$ 306,575	\$ 34,156
Accrued interest – related party	233,484	-
Accrued expenses – related party	170,945	43,000
Convertible debt	\$6,160,429	6,112,938
Less: debt discount	(169,377)	(610,686)
Less: debt issue costs	(3,525)	(27,436)
Convertible debt - net	5,987,527	5,474,816
Total current debt	6,698,531	\$5,551,972

(A) Line of credit – related party

Line of credit with the principal stockholder consisted of the following activity and terms:

	Principal	Interest Rate
Balance – December 31, 2016	\$-	
Borrowings during the year ended December 31, 2017	48,850	
Interest accrual	306	
Repayments	(\$15,000)	
Balance - December 31, 2017	\$34,156	
Borrowings during the years ended December 31, 2018	557,299	4 %
Interest accrual	3,792	
Repayments	(284,957)	
Balance - December 31, 2018	\$310,290	

Accounts payable consists of the following:

	As of December 31, 2018	As of December 31, 2017
Accounts Payable	\$ 675,295	\$ 399,761
Total accounts payable	\$ 675,295	\$ 399,761

(B) Convertible Debt

During the year ended December 31, 2018 and year ended December 31, 2017, the Company issued convertible notes totaling \$869,579, less the original issue discount and debt issue costs of \$42,379, for net proceeds of \$827,200 and \$1,753,411, respectively.

The convertible notes issued for years December 31, 2018 and 31, 2017, consist of the following terms:

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		Year ended December 31, 2018 Amount of Principal Raised	Year ended December 31, 2017 Amount of Principal Raised
Interest Rate		0% - 12%	0% - 12%
Default interest rate		14% - 22%	14% - 22%
Maturity		November 4, 2015 –May 22, 2019	November 4, 2015 –December 7, 2018
Conversion terms 1	65% of the “Market Price”, which is the average of the lowest three (3) trading prices for the common stock during the ten (10) trading day period prior to the conversion.	3,691,578	3,495,100
Conversion terms 2	65% of the “Market Price”, which is the one lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	1,131,560	1,164,777
Conversion terms 3	70% of the “Market Price”, which is the average of the lowest three (3) trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	paid on conversion	paid on conversion
Conversion terms 4	75% of the “Market Price”, which is the average of the lowest three (3) trading prices for the common stock during the ten (10) trading day period prior to the conversion.	765,000	765,000

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Conversion terms 5	60% of the "Market Price", which is the lowest trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	paid on conversion	paid on conversion
Conversion terms 6	Conversion at \$0.10 per share	Paid on conversion	Paid on conversion
Conversion terms 7	60% of the "Market Price", which is the lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	50,000	Paid on conversion
Conversion terms 8	65% of the "Market Price", which is the two lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	265,050	487,061
Conversion terms 9	65% of the "Market Price", which is the two lowest trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	204,579	Paid on conversion
Conversion terms 10	65% of the "Market Price", which is the one lowest trading prices for the common stock during the fifteen (15) trading day period prior to the conversion.	paid on conversion	paid on conversion
Conversion terms 11	60% of the "Market Price", which is the two lowest trading prices for the common stock during the twelve (12) trading day period prior to the conversion.	paid on conversion	Paid on conversion
Conversion terms 12	61% of the "Market Price", which is the average of the three lowest trading prices for the common stock during the ten (10) trading day period prior to the conversion.	52,662	201,000

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Convertible Debt	6,160,429	6,112,938
Less: Debt Discount	(169,377)	(610,686)
Less: Debt Issue Costs	(3,525)	(27,436)
Convertible Debt - net	5,987,527	5,474,816

The debt holders are entitled, at their option, to convert all or part of the principal and accrued interest into shares of the Company's common stock at conversion prices and terms discussed above. The Company classifies embedded conversion features in these notes and warrants as a derivative liability due to management's assessment that the Company may not have sufficient authorized number of shares of common stock required to net-share settle or due to the existence of a ratchet due to an anti-dilution provision. See Note 4 regarding accounting for derivative liabilities.

During the year ended December 31, 2018, the Company converted debt and accrued interest, totaling \$878,214 into 4,289,679,230 shares of common stock

During the year ended December 31, 2017, the Company converted debt and accrued interest, totaling \$1,309,243 into 1,229,440,607 shares of common stock

Convertible debt consisted of the following activity and terms:

Convertible Debt Balance as of December 31, 2016	5,597,598	4% - 10%	November 4, 2015 –March 10, 2018
Borrowings during the year ended December 31, 2017	1,972,868	8 %	
Non-Cash Reclassification of accrued interest converted	85,459		
Conversion of debt to into 1,229,440,607 shares of common stock with a valuation of 1,309,243 (\$0.00045 - \$0.00731/share) including the accrued interest of \$85,459	(824,381)		
Convertible Debt Balance as of December 31, 2017	6,112,938	4% - 10%	November 4, 2015 –December 7, 2018
Borrowings during the year ended December 31, 2018	869,579	8 %	
Non-Cash Reclassification of accrued interest converted	56,126		
Conversion of debt to into 4,373,012,563 shares of common stock with a valuation of 878,214 (\$0.0006 - \$0.00065/share) including the accrued interest of \$56,126	(878,214)		

Convertible Debt Balance as of December 31, 2018 6,160,429 4% - 12% November 4, 2015 –May 22, 2019

(B) Debt Issue Costs

During the years ended December 31, 2018, the Company paid debt issue costs totaling \$20,500

During the year ended December 31, 2017, the Company paid debt issue costs totaling \$77,525.

