

NETWORK 1 TECHNOLOGIES INC
Form DEF 14A
August 02, 2018

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN
PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No. ____)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

Network-1 Technologies, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party

(4) Date Filed:

Network-1 Technologies, Inc.
445 Park Avenue, Suite 912
New York, New York 10022

August 10, 2018

Dear Network-1 Stockholders:

You are cordially invited to attend the Annual Meeting of Stockholders of Network-1 Technologies, Inc. (the "Company") which will be held on Wednesday, September 26, 2018, at 10:00 A.M. (local time), at the offices of Eiseman Levine Lehrhaupt & Kakoyiannis, P.C., 805 Third Avenue, 10th Floor, New York, New York 10022.

Details regarding the Annual Meeting and the business to be conducted are more fully described in the accompanying Notice of 2018 Annual Meeting of Stockholders and Proxy Statement.

Your vote is important. Whether or not you plan to attend the Annual Meeting, I hope you will vote as soon as possible. You may vote over the Internet or in person at the Annual Meeting, or you also may vote by mailing a proxy card or by telephone. Please review the instructions on the proxy card or broker vote instruction form regarding your voting options.

Cordially,

Corey M. Horowitz
Chairman and Chief Executive Officer

YOUR VOTE IS IMPORTANT

In order to ensure your representation at the Annual Meeting, whether or not you plan to attend the meeting, please vote your shares as promptly as possible over the Internet by following the instructions on your proxy card or broker vote instruction form. Your participation will help to ensure the presence of a quorum at the Annual Meeting and save the Company the extra expense associated with additional solicitation. If you hold your shares through a broker, bank or other intermediary, your broker, bank or other intermediary is not permitted to vote on your behalf in the election of directors (Proposal 1), the non-binding advisory Say on Pay Vote (Proposal 2) or (3) the non-binding advisory vote on the frequency of the Say on Pay Vote (Proposal 3), unless you provide specific instructions to your broker, bank or other intermediary by completing and returning the vote instruction form that your broker, bank or

other intermediary provides or following instructions that allow you to vote your broker-held shares via telephone or the Internet. For your vote to be counted, you will need to communicate your voting decision before the date of the Annual Meeting. Voting your shares in advance will not prevent you from attending the Annual Meeting, revoking your earlier submitted proxy or voting your shares in person.

NETWORK-1 TECHNOLOGIES, INC.
445 Park Avenue, Suite 912
New York, New York 10022

NOTICE OF 2018 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON SEPTEMBER 26, 2018

To the Stockholders of Network-1 Technologies, Inc.:

NOTICE IS HEREBY GIVEN that the 2018 Annual Meeting of Stockholders of Network-1 Technologies, Inc. (the "Company") will be held on Wednesday, September 26, 2018, at 10:00 A.M. (local time), at the offices of Eiseman Levine Lehrhaupt & Kakoyiannis, P.C., 10th Floor, 805 Third Avenue, New York, New York 10022.

1. To elect five directors to serve until the next Annual Meeting of Stockholders and until their respective successors have been duly elected and qualified (Proposal 1);
2. To approve, by non-binding advisory vote, the resolution approving the named executive officer compensation ("Say on Pay Vote") (Proposal 2);
3. To approve, by non-binding advisory vote, the frequency of holding future votes regarding named executive officer compensation ("Frequency of Say on Pay Vote") (Proposal 3);
4. To ratify the appointment of Friedman LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018 (Proposal 4); and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on August 1, 2018 are entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

Your Board of Directors believes that the election of the nominees specified in the accompanying Proxy Statement as directors at the Annual Meeting is in the best interest of the Company and its stockholders and, accordingly, unanimously recommends a vote "FOR" such nominees. The Board of Directors recommends that you vote "FOR" the Say on Pay Vote and "FOR" every "one year" on the Frequency of Say on Pay Vote. Further, the Board of Directors recommends that you vote "FOR" ratifying the appointment of Friedman LLP as the Company's independent registered public accounting firm.

