Higher One Holdings, Inc.
Form 10-K/A
April 27, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-K/A**

**(Amendment No. 1)**

**FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO**

**SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**(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, 2015**

**or**

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

**Commission file number: 001-34779**

**Higher One Holdings, Inc.**

**(Exact name of Registrant as Specified in Its Charter)**

| | |
|---|---|
| **Delaware** | **26-3025501** |
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |

**115 Munson Street**

**New Haven, CT 06511**

**(Address of Principal Executive Offices, Including Zip Code)**

**203-776-7776**

**(Registrant's Telephone Number, Including Area Code)**

**Securities registered pursuant to Section 12(b) of the Act: Common Stock, par value $0.001**

**Name of exchange on which registered: New York Stock Exchange**

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

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 during the preceding 12 months (or for such shorter period that 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 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. (Check one):

Large accelerated filer Accelerated filer

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

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

The aggregate market value of the registrant's common equity held by non-affiliates based upon the last sale price of the common equity reported on the New York Stock Exchange on June 30, 2015, was approximately $131.1 million.

There were 48,280,322 shares of the registrant's common stock outstanding as of March 31, 2016.

**DOCUMENTS INCORPORATED BY REFERENCE:**

None.

**EXPLANATORY NOTE**

We filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, or the 2015 Form 10-K, with the Securities and Exchange Commission, or the SEC, on March 15, 2016. We are filing this Amendment No. 1 on Form 10-K/A solely for the purpose of including in the 2015 Form 10-K the Part III information not previously included in the 2015 Form 10-K.

This Amendment No. 1 on Form 10-K/A hereby amends and restates in their entirety Items 10 through 14 of Part III of the 2015 Form 10-K as well as the cover page to update the number of shares of our common stock outstanding and to remove the statement that information is being incorporated by reference from our definitive proxy statement.

Pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended, this Amendment No.1 on Form 10-K/A also contains new certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Accordingly, Subsection (a) (3) of Item 15 of Part IV has also been amended and restated in its entirety to include the currently dated certifications as exhibits, and to reference the financial statements and financial statement schedule previously filed with the 2015 Form 10-K.

No attempt has been made in this Amendment No. 1 on Form 10-K/A to modify or update the other disclosures presented in the 2015 Form 10-K. This Amendment No. 1 on Form 10-K/A does not reflect events occurring after the filing of the 2015 Form 10-K. Accordingly, this Amendment No. 1 on Form 10-K/A should be read in conjunction with the 2015 Form 10-K and the Company's other filings with the SEC.

**PRESENTATION OF INFORMATION**

We use the terms the "Company," "we," "us" and "our" in this annual report on Form 10-K/A to refer to Higher One Holdings, Inc. and its subsidiaries, unless the context requires otherwise.

**HIGHER ONE HOLDINGS, INC.**

**2015 FORM 10-K ANNUAL REPORT**

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**Item 10. Directors, Executive Officers and Corporate Governance**

The following table sets forth information about individuals who currently serve as our executive officers and/or directors:

| Name | Age | Title |
|---|---|---|
| Marc Sheinbaum | 58 | Chief Executive Officer, President and Director |
| Christopher Wolf | 54 | Executive Vice President and Chief Financial Officer |
| Casey McGuane | 41 | Chief Operating Officer |
| Robert Reach | 59 | Chief Sales Officer |
| Thomas Kavanaugh | 38 | VP, General Counsel and Secretary |
| Paul Biddelman | 70 | Chairman of the Board of Directors |
| Thomas Anderson | 53 | Director |
| Samara Braunstein | 46 | Director |
| Michael Collins | 64 | Director |
| David Cromwell | 71 | Director |
| Sheldon Goldfarb | 64 | Director |
| Robert Hartheimer | 58 | Director |
| Lowell Robinson | 67 | Director |
| Mark Volchek | 38 | Director |

Set forth below is certain biographical information for each of these individuals.

**Marc Sheinbaum** has served as a president and chief executive officer of Higher One and a member of our Board since April 16, 2014. Mr. Sheinbaum is an experienced leader and general manager with over 25 years of consumer financial services experience. From 2007 to 2013, Mr. Sheinbaum served as President and CEO of JPMorgan Chase's auto and student loans business, and previously held the position of President and CEO of GE Money Services. Mr. Sheinbaum holds a BS from State University of New York at Albany and an MBA from New York University. We believe that Mr. Sheinbaum should serve on our Board because of his executive management experience and deep insight into the consumer finance industry.

**Christopher Wolf** has served as our chief financial officer since March 2013. From 2007 to 2011, Mr. Wolf served as executive vice president and chief financial officer of publicly-traded Acxiom Corporation, where he had full responsibility for leadership of the corporate finance organization of this multinational marketing services and information management company. From 2011 to 2012, he served as executive vice president and chief financial officer of First Advantage Background Services, a privately held talent acquisition enterprise. Over the last two decades, he has held executive and senior advisory positions with Catalina Marketing Corporation and Boulder Brands Inc., among other companies. Mr. Wolf holds a BS in Accounting from Florida State University and a Master of Accounting degree from the University of North Carolina.

**Casey McGuane** has been our Chief Operating Officer since July 2013. He joined Higher One in 2000 and served as our chief service officer from January 2009 until July 2013. Since July 2009, Mr. McGuane has served as a director of the Connecticut Association of Human Services, a not-for-profit organization in Hartford, Connecticut, and has served as president of the board since July 2013. Mr. McGuane holds a BA in psychology from the University of Rhode Island**.**

**Robert Reach** has been our chief sales officer since 2009 and our vice president of sales from 2004 to 2009. He served as the vice president of sales for Metatec Corporation from 1995 to 1997. Additionally, from 2000 to 2001, Mr. Reach served as director of partner relations for HNC Software, an industry leader in credit card fraud prevention and analytic software. Mr. Reach holds a BA in English from Franklin and Marshall College.

**Thomas Kavanaugh** has been our Vice President, General Counsel and Secretary at Higher One since 2009. Prior to joining Higher One, Mr. Kavanaugh was a corporate associate at the law firm of Reed Smith LLP, Mr. Kavanaugh received a BS from Cornell University and a JD from the University of Pittsburgh School of Law.

**Paul Biddelman** has been a director of Higher One since 2002. Mr. Biddelman has been president of Hanseatic Corporation, a private investment company and the manager of our former investor, Hanseatic Americas LDC, since 1997, where he has primary private investment responsibilities. He is also a director of Blue Ridge Real Estate Company and SystemOne Technologies, Inc. Mr. Biddelman has served on numerous boards of both public and private companies. Mr. Biddelman holds a BS from Lehigh University, a JD from Columbia Law School and an MBA from Harvard Business School. We believe that Mr. Biddelman's service on the boards of numerous public companies has provided him with valuable experience and insight into the issues faced by such companies which, together with the deep knowledge of our company derived from his long-standing relationship with us, leads us to believe he should serve on our Board.

**Thomas N. Anderson** has been a director since he was appointed in August 2015. Mr. Anderson served as Chief Executive Officer of Executer Finance Corp. from 2014 through 2015 and was a Partner and Co-Founder of MassBay Capital, LLC from 2010 to 2014. Prior to founding MassBay Capital, LLC, Mr. Anderson served as President and Chief Executive Officer of EducationDynamics and was the President and Chief Executive Officer of Integrity Interactive Corporation. Previously he held executive management positions at the SLM Corporation (formerly Sallie Mae, Inc.), Upromise, Inc., Capital One Financial Corporation and McKinsey & Company. Mr. Anderson holds a bachelor's degree in mathematics from Dartmouth College and an M.B.A. from Sloan School of Management at Massachusetts Institute of Technology. Mr. Anderson also serves on the boards of Constant Contact and Exeter Finance Corp. We believe that Mr. Anderson should serve on our Board due to the experience in executive management and financial services he has acquired through his service as an executive at numerous financial institutions.