The following is a summary of the Company's debt issue costs:

	Year ended December 31 , 2018	Year Ended December 31, 2017
Debt issue costs	\$362,423	343,898
Accumulated amortization of debt issue costs	(358,898)	(316,462)
Debt issue costs – net	\$3,525	27,436

During the years ended December 31, 2018 and 2017 the Company amortized \$44,426 and \$96,338, of debt issue costs, respectively.

(C) Debt Discount & Original Issue Discount

During the years ended December 31, 2018 and 2017, the Company recorded debt discounts totaling \$813,386 and \$2,647,357, respectively.

The debt discount and the original issue discount recorded in 2018 and 2017 pertains to convertible debt that contains embedded conversion options that are required to be bifurcated and reported at fair value and original issue discounts.

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The Company amortized \$1,276,576 and \$2,647,357 during the years ended December 31, 2018 and 2017, respectively, to amortization of debt discount expense.

	Years the ended December 31, 2018	Year Ended December 31, 2017
Debt discount	\$ 13,221,839	12,386,574
Accumulated amortization of debt discount	(13,052,462)	(11,775,888)
Debt discount - Net	\$ 169,377	610,686

(D) Line of Credit – Related Party

On July 6, 2017, the Company entered into a two-year line of credit agreement with the principal stockholder in the amount of \$100,000. Subsequently, on October 2, 2017, the Company entered into a two year line of credit agreement with the principal stockholder in the amount of \$200,000. The line of credit carries an interest rate of 4%.

As of December 31, 2017, the principal stockholder has advanced \$47,450 to the Company and was repaid \$15,000 under the terms of this line of credit agreement. As of December 31, 2017 \$34,156 is owed under

the line of credit including the accrued interest of \$306. During the year ended December 31, 2018, the principal stockholder has advanced \$557,299 accrued \$3,792 in interest and was repaid \$284,957 under the terms of this line of credit. The line of credit balance and accrued interest as of December 31, 2018 is \$310,290.

NOTE 4 DERIVATIVE LIABILITIES

The Company identified conversion features embedded within convertible debt issued in 2018 and 2017. The Company has determined that the features associated with the embedded conversion option should be accounted for at fair value as a derivative liability.

As a result of the application of ASC No. 815, the fair value of the conversion feature is summarized as follow:

Derivative Liability -December 31, 2016	\$5,906,940
Fair value at the commitment date for convertible instruments	2,577,074
Change in fair value of embedded derivative liability for warrants issued	(200,480)
Change in fair value of embedded derivative liability for convertible instruments	(668,281)
Reclassification to additional paid in capital for financial instruments that ceased to be a derivative liability	(1,319,638)
Change from repayments	(386,494)
Derivative Liability -December 31, 2017	\$5,909,121
Fair value at the commitment date for convertible instruments	1,188,688
Change in fair value of embedded derivative liability for warrants issued	17,993
Change in fair value of embedded derivative liability for convertible instruments	8,062,258
Reclassification to additional paid in capital for financial instruments that ceased to be a derivative liability	(1,328,469)
Derivative Liability –December 31, 2018	\$ 13,849,591

The Company recorded the debt discount to the extent of the gross proceeds raised, and expensed immediately the remaining value of the derivative as it exceeded the gross proceeds of the note. The Company recorded a derivative expense for the years ended December 31, 2018 and 2017 of \$375,302 and \$639,224 respectively.

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions as of December 31, 2018:

	Commitment Date	Re-measurement Date
Expected dividends:	—	—
Expected volatility:	133% - 262%	296.54%-579.57%
Expected term:	0.08 - 3 Years	0.11–1.01 Years
Risk free interest rate:	0.06% - 2.31%	2.23% - 2.63%

The fair value at the commitment and re-measurement dates for the Company's derivative liabilities were based upon the following management assumptions as of December 31, 2017:

	Commitment Date	Re-measurement Date
Expected dividends:	—	—
Expected volatility:	133% - 262%	90.12% -297%
Expected term:	0.08 - 3 Years	0.01–1.40 Years
Risk free interest rate:	0.06% - 1.60%	0.01% - .1.83%

NOTE 5 PROPERTY AND EQUIPMENT

At December 31, 2018 and 2017, respectively, property and equipment is as follows:

	December 31, 2018	December 31, 2017
Website Development	\$294,795	\$294,795
Furniture and Equipment	143,071	143,071
Leasehold Improvements	6,708	6,708
Software	54,598	54,598
Music Equipment	2,578	2,578
Office Equipment	80,710	80,710
Domain Name	1,500	1,500
Sign	628	628
Total	584,588	584,588
Less: impairment of assets	(28,211)	-
Less: accumulated depreciation and amortization	(556,377)	(540,525)
Property and Equipment, Net	\$-	\$44,063

Depreciation expense for the years ended December 31, 2018 and 2017 totaled \$15,852 and \$42,459, respectively.

During the year ended December 31, 2018, the Company recorded an asset impairment of \$28,211 consisting of office furniture and equipment. The assets are fully impaired and the remaining carrying value is \$0 for the year ended December 31, 2018.

NOTE 6 STOCKHOLDERS' DEFICIT

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On April 4, 2017, the Company with the consent of the Majority Shareholder and Unanimous Written Consent of the Board of Directors filed with the Securities and Exchange Commission a Schedule 14C and with the State of Delaware an Amended Certificate of Incorporation increasing the authorized shares of common stock by 600,000,000 shares of common stock from 1,650,000,000 shares of common stock to 2,250,000,000 shares of common stock.

On April 23, 2017, the Company with the consent of the Majority Shareholder and Unanimous Written Consent of the Board of Directors filed with the Securities and Exchange Commission a Schedule 14C and with the State of Delaware an Amended Certificate of Incorporation increasing the authorized shares of common stock by 1,000,000,000 shares of common stock from 2,250,000,000 shares of common stock to 3,250,000,000 shares of common stock.