By Order of the Board of Directors,

August 10, 2018 David Kahn
Chief Financial Officer and Secretary

PLEASE NOTE THAT ATTENDANCE AT THE ANNUAL MEETING WILL BE LIMITED TO STOCKHOLDERS OF THE COMPANY AS OF THE RECORD DATE OF AUGUST 1, 2018 (OR THEIR AUTHORIZED REPRESENTATIVES) HOLDING EVIDENCE OF OWNERSHIP. IF YOUR SHARES ARE HELD BY A BROKER OR BANK, PLEASE BRING TO THE MEETING YOUR BROKER OR BANK STATEMENT EVIDENCING YOUR BENEFICIAL OWNERSHIP OF COMPANY STOCK TO GAIN

ADMISSION TO THE MEETING.

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NETWORK-1 TECHNOLOGIES, INC.

PROXY STATEMENT

FOR THE 2018 ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD WEDNESDAY, SEPTEMBER 26, 2018

GENERAL INFORMATION

Our Board of Directors (the "Board") solicits your proxy on our behalf for the 2018 Annual Meeting of Stockholders (the "Annual Meeting") and at any postponement or adjournment of the Annual Meeting for the purposes set forth in this Proxy Statement and the accompanying Notice of 2018 Annual Meeting of Stockholders (the "Notice"). The Annual Meeting will be held at 10:00 A.M. (Eastern Time) on Wednesday, September 26, 2018 at the offices of Eiseman Levine Lehrhaupt & Kakoyiannis, P.C., which are located at 805 Third Avenue, 10th Floor, New York, New York 10022.

In this Proxy Statement the terms "Network-1", the "Company", "we", "us", and "our" refer to Network-1 Technologies, Inc. The address and telephone number of our principal executive offices is Network-1 Technologies, Inc., 445 Park Avenue, Suite 912, New York, New York 10022, telephone: (212) 829-5770. This Proxy Statement, the accompanying proxy card and our 2017 Annual Report will be first sent on or about August 10, 2018 to all stockholders of record as of August 1, 2018.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING TO BE HELD ON SEPTEMBER 26, 2018: This Proxy Statement and the Company's 2017 Annual Report are available for review on the Internet at <http://www.network-1.com/sec/proxy2018/>.

Record Date August 1, 2018; only holders of the Company's common stock at the close of business on August 1, 2018 (the "Record Date") are entitled to receive notice of and to vote at the Annual Meeting.

Quorum A majority of the shares of all issued and outstanding stock entitled to vote on the Record Date must be present in person at the Annual Meeting or represented by proxy to constitute a quorum. As of the Record Date, there were 23,835,916 shares of Network-1's common stock issued and outstanding.

**Shareholders of Record/
Beneficial
Owners** Abstentions and "broker non-votes" (i.e., where a broker has not received voting instructions from the beneficial owner and for which the broker does not have discretionary power to vote on a particular matter) are counted as present for purposes of determining the presence of a quorum.

If your shares are registered directly in your name with American Stock Transfer & Trust Company, LLC, the Company's transfer agent, you are a shareholder of record with respect to those shares. If your shares are held in an account at a brokerage firm, bank or other intermediary, then you are the beneficial owner of shares held in "street name". As a beneficial owner, you have the right to instruct your brokerage firm, bank or other intermediary how to vote your shares. Most individual shareholders are beneficial owners of shares held in "street name".

Each share of Network-1 common stock has one vote on each matter. Only shareholders of record of the close of business on the Record Date (August 1, 2018) are entitled to attend and vote at the Annual Meeting. In addition, to shareholders of record of Network-1's common stock, beneficial owners of shares held in "street Voting name" as of the Record Date can vote using one of the methods described below.