**Samara Braunstein** has been a director of Higher One since 2013. Ms. Braunstein is a strategic marketing consultant, and the founder of HudsonView Group Associates, LLC. Prior to that, she was the Founder and Chief Executive Officer of Wellgate Products, LLC, an over-the-counter consumer healthcare products company with distribution nationwide and in Canada through many of the largest retail chains, from 2003 until 2008, when the business was acquired by a strategic buyer. Previously, she was a Director in Interactive Marketing at America Online, Inc. (then a subsidiary of AOL Time Warner Inc.), and held a variety of consumer marketing roles at Warner-Lambert Company and Revlon, Inc. She has also worked in private equity at Golder, Thoma & Cressey, and began her career in Mergers and Acquisitions at The First Boston Corporation. Ms. Braunstein is a member of the Dean's Advisory Committee and the Honors Alumni Council at the University of Michigan. Ms. Braunstein holds a BA in Economics from the University of Michigan. The Company believes that Ms. Braunstein's entrepreneurial experience, her experience in consumer marketing and media, and her finance background will contribute valuable perspective to the Board.

**Michael Collins,** has been a director of Higher One since 2015. He began working at the Federal Reserve Bank of Philadelphia in 1974 as an assistant examiner, rising through the examiner levels, to become Vice President in 1992, Senior Vice President and Lending Officer in 1994, and Executive Vice President in 2009, a role he served in until his retirement from the Federal Reserve Bank in June of 2011. In September of 2011, Mr. Collins joined TD Bank as an Executive Vice President and serviced as President and Chief Executive Officer of its subsidiary, TD USA, from March 2013 to July 2013. From July of 2013 until December 2014, Mr. Collins was the Chairmen of the Board of Advisors of the American Bankers Association's Stonier National Graduate School of Banking, an executive management school for the financial services industry. Mr. Collins earned a bachelor's degree in economics and marketing from Susquehanna University and is a graduate of the Stonier Graduate School of Banking and the University of Virginia, Graduate School of Retail Bank Management. In 2003, he completed the Advanced Management Program at Harvard Business School. We believe Mr. Collins' 35 plus years as a Banking and Finance Executive, including his career at the Federal Reserve Bank, and his extensive knowledge in the fields of international and domestic bank regulation, make him an ideal nominee to serve on our Board.

**David Cromwell** has been a director of Higher One since 2001. Mr. Cromwell has been an adjunct professor of entrepreneurship at the Yale School of Management since 1996. Prior to that, he worked for 30 years in various positions at JPMorgan & Company in New York and London. From 2000 to 2009, Mr. Cromwell was chairman of the board and co-founder of CE University, Inc., an online provider of continuing education for insurance professionals.

He helped found and serves as a faculty advisor to one of our early investors, Sachem Ventures, a student-run venture capital fund at the Yale School of Management. Mr. Cromwell has served as an advisor to numerous venture-backed and growth companies in Connecticut. Mr. Cromwell holds a BA in Economics from Ohio Wesleyan University and an MBA from New York University, Stern School of Business. We believe that Mr. Cromwell should serve on our Board as he brings to it substantial experience as an advisor to companies such as ours.

**Sheldon Goldfarb,** has been a director of Higher One since 2015. He was General Counsel of RBS Americas and a member of RBS senior management in the US since 2007. He provided strategic leadership to the management of legal risk and managed an integrated legal function of over 70 lawyers. Prior to that, Mr. Goldfarb was managing director and general counsel of RBS Greenwich Capital, a position he had held since 1994. There he led its Legal, Compliance, Corporate Communications and Government relations functions. Before joining RBS Greenwich Capital, he was vice president and deputy general counsel of Goldman Sachs & Co. and a partner in the law firm of Fulbright & Jaworski (formerly Reavis & McGrath). He began his career in the Division of Enforcement of the Securities and Exchange Commission. Mr. Goldfarb is active in a variety of industry groups and is a frequent speaker at industry-wide conferences. He sat on the Managing Board of The Clearing House Association and was a trustee and member of the Executive Committee of the Institute for International Bankers; is past chairman of the Securities Industry and Financial Markets Association's (SIFMA) General Counsels Committee; and served on the executive committee and as treasurer of SIFMA's Compliance and Legal Division. He is a member of the Board of Trustees of the Binghamton University Foundation, a past president of the SEC Alumni Association and was a member of the Board of Trustees of the SEC Historical Society. He earned his BA from Binghamton University and a JD cum laude from Syracuse University College of Law. We believe that Mr. Goldfarb should serve on our Board due to his experience in executive management, strategic leadership, banking and securities regulation and risk management acquired through his service as an executive and general counsel at financial institutions as well as his time with the SEC.

**Robert Hartheimer** has been a director of Higher One since his appointment in January 2012. Mr. Hartheimer is the founder and CEO of Hartheimer LLC, based in Washington, D.C., which provides senior-level consulting services to banks, investment firms and financial services companies on financial, regulatory, strategic and governance matters. From 2002 to 2008, Mr. Hartheimer was a Managing Director at Promontory Financial Group, a preeminent regulatory consulting firm. In 1991, Mr. Hartheimer joined the Federal Deposit Insurance Corporation, where he and a small team created the Division of Resolutions to analyze and sell failed banks. He went on to serve as the director of that division. Mr. Hartheimer's other past positions include senior roles at investment banks, including Merrill Lynch, Smith Barney and Friedman Billings Ramsey. Mr. Hartheimer currently serves as a director of Sterling Financial Corporation and Sterling Bank and was previously a director of E*Trade Bank, E*Trade Savings Bank and United Medical Bank. Mr. Hartheimer received a Bachelor's degree from Hamilton College and a Master's of Business Administration from The Wharton School of the University of Pennsylvania. We believe that Mr. Hartheimer should serve on our board because he brings to it his extensive experience in the financial services industry, the bank regulatory community and investment banking.

**Lowell Robinson**, a director of Higher One since his election at the 2014 Annual Meeting, served as the chief financial officer and chief operating officer of MIVA, Inc., an online advertising network, from August 2007 through March 2009. He joined MIVA in 2006 as chief financial officer and chief administrative officer. He was chief financial officer and chief administrative officer for HotJobs.com and Advo Inc. and held senior financial positions at Citigroup Inc. and Kraft Foods Inc. In addition, he was special counsel to the president (interim chief financial officer) for NYU/Polytechnic. He also previously served as the president of LWR Advisors. Mr. Robinson serves on the boards of EVINE Live, Inc. and Support.com, Inc.; served on the board of directors of The Jones Group from 2005-2014 where he chaired the audit committee; was on the board of Local.com Corporation from 2011 to 2012; the board of directors of International Wire Group Inc. from 2003-2009 and the board of directors of Independent Wireless One, Diversified Investment Advisors and Edison Schools Inc. He is a member of the Smithsonian Libraries advisory board, the board of the Metropolitan Opera Guild, was on the board of advisors for the University of Wisconsin Business School (2006-2010) and is currently on the Dean's Advisory Board for the Department of Economics. Mr. Robinson earned a Bachelor of Arts in Economics from the University of Wisconsin and a Master of Business Administration from Harvard Business School. We believe Mr. Robinson should serve on our Board due to his vast finance, strategic, operational and governance experience having served as an executive and director of several other publically traded companies.