On October 4, 2017, the Company with the consent of the Majority Shareholder and Unanimous Written Consent of the Board of Directors filed with the Securities and Exchange Commission a Schedule 14C and with the State of Delaware an Amended Certificate of Incorporation increasing the authorized shares of common stock by 1,000,000,000 shares of common stock from 3,250,000,000 shares of common stock to 4,250,000,000 shares of common stock.

On February 1, 2018, the Company with the consent of the Majority Shareholder and Unanimous Written Consent of the Board of Directors filed with the Securities and Exchange Commission a Schedule 14C and with the State of Delaware an Amended Certificate of Incorporation increasing the authorized shares of common stock by 5,750,000,000 shares of common stock from 4,250,000,000 shares of common stock to 10,000,000,000 shares of common stock.

(A) Common Stock

During the years ended December 31, 2018, the Company issued the following common stock:

Transaction Type	Quantity	Valuation	Range of Value per share
Conversion of convertible debt and accrued interest	4,373,012,563	\$ 878,214	\$0.0006 to- \$0.00065
Services - rendered	32,678,571	46,200	\$0.0026
Shares issued in exchange for warrant forgiveness	9,200,000	2,760	\$0.0003
Total shares issued	4,414,891,134	\$ 927,474	

During the year ended December 31, 2017, the Company issued the following common stock:

Transaction Type	Quantity	Valuation	Range of Value per share
Conversion of convertible debt and accrued interest	1,229,440,607	\$ 1,309,243	\$0.00045 to- \$0.00731
Services - rendered	6,000,000	54,600	\$0.0011 - \$0.0107
Shares issued in exchange of interest – related party	800,000,000	960,000	\$0.00001
Shares repurchased	(13,000,000)	(15,000)	\$.0014
Total shares issued	1,222,440,607	\$ 2,308,843	

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The Company maintains on its books and within the above financials, debt to Venture Champion Asia Limited and ICG USA LLC or its designee(s) which is currently in default and has not been converted due to ICG's settled administrative proceeding with the SEC, where the Company awaits any rightful exemption or regulatory no-action that would render any forward moving action compliant by all the parties.

The Company announced that it entered into an Agreement with Vedanti Systems Limited and Vedanti Licensing Limited (VLL) that resolves their dispute over the international Optimized Data Transmission (ODT) patent portfolio previously owned by Vedanti. The Agreement further provides that VLL and the Company will become co-owners of the pioneering portfolio. In consideration of the patent portfolio purchase, the Company issued 80,000,000 shares of its common stock to VLL. This patent portfolio consists of patents in the following countries: The United States, Australia, Austria, Cyprus, Denmark, Spain, Finland, France, Ireland, Italy, Luxembourg, Monaco, Portugal, Sweden, Turkey, Belgium, Switzerland/ Liechtenstein, United Kingdom, Greece, Netherlands and Germany. The Company continues to pursue its litigations against Google.

Return of Shares and Issuance of Preferred shares

On October 2, 2017, the Company, in exchange for Greg Halpern's consideration issuing the Company a line of credit of \$100,000 on July 6, 2017 and another line of credit of \$200,000 on October 2, 2017 and for Mr. Halpern's forgiveness of \$960,000 of interest owed to Mr. Halpern for his Preferred Shares accrued dividend rate of 8% per annum of his already owned 5 million Series A Convertible Preferred Shares, the Board deemed it proper to grant Mr. Halpern an additional 800,000,000 shares of the Company's common stock, which at Mr. Halpern's election he may convert into 5,000,000 additional Series A Convertible Preferred Shares with the same voting rights and percentages as his previously granted and owned 5,000,000 Series A Convertible Preferred Shares.

On November 8, 2017, the Company, at Greg Halpern's election, converted 800,000,000 shares of Common Stock into 5,000,000 Series A Convertible Preferred Shares representing 33.4% of the Company's voting rights and control adding to Halpern's existing 33.4% holdings, equaling 66.8% of the Company's total voting rights and control.

On March 4, 2015 the Company filed a form 8K with the SEC associated with the Company entering into a Securities Exchange Agreement and the Company filing with the Secretary of State Delaware a Certificate of Designations, Preferences and Rights whereby, among other things, the Company for good and valuable consideration, agreed that in consideration of a large shareholder exchanging 120,000,000 shares of common stock back to the Company, the shareholder would receive 5,000,000 shares of Series A Convertible Preferred Stock of the Company at a Stated Value of \$0.96 per share and a Conversion Price of \$0.04 per share. These 5,000,000 Series A Convertible Preferred Shares represent 33.4% of the Company's voting rights and control and accrue dividends at a rate of 8% per annum Stated Value, payable in cash or in kind at the election of the Board of Directors. For the years ended December 31, 2018 and 2017, respectively, the Company has not declared dividends.

(B) Stock Warrants

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The following tables summarize all warrant grants as of December 31, 2018, and the related changes during these periods are presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Balance, December 31, 2017	19,220,690	\$ 0.01	1.2
Granted	—		
Exercised	—		
Cancelled/Forfeited	(7,600,000)		
Balance, December 31, 2018	11,620,690	\$ 0.01	0.2

On May 7, 2018, the Company issued 9,200,000 shares of Company's common stock to consultant in exchange for forgiveness of Warrant Agreement with the Company with a fair value of \$2,760 (\$0.0003/Share).