There are four ways a stockholder of record or beneficial owner of shares held in street name can vote:

- (1) By Internet: You may vote over the Internet by following the instructions provided on the proxy card or broker vote instruction form;
- (2) By Telephone: You may vote by telephone by following the instructions on the proxy card or broker vote instruction form;
- (3) By Mail: You may complete, sign and return the accompanying proxy card or broker vote instruction form in the postage-paid envelope provided; and
- (4) In Person: If you are a stockholder of record as of the Record Date, you may vote in person at the Annual Meeting. Submitting a proxy will not prevent a stockholder from attending the Annual Meeting, revoking their earlier submitted proxy, and voting in person. If you hold your shares as a beneficial owner through a brokerage firm, bank or other intermediary, you may vote your shares in person at the Annual Meeting only if you obtain a legal proxy from the brokerage firm, bank or other intermediary that holds your shares giving you the right to vote the shares.

Even if you plan on attending the Annual Meeting in person, we encourage you to vote your shares in advance using one of the methods described above and in the proxy card or broker vote instruction form to ensure that your vote will be represented at the Annual Meeting.

Changing Your Vote

You may change your vote at any time before the voting is closed at the Annual Meeting. You may revoke your proxy by attending the Annual Meeting and voting in person, by filing an instrument in writing revoking your proxy or by filing another duly executed proxy bearing a later date with our Secretary before the vote is closed at the Annual Meeting, or by voting again using the telephone or Internet before the cutoff time (your latest telephone or Internet proxy is the one that will be counted). Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give proper written notice of revocation to our Secretary or Inspector of Election before the proxy is exercised or you vote by ballot at the Annual Meeting.

Votes Required to Adopt Proposals

The table below summarizes the votes required for approval of each matter to be brought before the Annual Meeting, as well as the treatment of abstentions and broker non-votes. If you sign and return a proxy but do not specify how you want your shares voted, your shares will be voted FOR the director nominees and FOR the other proposals listed below:

Proposal	Vote Required for Approval of Each Item	Abstentions	Broker Non-Votes
(1) Election of Directors	Each director shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors (Proposal 1).	No effect on this proposal	No effect on this proposal
(2) Advisory Vote on Say on Pay Vote	The affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal 2 is required to approve this proposal	Counted as "against"	No effect on this proposal
(3) Advisory Vote on Frequency of Say on Pay Vote	The affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal 3 is required to approve this proposal.	Counted as "against"	No effect on this proposal
(4) Ratification of Appointment of Auditors	The affirmative vote of a majority of shares present in person or represented by proxy at the Annual Meeting and entitled to vote on Proposal 4 is required to approve this proposal.	Counted as "against"	Not applicable since brokerage firms or banks have discretionary authority to vote on this proposal

Effect of Not
Casting Your Vote

If you are a beneficial owner and hold your shares in street name and want your shares to count in the election of directors (Proposal 1), the Say on Pay Vote (Proposal 2) or the Frequency of Say on Pay Vote (Proposal 3), you will need to instruct your broker, bank or other intermediary how you want your shares voted. If you hold your shares in street name and you do not instruct your brokerage firm, bank or other intermediary entity how to vote in the election of directors (Proposal 1), the Say on Pay Vote (Proposal 2) or the Frequency of Say on Pay Vote (Proposal 3), no vote will be cast on your behalf on any of these proposals for which you did not provide voting instructions. Your brokerage firm, bank or other intermediary will only have the discretion to vote any uninstructed shares on the ratification of the appointment of the Company's independent registered accounting firm (Proposal 4).

If you are a shareholder of record and do not return your proxy or attend the Annual Meeting, your shares will not be considered present at the Annual Meeting for voting purposes or determining whether we have a quorum and no vote will be cast for your shares at the Annual Meeting.

Voting
Instructions

If you complete and submit your proxy voting instructions, the persons appointed by the Board as proxies (the persons named in the proxy card or broker voting instruction form) will vote your shares as instructed. If you submit your proxy card but do not direct how your shares should be voted on each item, the persons named as proxies by the Board will vote FOR the election of the nominees for directors named in this proxy statement, FOR the advisory Say on Pay Vote, FOR every "one year" on the Frequency of Say on Pay Vote and FOR the ratification of the appointment of Friedman LLP as our independent registered public accounting firm. The persons named as proxies will vote on any other matters properly presented at the Annual Meeting, or any postponement or adjournment thereof, in accordance with their best judgment, although the Board is not aware of any other matters other than those set forth in the Proxy Statement that will be presented for voting at the Annual Meeting.