**Mark Volchek** is one of our founders and currently serves as a director on our Board. Mr. Volchek served as our chief executive officer from July 2012 until January 2014 and as our president and chief executive officer from January 2014 until April 2014. Mr. Volchek remained a full-time employee of the Company through May 16, 2014 and thereafter was a part-time employee of the Company through the completion of a transition period which ended on December 31, 2014. From 2002 until May 2012, he served as chairman of our Board, and from 2002 until June 2012, he served as our chief financial officer. From 2000 to 2002, he served as our chief executive officer. Mr. Volchek is a founding officer of the Yale Entrepreneurial Society, a not-for-profit organization that promotes entrepreneurship among Yale students, faculty and alumni and served on its board from 1999 to 2010. From 2007 until 2014, Mr. Volchek was the chairman of the board of the Tweed New Haven Airport Authority. Other past civic roles have included positions on the New Haven Economic Development Commission and the Regional Growth Partnership strategic planning committee. Mr. Volchek holds a BA and an MA in economics from Yale University. Mr. Volchek, having cofounded and led the company as an executive over the course of the last 14 years, brings institutional knowledge to the Board, especially in regard to our finances and strategy, and therefore should serve on

our Board.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who beneficially own more than 10% of our common stock, to file initial reports of beneficial ownership of our stock and reports of changes in beneficial ownership of our stock with the SEC. Executive officers, directors and greater than 10% beneficial owners are required by the SEC to furnish us with copies of all Section 16(a) forms they file.

To our knowledge, based solely upon a review of the copies of such forms furnished to us and written representations from our directors and executive officers, we believe that during the year ended December 31, 2015 all Section 16(a) filing requirements applicable to our directors, executive officers and greater than 10% beneficial owners were complied with on a timely basis.

***Audit Committee***

The audit committee of our Board, which consists of Messrs. Robinson (chair), Biddelman and Hartheimer, assists our Board in overseeing the preparation of our financial statements, the independent registered public accounting firm's qualifications and independence, the performance of our internal audit function and independent registered public accounting firm and our compliance with legal and regulatory requirements. Each of the members of the audit committee qualifies as an "audit committee financial expert" as such term is defined in the regulations under the Securities Exchange Act of 1934, as amended, or the Exchange Act. All of the members of the audit committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. A copy of the audit committee charter is available on the Company's website at http://ir.higherone.com/.

***Compensation Committee***

The compensation committee of our Board consists of Ms. Braunstein (chair) and Messrs. Biddelman, Cromwell and Anderson. All of the members of the compensation committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. The compensation committee has overall responsibility for evaluating and approving our executive officer incentive compensation, benefit, equity-based or other compensation plans, policies and programs. The compensation committee reviewed the Compensation Discussion and Analysis and recommended its inclusion in the amendment to the Company's annual report on Form 10-K. A copy of the compensation committee charter is available on the Company's website athttp://ir.higherone.com/.

***Risk and Compliance Committee***

The risk and compliance committee of our Board was formed on October 30, 2014 and consists of Messrs. Hartheimer (chair), Robinson, Collins and Goldfarb. All of the members of the risk and compliance committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. The risk and compliance committee assists the Board of Directors in fulfilling its oversight responsibility relating to the Company's enterprise risk management governance and practices, the Company's compliance with laws and regulations that affect the Company's business, the Company's compliance with provisions of its agreements with banking partners concerning banking-related law compliance, the Company's actions in response to any formal or informal enforcement actions issued by any bank supervisory agency or other government agency and the Company's cybersecurity. Copies of the risk and compliance committee charter and the Company's corporate governance guidelines are available on the Company's website at http://ir.higherone.com/.

***Nominating and Corporate Governance Committee***

The nominating and corporate governance committee currently consists of Messrs. Anderson (chair), Biddelman, Cromwell and Ms. Braunstein. All of the members of the nominating and corporate governance committee are independent, as determined in accordance with the rules of the New York Stock Exchange and any relevant federal securities laws and regulations. Copies of the nominating and corporate governance committee charter and the Company's corporate governance guidelines are available on the Company's website at http://ir.higherone.com/.

The nominating and corporate governance committee assists our Board in implementing sound corporate governance principles and practices. Our nominating and corporate governance committee identifies individuals qualified to become Board members and recommends to our Board the director nominees for the next annual meeting of shareholders. It also reviews the qualifications and independence of the members of our Board and its various committees on a regular basis and makes any recommendations the committee members may deem appropriate from time to time concerning any recommended changes in the composition of our Board.

We have no formal policy regarding Board diversity. Our nominating and corporate governance committee and Board may therefore consider a broad range of factors relating to the qualifications and background of nominees, which may include diversity. Our nominating and corporate governance committee's and Board's priority in selecting Board members is identification of persons who will further the interests of our stockholders through his or her established record of professional accomplishment, the ability to contribute positively to the collaborative culture among Board members and the person's strength of character and judgment, professional and personal experiences and expertise relevant to our business strategy.

The nominating and corporate governance committee reviews the qualifications of any candidate recommended by shareholders of the Company when seeking to fill positions on the Board. As a shareholder, you may recommend a person for consideration as a nominee for director by writing to the nominating and corporate governance committee of the Board, c/o Higher One Holdings, Inc., 115 Munson Street, New Haven, Connecticut 06511, Attention: General Counsel and Secretary. Recommendations must include the name and address of the shareholder making the recommendation, a representation setting forth the number of shares of our common stock beneficially owned by the recommending shareholder, a statement from the recommended nominee that expresses his or her intent to serve on the Board if elected, biographical information about the recommended nominee, any other information the stockholder believes would be helpful to the nominating and corporate governance committee in evaluating the recommended nominee and a description of all arrangements or understandings between the recommending shareholder and each nominee and any other person concerning the nomination. The evaluation process for nominees recommended by stockholders is the same as for candidates recommended by any other source.

**Board Leadership Structure**

The Company is focused on its corporate governance practices and values independent Board oversight as an essential component of strong corporate performance to enhance stockholder value. Our commitment to independent oversight is demonstrated by the fact that a majority of our directors is independent. Mr. Biddelman currently serves as chairman of the Board. The Board believes that this leadership structure is appropriate given that the size of the Board permits regular communication among all of the independent directors, and between the independent directors and the Company's senior management. As the chairman of the Board, Mr. Biddelman acts as the principal interface between the Company's independent directors and senior management and presides over Board meetings, meetings of non-management and independent directors, or meetings held in executive session. Our Board believes that the current Board leadership structure is best for the Company and its stockholders at this time.

**Role of the Board of Directors in Risk Oversight**

The primary function of our Board is oversight, which includes defining and enforcing standards of accountability that enable senior management to execute their responsibilities fully and in the interests of stockholders. Consistent with that function, the following are the primary responsibilities of the Board: reviewing the Company's strategic plans and objectives, including, among other considerations, the principal risk exposures of the Company; evaluating the performance of the Company and its senior management, which includes (i) overseeing the conduct of the Company's business to evaluate whether it is being effectively managed, and (ii) selecting, regularly evaluating and planning for the succession of the president and chief executive officer and other members of senior management as the Board deems appropriate, including fixing the compensation of such individuals; providing advice and counsel to the president and chief executive officer and other senior management of the Company; overseeing compliance by the Company with applicable laws and regulations; monitoring the Company's accounting and financial reporting practices and reviewing the Company's financial and other controls; and overseeing management with a goal of ensuring that the assets of the Company are safeguarded through the maintenance of appropriate accounting, financial and other controls.