A summary of all outstanding and exercisable warrants as of December 31, 2018 is as follows:

Exercise Price	Warrants Outstanding	Warrants Exercisable	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
\$0.01	2,000,000	2,000,000	0.16	\$ —
\$0.005	1,000,000	1,000,000	0.40	\$ —
\$0.0029	8,620,690	8,620,690	0.25	\$ —
	13,620,690	13,620,690	0.25	\$ —

A summary of all outstanding and exercisable warrants as of December 31, 2017 is as follows:

Exercise Price	Warrants Outstanding	Warrants Exercisable	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
\$0.01	2,000,000	2,000,000	1.16	\$ —
\$0.005	1,000,000	1,000,000	1.40	\$ —
\$0.0029	8,620,690	8,620,690	1.25	\$ —
\$0.006	5,600,000	5,600,000	1.39	
\$0.12	2,000,000	2,000,000	0.77	\$ —
	19,220,690	19,220,690	1.2	\$ —

(C) Stock Options

On July 6, 2017, Company's Chief Financial Officer ("CFO"), the Company issued 95,332,500 options to buy common shares of the Company's stock at \$0.00253 per share, good for three years to the CFO. The Company recognized an expense of \$191,361 for year ended December 31, 2018. The Company recorded the fair value of the

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options based on the fair value of each option grant estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

Expected dividends 0%

Expected volatility 178.27%

Expected term 3 Years

Risk free interest rate 0.69%

The following tables summarize all option grants as of December 31, 2018, and the related changes during these periods are presented below:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (in Years)
Outstanding – December 31, 2016	2,866,652	\$0.13	1.02
Granted	95,332,500	\$0.0025	2
Exercised	—	\$—	—
Forfeited or Canceled	(2,866,652)	\$—	—
Outstanding – December 31, 2017	95,332,500	\$0.13	1.02
Exercised	—	\$—	—
Forfeited or Canceled	-)	\$—	—
Outstanding – December 31, 2018	95,332,500	\$ 0.0025-	1.51-
Exercisable – December 31, 2018	95,332,500		

NOTE 7 COMMITMENTS

(A) Consulting Agreement

On July 1, 2018 the Company entered into a new engagement with a consultant for a period of one year. Either Consultant or the Company may terminate the agreement at any time and for any reason by giving the other party 5 day notice. In connection with this agreement, the consultant will receive a compensation equal to \$120,000 on or before June 30, 2019. No payments have been made as of December 31, 2018 and the amount was accrued.

On March 5, 2018 the Company entered into a consulting services agreement with a consultant. The agreement will continue until March 5, 2019. During the last nine months of the agreement, either Consultant or the Company may terminate the agreement at any time and for any reason by giving the other party 5 day notice. In connection with this agreement, the consultant received shares of common stock and hourly compensation. On April 4, 2018 the Company issued 2,678,571 shares of Company's common stock in connection with March 5, 2018 consulting agreement with a fair value of \$1,500 (\$0.00055/share).

On January 29, 2018 the Company entered into a consulting services agreement with a consultant. The agreement will continue until January 29, 2019. During the last nine months of the agreement, either Consultant or the Company may terminate the agreement at any time and for any reason by giving the other party 30 day notice. In connection with this agreement, the consultant received 30,000,000 shares of common stock each upon the executing of the agreement with a fair value of \$45,000 (\$0.0015/share).

On October 12, 2017 the Company entered into a new engagement with its corporate counsel McMenamin Law Group, for corporate legal services to be provided from January 1, 2018 through December 31, 2018. Specifically the Company agreed to pay a flat fee totaling \$32,500 in the following installment, (i) \$10,000 on January 2, 2018, (ii) \$7,500 on March 31, 2018, (iii) \$7,500 on September 30, 2018, and (iv) \$7,500 on October 31, 2018.

(B) Other Agreements

On February 21, 2017 the Company entered into an Agreement with architect Eli Attia. This Agreement terminated and replaced the previous Representation Agreement and allows the Company to continue to pursue litigations against Google and Flux.

NOTE 8 LITIGATION

From time to time, the Company has become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm its business.

On January 21, 2015, the Company filed a patent infringement action against Netflix Inc., Netflix Luxembourg S.a.r.l. and Netflix International B.V. with the District Court of Mannheim, Germany. The

asserted patent is the same patent as in the German proceedings against Google Inc. and its subsidiaries. The Complaint alleges that Netflix Inc. and its subsidiaries are offering and transmitting video streams to German customers as part of their video-on-demand business model; the videos being encoded and transmitted in a manner claimed and protected by the patent. The Company primarily seeks a permanent injunction against the Defendants, plus damages and information regarding past infringements. The Company, on or about December 2015 upon advice of counsel, decided withdraw the litigation prior to oral argument, which withdrawal is without prejudice to re-file the lawsuit in the future.

The Company intends to vigorously prosecute these various patent infringement litigations. The Company believes it has a good likelihood of success associated with these patent infringement lawsuits. However, no assurance can be given by the Company as to the ultimate outcome of these actions or its effect on the Company. The law firm is prosecuting this action on a contingency fee basis.

On January 26, 2015, the Company was named as a defendant in an action filed in the Superior Court for the State of California and the County of Los Angeles captioned Bibicoff Family Trust v. Max Sound Corporation (Case No. SC123679). The parties participated in mediation and arrived successfully at a settlement and resolution of the matter. In March 2017 the Company successfully completed paying the agreed upon settlement amount.