Solicitation/Costs

We are paying for the distribution of the proxy materials and solicitation of the proxies. As part of this process, we reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to our stockholders. Proxy solicitation expenses that we will pay include those for preparation, mailing, returning and tabulating the proxies. Our directors, officers and employees may also solicit proxies on our behalf in person, by telephone, email or facsimile, but they do not receive additional compensation for providing those services.

Tabulating the Vote	Votes will be counted and certified by one or more Inspectors of Election who are expected to be an employee of American Stock Transfer & Trust Company, LLC, the transfer agent for the Company's common stock, or a representative of the legal counsel to the Company.
Voting Results	We will announce preliminary results at the Annual Meeting. We will report final results by filing a Form 8-K within four business days after the Annual Meeting. If final results are not available at that time, we will provide preliminary voting results in the Form 8-K and will provide the final results in an amendment to the Form 8-K as soon as they become available.

PROPOSAL 1

ELECTION OF DIRECTORS

The Company's Bylaws provide that at each annual meeting of stockholders, directors shall be elected to hold office until the expiration of the term for which they are elected, and until their respective successors are duly elected and qualified or until the director's earlier resignation or removal. The Company's Board of Directors has fixed the number of members of the Board of Directors at five members.

At the Annual Meeting, proxies granted by stockholders will be voted individually for the election, as directors of the Company, of the five persons listed below, unless a proxy specifies that it is not to be voted in favor of a nominee for director. In the event any of the nominees listed below is unable to serve (or for whatever reason declines to serve) at the time of the Annual Meeting, it is intended that the proxy will be voted for such other nominees as are designated by the Board of Directors. Each of the persons named below, who are all presently members of the Company's Board of Directors, has indicated to the Board of Directors of the Company that he or she will be available to serve.

All nominees have been recommended by the Company's Nominating and Corporate Governance Committee.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ELECTION OF THE NOMINEES SPECIFIED BELOW.

The following table sets forth the name and age of the nominees for election at this Annual Meeting and the length of continuous service as a director of the Company. Also included below the table is information each director has given us about all positions he or she holds, the director's principal occupation and business experience for at least the past five years, and the names of other publicly-held companies of which he or she currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each director's specific experience, qualifications, attributes and skills that led our Board to the conclusion that he or she should serve as a director, we also believe that all of our directors have a reputation for integrity, honesty and adherence to high ethical standards. They have demonstrated business acumen and an ability to exercise sound judgment, as well as a commitment of service to Network-1 and our Board.

NAME	AGE	POSITION	DIRECTOR SINCE
Corey M. Horowitz	63	Chairman, Chief Executive Officer and Chairman of the Board of Directors	April 1994
David C. Kahn	66	Chief Financial Officer, Secretary and a Director	April 2012
Emanuel Pearlman	58	Director	January 2012
Niv Harizman	54	Director	December 2012
Allison Hoffman	47	Director	December 2012

Corey M. Horowitz has been our Chairman and Chief Executive Officer since December 2003. Mr. Horowitz has also served as Chairman of our Board of Directors since January 1996 and has been a member of our Board of Directors since April 1994. We believe Mr. Horowitz's qualifications to serve on our Board of Directors include his significant experience and expertise as an executive in the intellectual property field, his understanding of our intellectual property and the patent acquisition, licensing and enforcement business combined with his private equity and corporate transactional experience.

David C. Kahn, CPA, has been our Chief Financial Officer since January 2004 and our Secretary since August 2012. Mr. Kahn was elected to our Board in April 2012. Since December 1989, Mr. Kahn has provided accounting and tax services on a consulting basis to private and public companies. From August 2000 until August 2012, Mr. Kahn served as a full-time faculty member of Yeshiva University in New York. We believe Mr. Kahn's qualifications to serve on our Board include his background and expertise in accounting and tax matters.