The audit committee, which is comprised solely of independent directors, assists the Board in fulfilling its oversight responsibilities relating to (i) the integrity of the Company's financial reporting internal control system (including the implementation and effectiveness of internal control over financial reporting); (ii) the performance of the internal audit services function; (iii) the annual independent audit of the Company's financial statements, the engagement of the independent auditors and the evaluation of the independent auditors' qualifications, independence and performance; (iv) the compliance by the Company with legal and regulatory requirements; (v) the implementation and effectiveness of the Company's disclosure controls and procedures; (vi) the evaluation of enterprise risk issues; and (vii) the fulfillment of the other responsibilities set out in the audit committee's charter.

Additionally, the Risk and Compliance Committee, which is comprised solely of independent directors, assists the Board in fulfilling its oversight responsibilities related to (i) the Company’s enterprise risk management governance and practices including identifying and managing the Company’s applicable risks; (ii) the Company’s compliance with laws and regulations that affect the Company’s business, including those arising from its relationships with its banking partners to adhere to various banking and related laws and regulations, including, but not limited to the Federal Deposit Insurance Act, and incorporating Section 5 of the Federal Trade Commission Act and applicable provisions of the Bank Secrecy Act (“banking-related laws”); (iii) the Company’s compliance with provisions of its agreements with banking partners concerning banking-related law compliance; (iv) the Company’s actions in response to any formal or informal enforcement actions issued by any bank supervisory agency or other government agency; (v) the Company’s compliance with Title IV of the Higher Education Act.

**Audit Committee Report**

The audit committee has reviewed and discussed the audited financial statements included within the annual report on Form 10-K with management. The audit committee has discussed with our independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61 as amended. The audit committee has received the written disclosures and the letter from our independent auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence. Based on the foregoing review and discussion, the audit committee recommended to the Board that the audited financial statements be included in our annual report on Form 10-K for fiscal year 2015.

Lowell Robinson (Chair)

Paul Biddelman

Robert Hartheimer

**Meetings of the Board of Directors, Board and Committee Member Attendance and Annual Meeting Attendance**

Our Board met 23 times during the last fiscal year, and the non-management and independent directors met in executive session 6 times. During the last fiscal year, the audit committee of the Board met 9 times; the compensation committee of the Board met 11 times; the nominating and corporate governance committee of the Board met 4 times; and the risk and compliance committee met 6 times. During 2015, each Board member attended 75% or more of the aggregate of the meetings of the Board and of the committees on which he or she served and was eligible to attend.

We encourage all of our directors and nominees for director to attend our Annual Meeting. All of our directors attended the Annual Meeting held on June 3, 2015.

**Code of Ethics**

We have adopted a written code of ethics, which we refer to as our Code of Business Conduct, that applies to directors, executive officers and all employees of the Company, including our principal executive officer and principal financial officer. The Code of Business Conduct is posted on our website at http://ir.higherone.com. Any updates or amendments to the Code of Business Conduct, and any waiver that applies to a director or executive officer, will also be posted on the website.

**Stockholder and Interested Party Communications with the Board of Directors**

Should stockholders or other interested parties wish to communicate with the board or any specified individual directors, such correspondence should be sent to Higher One Holdings, Inc., 115 Munson Street, New Haven, Connecticut 06511, Attention: General Counsel and Secretary. The Company's General Counsel and Secretary will forward the communication to the board members.

**Item 11. Executive Compensation**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Executive Summary**

The purpose of this compensation discussion and analysis section is to provide information about the material elements of compensation that are paid, awarded to, or earned by our "named executive officers," who consist of each person who served as our principal executive officer and principal financial officer during fiscal year 2015, and the three other most highly compensated executive officers at the end of fiscal year 2015. For fiscal year 2015, our named executive officers were:

Marc Sheinbaum, President and Chief Executive Officer

Christopher Wolf, Executive Vice President and Chief Financial Officer

Casey McGuane, Chief Operating Officer

Robert Reach, Chief Sales Officer

Thomas Kavanaugh, VP, General Counsel and Secretary

When designing our executive compensation program each year, we strive to implement good corporate governance practices and align executive interests with those of our shareholders. Our compensation program in fiscal year 2015 reflects our belief that executive compensation should be incentive-driven, and thus contains a mix of short-term and long-term incentives to appropriately motivate our executives. Consistent with our "pay-for-performance" philosophy, we also believe that a portion of executive pay should be performance-based. Our executive compensation practices reflect this philosophy in the following ways:

Our short-term annual cash bonus plan is based on individual and Company performance. If actual performance does not meet the threshold specified for each performance measure, no amount will be earned in respect of such measure.

Our long-term equity plan allows us to grant a variety of incentive awards, including options, stock appreciation rights, restricted stock, restricted stock units (“RSUs”) and other stock awards.

On August 6, 2015, the Board approved the Higher One Executive Severance Policy (please see “Employment and Severance Arrangements” below) to provide certain severance payments, including acceleration of certain equity awards, to designated officers and other key executives and employees of the Company in the event of a qualifying termination of employment. The change in control provisions under our Amended and Restated 2010 Equity Incentive Plan which provide for accelerated vesting of equity awards are currently double-trigger (other than the performance-based options granted in 2013 discussed below, which provide that any portion of the performance-based option that remains eligible to be earned following the date of the change in control will become exercisable immediately prior to the consummation of the change in control, and any portion of the performance-based option that was not earned prior to the consummation of the change in control will expire).

Our named executive officers are not entitled to any executive perquisites, tax gross-up payments or supplemental pensions.

**Compensation Philosophy and Objectives**

Our compensation philosophy is to provide a base salary that is competitive among comparable companies but to focus primarily on rewarding positive performance that encourages our named executive officers to grow the Company. As a result, our executive compensation program emphasizes incentive compensation over guaranteed base salaries. We have offered a mix of short-term and long-term incentives consisting of cash bonuses, stock options and restricted stock in order to motivate achievement of the Company's annual business plan and creation of long-term stockholder value. Our named executive officers earn an annual cash bonus based on Company performance. They also receive equity awards along with other key employees. Additionally, due to a loss of key employees, the risk of further key employees leaving the Company, the Company's need to retain such employees and the length of time it would take to fill positions if such key employees did leave the Company, we have incorporated retention awards into our philosophy. Our named executive officers have received no benefits or perquisites in addition to those offered to all employees of the Company. We believe that our compensation program should remain focused on the essentials necessary to retain and reward our experienced named executive officers and to attract others to the Company as

needed.

We held a non-binding advisory vote on our executive compensation program (commonly referred to as the "say on pay" vote) at our annual meeting held on June 11, 2014. Our 2014 say on pay proposal received substantial majority support from stockholders. We interpreted this stockholder support as an acknowledgment that our executive compensation program and practices are reasonable and well-aligned with stockholder expectations and, taking such support into consideration, have maintained our compensation structure in 2016. At our 2011 annual meeting, our stockholders voted in favor of the proposal to hold say on pay votes every three years and the Board adopted the proposal. Our next say on pay vote will be held at our annual meeting of stockholders in 2017. In the future, we will continue to consider the outcome of our triennial say on pay votes when making compensation decisions regarding our named executive officers.

**Role of the Compensation Committee**

The compensation committee has the responsibility of evaluating, reviewing and approving the compensation plans, policies and programs of the Company, and ensuring that such plans, policies and programs provide appropriate incentives to recruit, motivate and retain employees.

The compensation committee meets from December through March in order to review the compensation from the prior year and set its compensation policy for the coming year. During these meetings, the compensation committee reviews and approves the compensation of named executive officers, including base salary, annual incentive bonus and equity compensation. In addition, the Committee meets periodically throughout the year, to assess current executive officer performance and compensation in light of current market conditions and strategic priorities, and may address compensation policies or programs throughout the year, if deemed appropriate.