On August 11, 2014, the Company and VSL simultaneously filed trade secret and patent infringement actions against Google, Inc., and its subsidiaries YouTube, LLC, and On2 Technologies, Inc., relating to proprietary and patented technology owned by Vedanti Systems Limited (“Vedanti”), a subsidiary of VSL. The patent infringement complaint was originally filed in the U.S. District Court for the District of Delaware; the trade secret suit was filed in Superior Court of California, County of Santa Clara. On September 30, 2014, the Company filed notices of voluntary dismissal without prejudice as to both lawsuits. On October 1, 2014, the Company amended the patent complaint and filed it in the U.S. District Court for the Northern District of California. In this patent lawsuit, the Company contends that, in 2010, while Google was in discussions with Vedanti about the possibility of acquiring Vedanti's patented digital video streaming techniques and other proprietary methods, Google gained access to and received technical guidance regarding Vedanti's proprietary codec, a computer program capable of encoding and decoding a digital data stream or signal. The lawsuit further alleges that soon after Google and Vedanti initiated negotiations, Google willfully infringed Vedanti's patent by incorporating Vedanti's patented technology into Google's own VP8, VP9, WebM, YouTube, Google AdSense, Google Play, Google TV, Chromebook, Google Drive, Google Chromecast, Google Play-per-view, Google Glasses, Google+, Google's Simplify, Google Maps, and Google Earth, without compensating Vedanti for such use. On May 13, 2015 Google's “motion to dismiss” was denied by the Northern District of California court in a seven page order, stating that Max Sound had sufficiently alleged the existence and validity of the '339 Patent. However, on November 24, 2015, the court granted a second motion to dismiss for lack of subject matter jurisdiction based on the defendants' argument that the agreements between the Company and VSL/Vedanti did not clearly give the Company standing to enforce the patent rights. The Company appealed that decision on February 22, 2016. On January 18, 2017 the Company received a notice from the Federal Circuit Court of Appeals that affirmed the order of the District Court dismissing MAXD's patent infringement lawsuit against Google for lack of standing. The Court did not issue a written decision explaining its reasoning or that the Company's arguments were not correct; however, the Company believes that their decision was predicated on the fact that as now co-owners of the patents with Vedanti, the Company can simply re-file together against Google. The Court also issued an order denying

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Google's motion arguing that the Company's appeal should be dismissed as moot. On September 25, 2017, the Court issued an order that the Company should reimburse defendants for its attorneys' fees in the amount of \$820,321.41. The Company was informed by counsel that the Order for fees was without merit and appealed but was told at the hearing that Google would lose the appeal if the Company had not committed Waiver. After an excessively long delay by the Federal Appeals Court to hear the case so it could be combined with another case (Vedanti Licensing Limited vs Google) using the same Tribunal with the sole intention to harm the Company, and continue to allow Google to steal and destroy the ODT Patent while profiting from it as a key component of its business, the Appeal was finally heard and the Company lost with no reasonable explanation with the corrupt Tribunal simply rubber stamping both cases Affirmed See Fed Rule 36, which means "we won't

even look at the facts because then we would have no choice but to reverse the case.” The Company is exploring additional rights it may have in both cases with its ongoing battle against Judicial Corruption. The Company is taking recourse by planning to file a petition for rehearing en banc, where all judges of the appellate court will hear the case. This petition is based on a precedent case similar to Max Sound’s case with the same defense lawyer for the opposing side, the same judges who heard the case and a similar chain of events. Max Sound has until April 11, 2019 to file the petition. For the twelve months ended December 31, 2018, the Company recorded the judgement payable on the balance sheet.

In connection with the dismissal of the aforementioned litigation, the Company initiated an arbitration against VSL Communications, Ltd., Vedanti Systems, Ltd., Constance Nash, Robert Newell and eTech Investments as respondents before the American Arbitration Association for breach of contract, fraud, and other causes of action. Subsequently, the Company is pursuing in arbitration claims against VSL to enforce the agreement and to compel VSL to comply with the agreement’s terms and conditions that inter alia VSL must fully cooperate with the Company to cure any issues the Court raised with standing to pursue the claims. On January 17, 2017 the AAA notified the Company’s counsel that the respondent’s counterclaim was withdrawn this arbitration claim was formally concluded.

On December 5, 2014, the Company, along with renowned architect Eli Attia, filed a lawsuit in the Superior Court of California, County of Santa Clara, against Google, its co-founders Sergey Brin and Larry Page, Google’s spinoff company Flux Factory, and senior executives of Flux. Plaintiffs’ allege misappropriation of trade secrets, breach of contract and other contract-related claims, breach of confidence, slander of title, violation of California’s Unfair Competition Law (California Business and Professions Code §§ 17200 et seq.), and fraud, and also a claim for declaratory relief. The lawsuit contends that Google and the other Defendants stole Mr. Attia’s trade secrets, proprietary information, and know-how regarding a revolutionary architecture design and building process that he alone had invented, known as Engineered Architecture. Defendants are alleged to have engaged Mr. Attia in 2010 and 2011 to translate his architectural technology into software for a proof of concept, with the goal of determining at that point whether to continue with full-scale development with Mr. Attia. Instead, the lawsuit claims that once Mr. Attia had disclosed the trade secrets and proprietary information Defendants needed to bring the technology to market, they severed ties with Mr. Attia, and continued to use his technology without a license and without compensation, in order to bring the technology to market themselves. Plaintiffs seek a permanent injunction against Google, damages (including punitive damages), and restitution. As exclusive agent to Eli Attia to enforce all rights with respect to the subject technology, the Company has retained Buether Joe & Carpenter LLC to represent the Company in the suit, on a contingency fee basis. The case will be vigorously prosecuted, and the Company believes it has a good likelihood of success. Defendants have filed multiple demurrers to the complaint, and the Court has issued orders allowing the case to proceed. Defendants filed another demurrer on March 17, 2016, which was denied by the Court on August 12, 2016. On October 4, 2017, the Court granted Mr. Attia leave to amend the complaint to add causes of action against defendants for civil violations of the federal Racketeer Influenced and Corrupt Organizations Act (commonly known as RICO). Subsequently, on October 23, 2017, the defendants removed the lawsuit from California state court to the federal district court in the Northern District of California, San Jose Division. The parties continue to file motions and are expected to begin the discovery phase of the litigation.