Emanuel R. Pearlman has been a member of our board of directors since January 2012, where he serves as Chairman of our Audit Committee and a member of our Nominating and Corporate Governance Committee. Mr. Pearlman currently serves as the Executive Chairman of Empire Resorts, Inc. (NASDAQ: NYNY), where he has served as a director since May 2010 and previously served as Non-Executive Chairman of the Board from September 2010 through May 2016. He is also the Chairman and Chief Executive Officer of Liberation Investment Group, LLC, a New York based investment management and financial consulting firm, which he founded in January 2003. Mr. Pearlman has been a member of the Board of directors of CEVA Logistics, AG (SIX:CIVA) since May 2018 and serves on its Audit and Nomination and Governance Committees. From June 2013 through May 2018, he served on the board of directors of CEVA Holdings, LLC. From May 2017 through September 2017, Mr. Pearlman served on the board of directors of ClubCorp Holdings, Inc. (NYSE:MYCC), where he served on the Strategic Review Committee, and from 2009-2014 he served as the sole independent director of the Fontainebleau Miami JV LLC, which currently owns and operates the Fontainebleau Hotel in Miami Beach. Mr. Pearlman served as a member of the board of directors of Dune Energy (OTCBB: DUNR.OB) from January 2012 to January 2013 and Jameson Inns, Inc. from January 2012 to December 2012. He also served as a director of Multimedia Games, Inc., (NASDAQ-GS:MGAM) from October 2006 to March 2010. We believe Mr. Pearlman's qualifications to serve on our Board include his significant investment and financial experience and expertise combined with his Board experience.

Niv Harizman has been a director of our company since December 2012. Mr. Harizman is a Managing Member of Tyto Capital Partners LLC, a private investment firm specializing in debt and equity investments in middle market companies and special situations, a position he has held since August 2010. Since March 2010, Mr. Harizman has also been the Managing Member of NHK Partners LLC, an entity that makes private investments and provides consulting services. Since November 2013, Mr. Harizman has been affiliated with Riverside Management Group, a merchant banking firm, and BCW Securities LLC, its affiliated broker-dealer. From May 2005 to March 2010, Mr. Harizman was a Founding Partner and Head of Corporate Finance at Plainfield Asset Management LLC, which was a privately held registered investment adviser focused on alternative investments. From May 2000 until May 2005, Mr. Harizman was a member of the Mergers & Acquisitions Group of Credit Suisse First Boston LLC where he was a Managing Director from 2001-2005 and a Director from 2000 to 2001. From 1995 until 2000, Mr. Harizman was employed by Bankers Trust and its successors including BT Alex. Brown Incorporated and Deutsche Bank in various investment banking positions in the Mergers & Acquisitions Group and Leveraged Finance Group. We believe Mr. Harizman's qualifications to serve on our Board include his significant investment and financial transactional experience and expertise.

Allison Hoffman has been a director of our company since December 2012. Since January 2016, Ms. Hoffman has served as Chief Legal Officer and Chief Administrative Officer at Intersection Parent, Inc., an urban experience company that utilizes technology to make cities better, including bringing free Wi-Fi throughout New York City. From September 2013 to December 2015, Ms. Hoffman served as Executive Vice President, General Counsel and Corporate Secretary of Martha Stewart Living Omnimedia, Inc. (NYSE:MSO), a media and merchandising company providing consumers with high quality life style content and products. From December 2012 until September 2013, she provided legal services to Martha Stewart Living Omnimedia, Inc. From January 2007 until September 2012, Ms. Hoffman served as Senior Vice President, Chief Legal Officer and Secretary of ALM Media, LLC, a leading provider of specialized news and information for the legal and commercial real estate sectors. We believe that Ms. Hoffman's qualifications to serve on our Board include her extensive legal background and transactional experience.