During this period, the committee confers with our president and chief executive officer to establish annual goals for him and the other named executive officers. The president and chief executive officer discusses the specific accomplishments of the executive team during the prior year, as well as the team's business development plans for the upcoming year, which the committee uses to help it set the annual targets for the named executive officers' bonus opportunities. The president and chief executive officer also provides relevant information to the committee regarding specific challenges or opportunities facing the executive team in the upcoming year, such as changes in the Company's business development plan, anticipated hiring of new employees and retention of current employees, and exploration of new avenues of business growth. The committee also obtains self-evaluations from the other named executive officers. The committee meets in executive session without the presence of the named executive officers in order to evaluate the officers' performance with respect to the goals set by the committee, market compensation data, and our performance and shareholder return during the year.

Since the Company's initial public offering in 2010, the compensation committee has engaged Steven Hall & Partners to assist the committee in examining our compensation levels and structures in the context of other similar public companies and in designing a program that properly compensates and motivates the executive team in light of the Company's circumstances. The compensation committee has continued to work with Steven Hall & Partners in benchmarking executive and director compensation and setting compensation levels.

Steven Hall & Partners does not have any relationship or arrangement with the Company other than its engagement as a consultant to the compensation committee.

**Compensation Benchmarking and Peer Group**

For 2015 compensation, the compensation committee engaged Steven Hall & Partners to perform a study regarding executive compensation programs at comparative companies. The comparative information provided by Steven Hall & Partners was obtained from publicly filed reports of each company in the comparative peer group, as well as from nationally recognized compensation surveys. The study benchmarked compensation against the Company's peer group. The process utilized by Steven Hall & Partners in determining the peer group was consistent with the process utilized in 2014 and included the following: identification of companies in the business services, financial transaction and/or technology industries; review of potential peers within the Company's SIC code; review of companies in the identified industries; and "peers of peers" analysis. These potential peers were then narrowed down based upon business description and through a review of 1-, 3- and 5- year revenue growth, operating income, net income and market cap. Based on the results of the peer group analysis described above, three companies (Fleetcor Technologies, Inc., Heartland Payment Systems, Inc. and WEX, Inc.) from the 2014 peer group were removed, while three companies (Cass Information Services, Inc., PFSweb, Inc. and PRGX Global, Inc.) were added to the peer group in 2015. The committee determined that the peer group modifications were appropriate and reflective of the Company’s size, scope, and lines of business.

The 2015 peer group consisted of the following twelve companies:

| | | |
|---|---|---|
| Blackbaud, Inc. | Ebix, Inc. | Moneygram International, Inc. |
| Bottomline Technologies, Inc. | Exlservice Holdings, Inc. | NIC, Inc. |
| Cardtronics, Inc. | Financial Engines, Inc. | PFSweb, Inc. |
| Cass Information Systems, Inc. | Green Dot Corporation | PRGX Global, Inc. |

The compensation committee discussed the report with Steven Hall & Partners and used the data contained therein as an aid in setting 2015 executive compensation. The peer group going forward is subject to alteration.

**Elements of Compensation**

Our executive compensation program for 2015, as set by the compensation committee, consisted of the following components:

- Base salary;
- Annual cash incentive awards linked to Company performance;
- Long-term incentive compensation in the form of stock options, restricted stock units, cash-settled restricted stock units, and restricted cash awards; and
- Company-wide employee welfare and retirement benefits.

***Base Salary***

We pay an annual base salary to our named executive officers in order to provide them with a fixed rate of cash compensation during the year. The compensation committee conducts an annual review of each named executive officer regarding his performance and salary, and considers whether the amount of that salary is appropriate. Since our initial public offering in 2010, the committee has determined the named executive officers' base salaries primarily by reviewing the comparable data presented in Steven Hall & Partners' report and discussing such data with Steven Hall & Partners. The committee has also considered each executive's responsibilities, prior performance and other discretionary factors, such as the executive's business planning and development, identification of areas for Company growth, management style and effectiveness, ability to motivate and set appropriate goals for the Company's workforce, ability to cultivate and retain a productive workforce, and ability to work effectively with outside professionals and consultants.

For fiscal year 2015, the compensation committee reviewed the data and decided to transition Mr. Reach away from a compensation package that included commissions towards a bonus and annual salary package more in line with the other executive officers. To accomplish this, his annual base salary was increased from $325,000 to $350,000.

***Annual Bonus***

We pay our named executive officers an annual bonus as an incentive to achieve the short-term goals of the Company as reflected in its annual business plan. All of our named executive officers are eligible to receive an annual cash bonus based on the achievement of certain pre-determined targets set by the compensation committee, which, in addition to its own analysis, utilizes Steven Hall & Partners' peer group data.

In 2015, the compensation committee established the following individual targets and maximum bonus opportunities as a percent of base salaries:

| | **Target** | | **Maximum Opportunity** | |
|---|---|---|---|---|
| Marc Sheinbaum | 100 | % | 200 | % |
| Christopher Wolf | 70 | % | 123 | % |
| Casey McGuane | 70 | % | 123 | % |
| Thomas Kavanaugh | 77 | % | 135 | % |
| Robert Reach | 70 | % | 123 | % |

The measures, targets and weightings were set under the Short Term Incentive Plan as follows:

| Performance Criteria | Weighting | Threshold | Target | Maximum |
|---|---|---|---|---|
| Total Revenue (million) | 25 % | $ 204 | $ 214 | $ 224 |
| Adjusted EPS(1) | 25 % | $ 0.38 | $ 0.44 | $ 0.49 |
| Management Objectives(2) | 50 % | (2) | (2) | (2) |

(1) Adjusted EPS is computed by dividing the Company's adjusted net income by the Company's weighted average shares outstanding for the period. We prepare adjusted net income to eliminate the effect of items that we do not consider indicative of our core operating performance. For example, during the year ended December 31, 2015, the Company defined adjusted net income as net income, adjusted to eliminate (a) stock-based compensation expense related to incentive stock option grants and civil money penalty related to restitution and (b) after giving effect to tax adjustments, (i) stock-based compensation expense related to non-qualified stock option grants, (ii) costs related to planned disposal of disbursements business incurred in 2015, (iii) stock-based compensation expense related to non-qualified stock option and restricted stock grants, (iv) the allowance for customer restitution recorded in 2015 and the related expenses associated with the Fed Order and FDIC Order, (viii) a restructuring charge incurred in 2015, (v) the gain on the disposition of our data analytics business in 2015 and (vi) amortization expenses related to acquired intangible assets and financing costs. Adjusted EPS should not be considered as an alternative to diluted earnings per share or any other measure of financial performance calculated and presented in accordance with GAAP. The Company's adjusted EPS may not be comparable to similarly titled measures of other organizations because other organizations may not calculate such a measure in the same manner as we do.

(2) The 2015 management objectives included (i) improving product value for consumers and higher education institutions; (ii) strengthening compliance through strong risk and compliance controls; (iii) enhancing our service to consumers while improving efficiency; (iv) retaining key talent and developing a strong culture; and (v) positioning the Company for success by enhancing financial flexibility, maintaining bank partnerships and resolving regulatory matters. The threshold was to achieve one of the five management objectives, the target was to achieve three of the five management objectives and the maximum was to achieve all five management objectives.

For each performance measure, if actual performance did not meet the threshold for such performance measure, no amount was earned in respect of such measure. To the extent actual performance exceeded the threshold, the portion of the target bonus attributable to such performance measure (based upon the weighting given to such measure) was determined by interpolation between threshold and target levels and target and maximum levels, respectively. The final individual bonuses were subject to adjustment at the discretion of the compensation committee.