On June 1, 2016, the Company was named as a defendant in an action filed in the Superior Court of the State of California, County of Los Angeles – Central District, captioned Adli Law Group, PC v. Max Sound Corporation (Case

No. BC621886). Plaintiff alleges two causes of action for Breach of Contract and a cause of action for Common Counts, all arising out of the Company's alleged failure to pay for Plaintiff's legal services. Despite the fact that the Company was never served with the Complaint, default was entered against the Company. The Default has been set aside and the Company has responded to the Complaint with an Answer and Cross-Complaint for Breach of Contract, Professional Negligence, Breach of Fiduciary Duty, Conversion, and Fraud, due to the fact, that among other things, Adli Law reassigned the Company's primary patent to itself. The parties have begun the discovery phase of the litigation and the Judge had set a status hearing for January 19, 2018. On June 1, 2018, Adli filed a motion for summary judgment on numerous issues. One issue raised by Adli (at the very end of their motion and in only a single paragraph)

was that Max Sound was a forfeited corporation and thus, “is foreclosed from prosecuting any action in California courts.” Adli did not raise this issue before filing its papers. Max Sound’s counsel, SML Avvocati, P.C. had since learned that the California Franchise Tax Board contended that Max Sound owed back taxes, hence the forfeiture. Max Sound hired a CPA tax specialist to assist with paying its outstanding taxes and to obtain a revivor to cure its forfeited status and thus be able to regain its ability to both defend itself in this action and prosecute its counterclaims. However, despite working diligently with the hope of resolving this issue before the summary judgment motion hearing set for September 6, 2018, Max Sound had not resolve its issues with the state of California and had not yet obtained a revivor. As a result, Max Sound respectfully requested that the court grant a stay in the proceedings until Max Sound was able to obtain a revivor or, in the alternative, a continuance of all proceedings. A stay or continuance was necessary because Max Sound’s counsel would not be able to respond to the pending summary judgment motion (or any other substantive proceeding), and Max Sound would be unable to defend itself against this action or prosecute its cross-complaint until Max Sound’s forfeited status was cured. The court provided a summary default judgment in favor of Adli. After entry of the adverse judgment subject to appeal, Appellant Max Sound requested that the SML Avvocati, P.C. firm file a notice of appeal on its behalf. The SML Avvocati, P.C. firm agreed to file the notice of appeal and to represent Appellant, Max Sound, in connection with the appeal. On November 21, 2018, the SML Avvocati, P.C. firm filed a notice of appeal on Appellant’s behalf before the Superior Court, which was followed on December 4, 2018, by a notice designating record on appeal. On December 17, 2018, the SML Avvocati, P.C. firm filed a Civil Case Information Statement before the Court on Appellant’s behalf. SML Avvocati, P.C. was scheduled to file an opening brief on February 12, 2019. In the week of March 18, 2019, the SML Avvocati, P.C. firm informed Appellant for the first time that it would not file any brief on Appellant’s behalf or take any further action in the appeal unless Appellant immediately paid them an exorbitant sum of allegedly unpaid attorney’s fees. SML Avvocati, P.C. did not file a motion to withdraw as counsel with the Court, nor did SML Avvocati, P.C. take any steps before the Court to protect Appellant’s interest, such as filing a request for an extension of time to file Appellant’s Opening Brief so that Appellant could locate new counsel. Instead, the SML Avvocati, P.C. firm improperly sought to use the imminent deadline for filing the Appellant’s Opening Brief to extort the unwarranted payment from Appellant of disputed attorney’s fees. Appellant refused to give in to thSML Avvocati, P.C.’s improper attempt at extortion. A notice of default was issued by the Court on March 8, 2019, such that the 15-day default period expired on March 25, 2019. Despite substantial efforts, however, Appellant was unable to locate new appellate counsel until March 26, 2019. Max Sound’s new counsel, Klapach &Klapach, P.C. filed an application for a 30-day extension to file the opening brief. The extension was granted and the opening brief is now due April 26, 2019.

On September 22, 2016, the Company filed an action in the Superior Court of the State of California, County of San Diego – North County Regional Center, captioned Max Sound Corporation v. Globex Transfer, LLC (Case No. 37-2016-0003037-CU-MC-NC). The Company requests injunctive relief and declaratory relief regarding the release of 13 million restricted shares of Company stock. On September 26, 2016, the Court granted the Company a preliminary injunction, enjoining Defendant from releasing any restriction of the subject shares without first obtaining the Company’s consent, pending the outcome of the litigation.”

In November 2016, the Company entered into an agreement with Vedanti Licensing Limited ("VLL") and Vedanti Systems Limited ("Vedanti") under (the "VLL/Max Sound Agreement") granting the Company co-ownership of U.S. Patent No. 7,974,339 (the "339 Patent") along with the other patents owned by Vedanti Systems Limited. Thus, the Company is now a co-owner with VLL of the 339 Patent and ODT Patent portfolio, pursuant to the VLL/Max Sound Agreement, the Company and VLL intend to file new lawsuit against Google and others for infringement as co-owners.

On December 20, 2016 Companies House, the United Kingdom's registrar of companies, notified the Company that VSL Communications Limited was dissolved, thereafter voiding any remaining agreement with VSL Communications or its previous Officers, Directors or Management.

No assurance can be given as to the ultimate outcome of these actions or their effect on the Company.

