

Net Element, Inc.  
Form 8-K  
December 28, 2018

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported) December 26, 2018**

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**Net Element, Inc.**

**(Exact Name of Registrant as Specified in Charter)**

|                        |                         |                       |
|------------------------|-------------------------|-----------------------|
| <b>Delaware</b>        | <b>001-34887</b>        | <b>90-1025599</b>     |
| <b>(State or Other</b> |                         | <b>(IRS</b>           |
| <b>Jurisdiction</b>    | <b>(Commission File</b> | <b>Employer</b>       |
| <b>of</b>              | <b>Number)</b>          | <b>Identification</b> |
| <b>Incorporation)</b>  |                         | <b>No.)</b>           |

**3363 NE 163rd Street,  
Suite 705,  
North Miami Beach,**

**FL 33160**  
**(Address of**  
**Principal**  
**Executive**  
**Offices)**  
**(Zip Code)**

**(305) 507-8808**  
**(Registrant's**  
**telephone**  
**number, including**  
**area code)**

**Not Applicable**  
**(Former Name or**  
**Former Address,**  
**if Changed Since**  
**Last Report)**

Check the  
appropriate box  
below if the Form  
8-K filing is  
intended to  
simultaneously  
satisfy the filing  
obligation of the  
registrant under  
any of the  
following  
provisions:

Written  
communications  
pursuant to Rule  
425 under the  
Securities Act (17  
CFR 230.425)

Soliciting material  
pursuant to Rule  
14a-12 under the  
Exchange Act (17  
CFR 240.14a-12)

Pre-commencement  
communications  
pursuant to Rule

14d-2(b) under the  
Exchange Act (17  
CFR 240.14d-2(b))

Pre-commencement  
communications  
pursuant to Rule  
13e-4(c) under the  
Exchange Act (17  
CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth  
company, indicate by check  
mark if the registrant has  
elected not to use the  
extended transition period  
for complying with any  
new or revised financial  
accounting standards  
provided pursuant to  
Section 13(a) of the  
Exchange Act.

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**Item 1.01 Entry into a Material Definitive Agreement.**

On December 26, 2018, Unified Portfolio Acquisitions, LLC (the “Purchaser”), a subsidiary of Net Element, Inc. (the “Company”), entered into an Advance and Residual Purchase Agreement (the “Agreement”) with Argus Merchant Services, LLC (“Argus”) and Treasury Payments, LLC (“Treasury”); Argus and Treasury are collectively referred to herein as the “Seller”). Pursuant to the Agreement, the Purchaser acquired certain transactional services portfolios (“cash flow assets”) from the Seller for a total purchase consideration of \$1,426,000. The cash flow assets consist of residuals (the “Residuals”) that the Seller is entitled to receive pursuant to certain agreements (including any amendments of such agreements, the “Combined Marketing Agreements”) with TOT Payments, LLC (doing business as Unified Payments), a subsidiary of the Company.

On October 27, 2018, the Purchaser paid to Seller \$1,150,000 (the “Advance Amount”). The Advance Amount and the balance of the purchase consideration is to be repaid to the Purchaser from Residuals due to the Seller, whereby each and every month, commencing from January 2019 (the “Effective Date”) and for a period of 24 months (the “Advance Period”), the Purchaser will be entitled to a certain amount of the Seller’s Residuals. Such Residuals due to the Purchaser are secured by certain of the Seller’s property as collateral.

At the end of the Advance Period (the “Transfer Date”), the Purchaser will receive an ownership interest in a portfolio of cash flow assets by creating with the Seller, a new static portfolio pool of mutually agreed residual income from Seller ISO codes comprising merchant accounts boarded by the Seller under the Combined Marketing Agreements.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

**Exhibit**

**Description**

**Number**

10.1 Advance and Residual Purchase Agreement, dated December 26, 2018, among Unified Portfolio Acquisitions, LLC, Argus Merchant Services, LLC and Treasury Payments, LLC\*

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\*Filed herewith.



**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: December 28, 2018

NET ELEMENT, INC.

By: /s/ Jeffrey Ginsberg

Name: Jeffrey Ginsberg

Title: Chief Financial Officer

**EXHIBIT INDEX**

| <b>Exhibit<br/>Number</b> | <b>Description</b>  |
|---------------------------|---|
| 10.1                      | Advance and Residual Purchase Agreement, dated December 26, 2018, among Unified Portfolio Acquisitions, LLC, Argus Merchant Services, LLC and Treasury Payments, LLC* |

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\*Filed herewith.