In February 2016, the compensation committee reviewed the Company's performance for the fiscal year ended 2015 against the performance measures, targets and weighting that were set under the Short Term Incentive Plan. The committee determined that Total Revenue was in between the target and maximum levels, Adjusted EPS was at the target level and Management Objectives were met at the maximum level (the Company's Adjusted EPS in 2015 was $0.44 and the Company's Total Revenue in 2015 was $219.6 million). Based on the above and each individual's performance, the compensation committee awarded cash bonuses to each named executive officer as follows:

| | **Cash** |
|---|---|
| Marc Sheinbaum | $665,000 |
| Christopher Wolf | $330,000 |
| Casey McGuane | $255,000 |
| Robert Reach | $295,000 |
| Thomas Kavanaugh | $255,000 |

The cash bonuses were paid under the Company's Short Term Incentive Plan in March 2016.

***Long-Term Incentive Compensation***

Our compensation committee believes that equity-based compensation is an important component of our executive compensation program, based on its own analysis and the study provided by Steven Hall & Partners, and that providing equity-based awards to our named executive officers aligns the incentives of our executives with the long-term interests of our shareholders and with our long-term corporate success and provides our executives with a powerful retention incentive.

Generally, each named executive officer has received a stock option grant when he joined the Company, and has then received periodic awards thereafter in the discretion of the compensation committee and board. Until 2010, awards were made under the 2000 Stock Option Plan with varying vesting schedules ranging from one to five years, as set out in the respective stock option agreements. Stock option grants have typically been split between incentive stock options (within the meaning of Section 422 of the Code) and nonqualified stock options.

The 2000 Stock Option Plan terminated by its terms in April 2010. The Company adopted the 2010 Equity Incentive Plan on March 26, 2010, which was amended and restated at our 2013 annual meeting.

Since the Company’s initial public offering, it has been the practice of the compensation committee to make annual equity grants at its first meeting following the release of the Company’s year-end financial results. In accordance with this practice, in March 2015, the compensation committee made annual grants under the 2010 Equity Incentive Plan to Messrs. Sheinbaum, Wolf, McGuane, Kavanaugh and Reach. Consistent with Company and market practice, the annual grants were granted at least two days following the Company's year-end earnings release (with the number of shares being valued based on the average of the previous business day's high and low trading prices, in accordance with the Amended and Restated 2010 Equity Incentive Plan). Mr. Sheinbaum received 247,437 restricted stock units and 125,000 stock options. These stock options have an exercise price of $3.42 and vest over two years beginning on the first anniversary of the grant date. Mr. Wolf received 132,064 restricted stock units; Mr. Kavanaugh received 58,565 restricted stock units and Messrs. McGuane and Reach each received 49,487 restricted stock units. The restricted stock units granted vest in equal parts over two years beginning on the first anniversary of the grant date.

As fully described in 2014’s Compensation Discussion and Analysis, in 2013, the compensation committee awarded to the named executive officers a one-time special grant of options to be earned based on growth in the Company's earnings over fiscal year 2014, 2015 and 2016. The performance-based option pool is divided among the named executive officers as follows: Mr. McGuane: 300,000; and Messrs. Reach and Wolf: 150,000 each. No performance-based options were earned for 2015 because performance levels were, under the terms of the option, not met for 2015 as Adjusted EBITDA for 2015 did not increase by 10% or more over the Adjusted EBITDA for 2014.

Upon a change in control of the Company, any portion of the performance-based option that remains eligible to be earned following the date of the change in control will become exercisable immediately prior to the consummation of the change in control, and any portion of the performance-based option that was not earned prior to the consummation of the change in control will expire. Any unvested performance-based options expire upon the date of the holder's termination of employment for any reason, and vested performance-based options expire upon the earlier of (i) three months after the holder's termination of employment other than for Cause (as defined in the grant agreement), death or disability, (ii) one year after the holder's termination of employment by reason of death or disability, (iii) the commencement of business on the date the holder's employment is, or is deemed to have been, terminated for Cause, or (iv) the tenth anniversary of the grant date.

For purposes of the performance bonuses only, "Adjusted EBITDA" shall be based on the audited financial statements of the Company for the applicable fiscal year and determined in the same manner as set forth in the Company's earnings release reconciliation contained in the Form 8-K filed on February 12, 2013, excluding the effect of: (i) restructurings, reorganizations, discontinued operations, non-core businesses in continuing operations, acquisitions, dispositions, or any extraordinary nonrecurring items as described in Financial Accounting Standards Board Accounting Standards Codification Topic 225 and/or in management's discussion and analysis of financial condition and results of operations appearing in the Company's Annual Report on Form 10-K for the applicable fiscal year, (ii) the cumulative effects of tax or accounting changes, each in accordance with generally accepted accounting principles, (iii) foreign exchange gains or losses, (iv) stock-based compensation, (v) amortization of intangible assets, impairments of goodwill and other intangible assets, asset write downs, or non-cash interest expense or (vi) litigation or claim judgments or settlements.

In connection with his appointment as chief financial officer, on March 8, 2013, Mr. Wolf was granted 50,000 restricted shares of common stock, which shares vest in equal installments over four years subject to his continued employment through the applicable vesting date.

Separately, in August 2014, due to factors including a loss of key employees, the risk of further key employees leaving the Company, the Company's need to retain such employees and a recognition of the length of time it would take to fill positions if such key employees did leave the Company, the compensation committee awarded retention bonuses in the form of restricted stock units and cash awards, to certain of our named executive officers. The restricted stock units were granted on the first Friday following the Company's filing of its second quarter 2014 Form 10-Q (with the number of shares being valued based on the average of the previous day's high and low trading prices, in accordance with the Amended and Restated 2010 Equity Incentive Plan). Mr. Wolf received 100,128 restricted stock units having a value of $390,000; Mr. McGuane received 92,426 restricted stock units having a value of $360,000; and Mr. Reach received 83,440 restricted stock units having a value of $325,000. The restricted stock units granted to each executive vested 50% on March 31, 2016 and the remaining 50% will vest on March 31, 2017. The cash bonuses were awarded as follows: Mr. Wolf was awarded $327,600; Mr. McGuane was awarded $302,400; and Mr. Reach was awarded $90,000. The cash awards vested 50% on March 31, 2015 and 50% on October 31, 2015.

In September 2015, as a CEO retention plan, the Company granted a cash award and a restricted stock unit award to Mr. Sheinbaum. The Compensation Committee viewed these retention awards as an extension of the retention awards granted to certain of our named executive officers in August 2014 as described above. At the time of the August 2014 retention awards, the Compensation Committee did not make a grant to Mr. Sheinbaum in August 2014 as he had joined the Company only four months previously. However, in light of his service with the Company since that time, desire for him to continue with the Company and recognition of the cost in both time and money of filling his position if he did leave the Company, the Compensation Committee decided to grant the retention awards to Mr. Sheinbaum in September 2015. Further rational behind this plan included the Company’s need to create greater stability on the executive team given recent departures of executives over the last few years and the need for greater continuity as the Company continued to face uncertainty in certain areas of the business. Other factors the Company considered when determining the retention plan was necessary included a peer compensation analysis, a thorough performance review process and strong performance review in the first quarter 2015, The cash award of $660,000 will vest and be paid 50% on April 30, 2016 and 50% on October 31, 2016, subject to continued employment by Mr. Sheinbaum through each such date and the Company’s achievement of an aggregate revenue target for the period beginning on October 1, 2015 and ending March 31, 2016 (the “cash award performance target”); provided, that achievement of the cash award performance target will no longer be a condition for vesting and payment following a change in control (as defined in the award agreement) of the Company. Upon termination of employment by reason of death or disability, any unpaid cash award will immediately vest in full and be paid to the Mr. Sheinbaum or, in the case of death, to the Mr. Sheinbaum’s estate. Upon termination of employment by the Company without cause or by Mr. Sheinbaum for good reason, any unpaid cash award will immediately vest in full and be paid to Mr. Sheinbaum, subject to the Company’s achievement of the cash award performance target (if applicable). Upon any other termination of employment, Mr. Sheinbaum will forfeit any unpaid portion of the cash award.