NOTE 9 SUBSEQUENT EVENTS

Subsequent to December 31, 2018, principal shareholder paid an aggregate \$56,351 in expenses on Company's behalf as an advance under the terms of the line of credit agreement (See Note 3 (D)).

Item 9. Changes in and disagreements with Accounting and Financial Disclosure

N/A

Item 9A. 7 Procedures

(a) Evaluation of Disclosure Controls and Procedures The company's management has evaluated, with the participation of the Chief Executive Officer and the Chief Financial Officer, the effectiveness of the company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based on this evaluation, management concluded that the company's disclosure controls and procedures were effective as of 7.

(b) Management's Report on Internal Control Over Financial Reporting The company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f) and 15d-15(f). The company's management, including the Chief Executive Officer and the Chief Financial Officer, conducted an evaluation of the effectiveness of the company's internal control over financial reporting based on the *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the results of this evaluation, the Company's management concluded that internal control over financial reporting was effective as of December 31, 2017.

The Company is not required to file an ICFR with an independent registered public accounting firm.

(c) Changes in Internal Control Over Financial Reporting During the quarter ended December 31, 2017, there were no changes in the company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the company's internal control over financial reporting.

Item 9B. Other Information

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Our executive officers and directors and their respective ages are as follows:

NAME	AGE	POSITION
Greg Halpern	60	Chairman, Chief Financial Officer
John Blaisure	60	President & Chief Executive Officer

Set forth below is a brief description of the background and business experience of our executive officers and directors for the past five years.

Greg Halpern, Chairman, CFO & Founder

Greg Halpern is the founder and visionary of MAX-D. Over the course of his tenure, Mr. Halpern has made loans, lines of credit and done equity conversions with the Company in excess of \$2,500,000.

Greg Halpern is the founder of Max Sound Corporation. From 1997 to 2001 Mr. Halpern was the CEO of

Circle Group Internet, Inc. (CRGQ: OTCBB). From 2002 to 2005, Mr. Halpern was the Chief Executive Officer of Circle Group Holdings Inc. (AMEX: CXN, formerly CRGQ.OB) and continued to be the CEO after it changed its name to Z-Trim Holdings Inc. (AMEX: ZTM) from 2006 - 2007. Circle Group was a venture capital firm for emerging technology companies which provided small business infrastructure, funding and intellectual capital to bring timely life-changing technologies to market through all early phases of the commercialization process. Mr. Halpern's efforts there were focused on acquiring life improving technologies and bringing these products to the marketplace. In 2003, Mr. Halpern and his wife founded an unincorporated non-profit organization "People for Ultimate Kindness Toward All Living Creatures on Earth" whose purpose is and has been to identify problems on earth and those who are working to solve them. The Ultimate Kindness is a non-profit organization independent from the So Act Network. The Ultimate Kindness and the So Act Network share no financial interest or otherwise. In 2007, Mr. Halpern resigned from his position at Z-Trim Holdings and took a one (1) year sabbatical from business touring the Continental United States in his RV with his family. Currently, Mr. Halpern serves as the Chairman and Chief Financial Officer of Max Sound Corporation, and devotes approximately 50 hours each week to the management and operations of Max Sound Corporation.

John Blaisure, President & Chief Executive Officer.

John Blaisure is the President and Chief Executive officer of Max Sound Corporation. Prior to Mr. Blaisure joining Max Sound Corporation, he was the Founder, President, and CEO of Effective Network Systems (ENS) from 1996 to 2010. Effective Network Systems is a telephony software company that was debuted at the Intel Technology Summit in 1999 as one of the top 40 telephony software companies in the world. Prior to his work at ENS, he was the Founder, President, and CEO of Fonz By The Day Stores from 1990 to 1996. Fonz By The Day Stores is a cellular communication reseller and retailer in Dallas Texas. Fonz By The Day Stores achieved success as a market leader in the Dallas Fort Worth area in retail sales. The company also achieved success as a national leader in cellular rentals. Mr. Blaisure brings over 20 years of experience in managing and marketing of communication technology companies from the ground up.

Term of Office

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board.

Current Issues and Future Management Expectations

No board audit committee has been formed as of the filing of this Annual Report.

Compliance With Section 16(A) Of The Exchange Act.

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and are required to furnish copies to the Company. To the best of the Company's knowledge, any reports required to be filed were timely filed in fiscal year ended December 31, 2018.

Code of Ethics

The Company has adopted a Code of Ethics applicable to its Chief Executive Officer and Chief Financial Officer.

ITEM 11. EXECUTIVE COMPENSATION

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officers during the years ended December 31, 2018, and 2017 in all capacities for the

accounts of our executive, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	All Other Compensation (\$)	Total (\$)
Greg Halpern, CFO	2018	288,000	0	0	0	0	288,000
	2017	192,000	0	0	0	0	192,000
John Blaisure, CEO	2018	164,000	0	0	0	44,252	208,252
	2017	144,000	0	0	0	0	144,000

Outstanding Equity Interests

The following table sets forth information concerning outstanding stock options for each named executive officer as of December 31, 2017.

Outstanding Option Awards at Fiscal Year-End

Number of Securities

Underlying Unexercised Options

Name	Exercisable Options	Unexercisable Options	Option	
			Weighted Average Exercise Price	Option Expiration Date
Greg Halpern	95,332,500		\$ 0.0025	July 5, 2020

Other than as disclosed above, there were no stock options issued or exercised during the fiscal year ended December 31, 2018 by a named executive officer, and no awards were made to a named executive officer in the last completed

fiscal year under any long-term incentive plan.

Compensation of Directors

Directors are permitted to receive fixed fees and other compensation for their services as directors. The Board of Directors has the authority to fix the compensation of directors. No amounts have been paid to, or accrued to, directors in such capacity.

