

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

UNITED STATES

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

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

Net Element, Inc.

(Exact Name of Registrant as Specified in Charter)

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

**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.

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	<u>Advance and Residual Purchase Agreement, dated December 26, 2018, among Unified Portfolio Acquisitions, LLC, Argus Merchant Services, LLC and Treasury Payments, LLC*</u>
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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

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