The award of 150,000 restricted stock units will vest and be settled in an equal number of shares of Company common stock 50% on March 31, 2017 and 50% on March 31, 2018, subject to continued employment by Mr. Sheinbaum through each such date and the Company’s achievement of an aggregate revenue target for the period beginning on July 1, 2015 and ending June 30, 2016 (the “RSU award performance target”); provided, that achievement of the RSU award performance target will no longer be a condition for vesting and settlement following a change in control (as defined in the award agreement) of the Company. Upon termination of employment by reason of death or disability, any unvested restricted stock unit award will immediately vest in full and be settled in shares of Company common stock. Upon termination of employment by the Company without cause or by Mr. Sheinbaum for good

reason, any unvested restricted stock unit award will immediately vest in full and be settled in shares of Company common stock, subject to the Company's achievement of the RSU award performance target (if applicable). Upon any other termination of employment, Mr. Sheinbaum will forfeit any unvested restricted stock unit award.

***Employment and Severance Arrangements***

We have not historically had any employment agreements with our named executive officers; however, the Company does have an employment agreement with Marc Sheinbaum and certain severance arrangements with the other named executive officers.

On April 11, 2014, the Board of Directors appointed Marc Sheinbaum as the Company's Chief Executive Officer and as a member of the Company's Board, effective April 16, 2014. On April 16, 2014, the Company also entered into an employment agreement with Marc Sheinbaum to become Chief Executive Officer and a member of the Board. The employment agreement may be terminated (i) upon Mr. Sheinbaum's death or disability, (ii) by the Company for Cause (as defined in the agreement), (iii) by the Company without Cause, (iv) by Mr. Sheinbaum for Good Reason (as defined in the agreement) or (v) by Mr. Sheinbaum upon 30 days' notice. The Company or Mr. Sheinbaum may choose not to renew the agreement by providing a notice of non-renewal at least 3 months before the end of an Employment Period. The employment agreement has a three-year term with automatic one-year extensions.

Pursuant to the employment agreement, Mr. Sheinbaum will receive a base salary of $550,000 per annum, subject to annual review and possible increase as determined by the Compensation Committee of the Board of Directors. During each year of the employment agreement, Mr. Sheinbaum will be eligible to receive an annual bonus with targeted payout ranging between 100% and 200% of his then-current base salary. Mr. Sheinbaum is eligible to participate in the Company's equity and equity-based incentive plans and programs, and he and his eligible dependents are entitled to participate in all employee benefit plans, programs and policies of the Company. Mr. Sheinbaum also received a one-time sign-on award of 250,000 options and 125,000 shares of restricted stock. In addition, in consideration of Mr. Sheinbaum's forfeiture of equity awards of a prior employer held by him as a result of his employment with the Company, he received a make-whole award of 128,204 shares of restricted stock and $416,675 in cash. Each of the foregoing awards vests pro rata on each of the first, second and third anniversary of the grant date and are subject to the terms and conditions of the Company's Amended and Restated 2010 Equity Incentive Plan and their respective grant agreements. If Mr. Sheinbaum's employment is terminated by the Company without Cause or he terminates his employment for Good Reason (other than within the 24-month period following a Change in Control of the Company), he will be entitled to (i) a lump sum cash payment equal to one and one half times (1.5x) the sum of his base salary and target annual bonus and (ii) up to 18 months of medical and life insurance benefits which shall cease upon his eligibility to receive health insurance benefits from a subsequent employer. In addition, all outstanding equity awards will continue to vest on the anniversary dates of the grant in accordance with the terms of their respective grant agreements and options held by him will remain exercisable for one year post-termination or one year after their vesting date, as applicable. If Mr. Sheinbaum's employment is terminated by the Company without Cause or by him for Good Reason, each within the 24-month period following a Change in Control of the Company (a "CIC Termination"), the severance payment will be two times (2x) the sum of his base salary and target annual bonus and 24 months of continued insurance coverage. In the case of a CIC Termination, or upon Mr. Sheinbaum's termination due to death, disability or retirement, all outstanding equity awards will immediately vest and any options held by him will remain exercisable for one year or, in the case of a CIC Termination or Mr. Sheinbaum's retirement, until the expiration date of the option. In the case of a termination by the Company for Cause or by Mr. Sheinbaum voluntarily (other than for Good Reason or retirement), all unvested equity awards are forfeited and vested awards remain exercisable for 30 days (if for Cause) or 90 days (if voluntarily). All such severance payments and benefits are conditioned on Mr. Sheinbaum's execution of a release of claims in favor of the Company and compliance with the restrictive covenants as provided in the employment agreement.

Pursuant to the severance protection agreement entered into with Mr. Wolf on January 14, 2014, in the event that Mr. Wolf's employment is terminated by the Company without Cause or by Mr. Wolf for Good Reason (as such terms are defined in the severance protection agreement), in each case within the 24 month period following either (i) the occurrence of a Change of Control (as defined in the severance protection agreement), or (ii) the appointment of a chief executive officer other than Mr. Volchek (which appointment occurred on April 16, 2014), in each case occurring after January 14, 2014, Mr. Wolf will be entitled to receive a severance payment in an amount equal to one year of his then-current base salary plus a prorated amount of his annual bonus. The severance payment is subject to Mr. Wolf's execution of a general release and waiver of claims against the Company and his continuing compliance with the restrictive covenants set forth in the severance protection agreement.

Additionally, on April 20, 2015, Mr. Wolf's severance protection agreement was amended and restated. Under the amended and restated severance protection agreement, all of Mr. Wolf's unvested options to purchase shares of common stock of the Company, all of his unvested restricted common stock of the Company and all of his unvested restricted stock units of the Company shall immediately become exercisable or vest, as applicable, as of the date of a

Change of Control and be settled in accordance with the terms of the respective option agreements, restricted stock and restricted stock unit grant agreements provided that he is continuously employed at Company, or one of its subsidiaries, through the date of such Change of Control. Each option shall continue to have the expiration date as set forth in its respective option grant agreement.

On August 6, 2015, the Board approved the Higher One Executive Severance Policy (the "Severance Policy") to provide certain severance payments to designated officers and other key executives and employees of the Company in the event of a qualifying termination of employment. In the event a participant's employment at the Company is terminated (i) by the Company without cause (other than as a result of death or disability) or (ii) by the participant for good reason (in each case a "qualifying termination"), the participant will continue to receive his or her base salary, payable in equal monthly installments over the next 12 months, a prorated annual bonus and reimbursement of COBRA payments (if applicable) for 12 months following termination (the "severance payments"). The severance payments are conditioned upon the participant's execution of a general release of the Company and compliance with certain confidentiality, nonsolicitation, noncompetition and nondisparagement covenants (the "release and covenant conditions"). In the event of a participant's qualifying termination within 75 days prior to or 12 months following a change in control of the Company, the participant's unvested equity awards will immediately vest and be settled as set forth in their grant agreements and stock options will remain outstanding until the earlier of (i) the 12 month anniversary of the termination of the participant's employment with the Company and (ii) the tenth anniversary date of the option grant and the participant will receive the severance payments, in each case, subject to satisfaction of the release and covenant conditions. In the event of a sale of assets of the Company in connection with which the participant ceases to be employed by the Company, depending upon the participant's employment with the acquirer of the assets upon and for 12 months following the sale (or lack of employment at such time or during such period), the participant may receive accelerated vesting of Company equity awards and/or severance payments as described in the Severance Policy and his stock options may remain outstanding until the earlier of (i) the 12 month anniversary of the termination of the participant's employment with the Company and (ii) the tenth anniversary date of the option grant.