Employment Agreements

Mr. Greg Halpern, our President and CFO, entered into an employment agreement with us on October 13, 2008. Pursuant to the Employment Agreement, the term of the employment shall be for a period of ten (10) years commencing on October 13, 2008. The term of this employment agreement shall automatically be extended for additional terms of one (1) year each unless either party gives prior written notice of non-renewal to the other party no later than sixty (60) days prior to the expiration of the end of the 10 years. Subject to the terms of the employment agreement, we shall pay Mr. Halpern \$18,000 per month as compensation for his services rendered as provided in the employment agreement. In addition to the base salary, Mr. Halpern shall be entitled to a monthly commission equal to 10% of all of our sales. On May 1, 2013, the Company amended its employment agreement with Greg Halpern to increase his salary to

\$24,000 per month.

Mr. John Blaisure, our CEO, entered into an employment agreement with us on January 17, 2011. Pursuant to the employment agreement, the term of employment shall be for a period of five (5) years commencing on January 7, 2011. Subject to the terms of the employment agreement, we agreed to pay Mr. Blaisure \$8,000 per month as compensation for his services rendered as provided in the employment agreement. On August 25, 2012, the agreement was updated to increase the monthly compensation to \$12,000 per month beginning September 1, 2012. On May 1, 2013, the Company further amended the agreement to increase Mr. Blaisure's salary to \$18,000 per month. In addition, to the base salary, Mr. Blaisure is entitled to and shall receive a monthly commission equal to 20% of the gross sales of the Company derived from the efforts of Mr. Blaisure after deducting \$8,000 from such amount. Further, as of the date of the employment agreement, the Company issued to Mr. Blaisure, 3,000,000 shares of common stock and, within 10 days of the signing of the employment agreement, 12,000,000 options to buy common stock of the Company at \$.12 per share for a period not to exceed three years from the date of the employment agreement. On June 14, 2013, such expiration date was extended for two more years. On January 8, 2016, the company renewed Mr. Blaisure's employment agreement for 5 years additional at the same terms; Mr. Blaisure agreed to forgo his options and the Company granted 12,000,000 rule 144 common shares to John Blaisure.

On December 31, 2012, John Blaisure – CEO and Greg Halpern - CFO amended their employment agreements with the Company to eliminate their previous annual bonus entitlements which was previously 10% each of revenues. In exchange for this consideration, the Company agreed that Executive Blaisure will each be decreased as his new bonuses to 6% of net profits, and Executive Halpern will each be decreased as his new bonus to 7% of net profits. Both Executives may elect at their option to receive such bonuses in cash or Rule 144 stock or any combination of both.

We have not had a promoter at any time during our past five fiscal years.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table provides the names and addresses of each person known to us to own more than 5% of our outstanding shares of common stock as of March 22, 2018 and by the officers and directors, individually and as a group. Except as otherwise indicated, all shares are owned directly.

On March 26, 2018, there were 3,715,287,050 issued and outstanding shares of common stock. Unless otherwise noted, each person identified below possesses sole voting and investment power with respect to the shares listed. The information contained in this table is based upon information received from or on behalf of the named individuals or from publicly available information and filings by or on behalf of those persons with the SEC.

REPLACE TABLE

Title of Class	Name and Address of Beneficial Owner(1)	Amount and Nature of Beneficial Owner	Percent of Class (2)
Preferred Stock	Greg Halpern	10,000,000(2)	66.8 %
Common Stock	Greg Halpern	2,510,933	0.07 %
Common Stock	John Blaisure	28,300,960(3)	0.8 %
Common Stock	Total Shares owned by Directors and officers	40,811,893	67.67 %

(1) Unless otherwise indicated, the address for each stockholder listed in the above table is c/o Max Sound Corporation, 3525 Del Mar Heights Road, #802, San Diego, California, 92130.

(2) Reference Event of Stock conversion from Common to Preferred Shares.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTION, AND DIRECTOR INDEPENDENCE

On October 2, 2017, the Company, in exchange for Greg Halpern's consideration issuing the Company a line of credit of \$100,000 on July 6, 2017 and another line of credit of \$200,000 on October 2, 2017

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

For the Company's fiscal years ended December 31, 2018 and 2017, we were billed approximately \$34,600, and \$75,600, respectively, for professional services rendered for the audit and review of our financial statements.

Audit Related Fees

There were no fees for audit related services for the years ended December 31, 2018 and 2017.

Tax Fees

For the Company's fiscal years ended December 31, 2018 and 2017, we were billed approximately \$4,590, and \$11,090, for professional services rendered for tax compliance, tax advice, and tax planning.

All Other Fees

The Company did not incur any other fees related to services rendered by our principal accountant for the years ended December 31, 2018 and 2017.

Pursuant to the requirements of Section 13 or 15(d) 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.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before our auditor is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

- approved by our audit committee; or
- entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

We do not have an audit committee. Our entire board of directors pre-approves all services provided by our independent auditors.

The pre-approval process has just been implemented in response to the new rules. Therefore, our board of directors does not have records of what percentage of the above fees were pre-approved. However, all of the above services and fees were reviewed and approved by the entire board of directors either before or after the respective services were rendered.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.

All Exhibits in calendar year 2018 associated with all prior Form10 filings are incorporated herein by reference.

3. Exhibits

Exhibit Number	Description
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Executive Officer
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 - Chief Financial Officer
32	Certifications Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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.

Date: March 28, 2019

MAX SOUND CORPORATION

(Registrant)

By: /s/ John Blaisure
John Blaisure
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Greg Halpern
Greg Halpern
Chief Financial Officer