***Employee Welfare and Retirement Benefits***

We provide the following benefits, among others, to our named executive officers on the same basis as all other eligible employees of the Company:

- Health insurance;
- Paid time off and paid holidays;
- Life insurance;
- Short-term and long-term disability insurance; and
- 401(k) plan with Company matching contributions of 4%.

We believe these benefits are generally consistent with those offered by our peer group companies.

***Perquisites***

Our named executive officers have received no benefits or perquisites in addition to those offered to all employees of the Company.

***Severance and Change in Control Agreements***

Other than as described under “Employment and Severance Arrangements” above, we do not have any severance or change in control agreements with our named executive officers.

***Risk Assessment***

In 2015, our compensation committee determined that none of our compensation policies and programs creates a risk that is reasonably likely to have a material adverse effect on the Company.

***Policy on Code Section 162(m)***

Section 162(m) denies publicly-held companies a tax deduction for annual compensation in excess of $1 million paid to their chief executive officer or any of their three other most highly compensated executive officers (other than the chief financial officer) employed on the last day of a given year, unless their compensation is based on qualified performance criteria. To qualify for deductibility, these criteria must be established by a committee of independent directors and approved, as to their material terms, by that company's stockholders. With the exception of the discretionary bonuses paid in 2012, since our initial public offering, we have generally structured our bonus and equity-based incentive programs so that they would meet the requirements for performance-based compensation under Section 162(m), although they were not subject to such requirements by law. Our Amended and Restated 2010 Equity Incentive Plan permits (but does not require) the committee to grant equity awards that may qualify as performance-based compensation for purposes of Section 162(m) of the Code. However, our compensation committee may approve compensation or changes to plans, programs or awards that may cause the compensation or awards not to comply with Section 162(m) if it determines that such action is appropriate and in our best interests.

**Summary Compensation Table**

The following table sets forth the compensation paid to or earned during the fiscal years ended December 31, 2015, 2014 and 2013 by (i) our principal executive officer during fiscal year 2015, (ii) our principal financial officer during fiscal year 2015, and (iii) our three other most highly compensated executive officers who were serving as executive officers at the end of fiscal year 2015:

| Name and Principal Position | Year | Salary ($) | Bonus ($) | Stock Awards ($)(1) | Option Awards ($)(1) | Non-Equity Incentive Plan Compensation ($)(2) | All Other Compensation ($)(3) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Marc Sheinbaum | 2015 | 550,000 | 138,897 | 1,168,735 | 174,800 | 665,000 | 9,167 | 2,706,594 |
| *Chief Executive Officer as of April 16, 2014* | 2014 | 389,583 | 550,000 | 1,502,766 | 709,070 | - | - | 3,151,419 |
| Christopher Wolf | 2015 | 390,000 | 327,600 | 451,659 | | 330,000 | 10,600 | 1,509,589 |
| *Chief Financial Officer as of March 5, 2013* | 2014 | 390,000 | - | 477,976 | - | - | 10,400 | 878,376 |
| | 2013 | 294,231 | - | 463,000 | 787,050 | 39,502 | 10,000 | 1,593,783 |
| Thomas Kavanaugh | 2015 | 270,000 | 144,000 | 200,292 | | 255,000 | 10,600 | 879,892 |
| *General Counsel* | | | | | | | | |
| Casey McGuane | 2015 | 360,000 | 302,400 | 169,246 | | 290,000 | 10,600 | 1,132,246 |
| *Chief Service Officer until May 7, 2013;* | 2014 | 360,000 | - | 447,976 | | | 10,400 | 818,376 |
| *Chief Operating Officer after May 7, 2013* | 2013 | 300,000 | - | 34,379 | 1,574,100 | 33,834 | 10,000 | 1,952,313 |
| Robert Reach(6) | 2015 | 343,750 | 90,000 | 169,246 | | 295,000 | 10,600 | 908,596 |
| *Chief Sales Officer* | 2014 | 498,789 | - | 412,976 | | | 10,400 | 922,165 |
| | 2013 | 507,321 | - | 10,310 | 787,050 | 10,150 | 10,000 | 1,324,831 |

(1) The amounts in this column reflect aggregate grant date fair value, computed in accordance with FASB ASC Topic 718, of restricted stock awards, restricted stock units and option awards granted to our named executive officers. For a description of the assumptions used in determining grant date fair value, see Note 2 to our consolidated financial statements. The option awards granted to our named executive officers in 2013 are subject to performance conditions. The grant date fair value of these performance-based option awards assumes that all options will vest pursuant to the terms of the option agreements.

(2) The amounts in this column reflect annual cash bonuses earned by our named executive officers as described in the section “Elements of Compensation—Annual Bonus” above.

(3) The amount shown for each named executive officer represents Company matching contributions under our 401(k) plan.

(4) This amount reflects payment of the first installment of Mr. Sheinbaum's cash-based sign on award pursuant to his employment agreement.

(5) Amounts reflect the payment at vesting of cash awards awarded in August 2014.

(6) Salary amounts shown for Mr. Reach consist of a base salary of $300,000, $325,000 and $350,000 for 2013, 2014 and 2015, respectively and sales commissions of $207,321, $173,789 for 2013, and 2014 respectively. The increase to $350,000 in 2015 was effective on April 1, 2015, so the amount shown is prorated.

**Grants of Plan-Based Awards in Fiscal Year 2015**

The following table sets forth, for each of the named executive officers, awards granted during fiscal 2015 under our annual cash bonus program and our 2010 Equity Incentive Plan. The exercise price for our options is based on the average of the high and low price on the New York Stock Exchange on the day immediately preceding the grant date.

| | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Name** | **Grant Date** | **Threshold ($)** | **Target ($)** | **Maximum ($)** | **All Other Stock Awards: Number of Shares of Stock or Units (#)** | **All Other Option Awards: Number of Securities Underlying Options (#)** | **Exercise or Base Price of Option Awards ($/Sh)** | **Closing Market Price on Date of Grant ($/Sh)** | **Grant Date Fair Value of Stock and Option Awards ($)** |
| Marc Sheinbaum | 9/21/2015 | - | - | - | 150,000 | - | - | 2.15 | 322,500 |
| Marc Sheinbaum | 3/2/2015 | - | - | - | 247,437 | - | - | 3.42 | 846,235 |
| Marc Sheinbaum | 3/2/2015 | - | - | - | - | 125,000 | 3.42 | - | 174,800 |
| Marc Sheinbaum | 3/27/2015 | - | 550,000 | 962,500 | | | | | |
| Marc Sheinbaum | 9/21/2015 | | 660,000 | | | | | | |
| Christopher Wolf | 3/2/2015 | - | - | - | 132,064 | - | - | 3.42 | 451,659 |
| Christopher Wolf | 3/27/2015 | - | 273,000 | 477,750 | - | - | - | - | |
| Christopher Wolf | | - | - | - | - | - | - | - | |
| Thomas Kavanaugh | 3/2/2015 | - | - | - | 58,565 | - | - | | |