

MobileSmith, Inc.  
Form 10-K  
March 27, 2014

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2013

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-32634

MOBILESMITH, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation  
or organization)

95-4439334  
(I.R.S. Employer Identification No.)

5400 Trinity Road, Suite 208  
Raleigh, North Carolina  
(Address of principal executive offices)

27607  
(Zip Code)

(855) 516-2413

(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
N/A	N/A

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

Common Stock, \$0.001 par value  
(Title of Class)

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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 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(Do not check if a smaller reporting company)

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

The aggregate market value of common stock held by non-affiliates of the registrant as of June 28, 2013 was approximately \$27,528,813 (based on the closing sale price of \$1.50 per share).

The number of shares of the registrant's common stock, \$0.001 par value per share, outstanding as of March 21, 2014 was 19,827,542.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive Information Statement to be delivered to stockholders in connection with the Annual Meeting of Stockholders to be held on or about June 17, 2014, are incorporated by reference into Part III hereof.

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## PART I

### Special Note Regarding Forward-Looking Statements

Information set forth in this Annual Report on Form 10-K contains various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”) and other laws. Forward-looking statements consist of, among other things, trend analyses, statements regarding future events, future financial performance, our plan to build our business and the related expenses, our anticipated growth, trends in our business, the potential impact of current or future litigation and government investigations, our ability to continue as a going concern, and the sufficiency of our capital resources including funds available under our existing credit facility, the funds available under our convertible note facility and the future sales of Convertible Secured Subordinated Promissory Notes (the “Notes”), all of which are based on current expectations, estimates, and forecasts, and the beliefs and assumptions of our management. Words such as “expect,” “anticipate,” “project,” “intend,” “plan,” “estimate,” variations of such words, and similar expressions also are intended to identify such forward-looking statements. These forward-looking statements are subject to risks, uncertainties, and assumptions that are difficult to predict. Therefore, actual results may differ materially and adversely from those expressed in any forward-looking statements. Readers are directed to risks and uncertainties identified under Part I, Item 1A, “Risk Factors,” and elsewhere in this report for factors that may cause actual results to be different than those expressed in these forward-looking statements. Except as required by law, we undertake no obligation to revise or update publicly any forward-looking statements for any reason.

## ITEM 1. BUSINESS

### General

MobileSmith, Inc. (referred to herein as, “MobileSmith,” the “Company,” “us,” “we,” or “our”) was incorporated in Delaware August 1993 and became a public company through a self-registration in February 2005. The Company’s common stock trades on the OTC Bulletin Board (the “OTCBB”) under the symbol “MOST”.

### Principal Products and Services

We develop and market a software-as-a-service (“SaaS”) platform that allows non-programmers to design and build native mobile applications for smartphones and tablets. Our flagship product is the MobileSmith™ Platform (the “Platform”). Platform related services often include data integration and training. We also provide consulting services, which include assistance with design and implementation of mobile strategy, implementation of mobile marketing strategy and the development of mobile apps.

In May 2013, our management agreed to discontinue our legacy business of domain hosting and e-commerce effective as of July 31, 2013. Results of these legacy operations are presented as discontinued operations in the Statements of Operations.

### Mode of Operations

We use a SaaS business model – the customers acquire access to the Platform through user subscription agreements and are able to obtain total control of mobile app production. Our business model allows for creation and management of any desired number of apps by our customers for a monthly license fee. The on-demand SaaS model developed using multi-tenant architecture enables end users to visit a website and use the SaaS applications, all via a web browser, with no installation, no special information technology knowledge, and no maintenance. The SaaS application is transformed into a service that can be used anytime and anywhere by the end user. Multi-tenant SaaS applications also

permit us to add needed functionality to our applications in one location for the benefit of all end users. This capability allows us to provide upgrades universally.

#### Target Market and Sales Channels

We believe that the do-it-yourself model for creation and management of apps will become a cost effective solution for enterprise clients who have an ever increasing need to interact with their customers and employees through mobile devices. Single apps may reach their limits of usability very quickly, if made complex. The Platform offers an ability to create multiple, customized non-template apps with designated functionalities and specific designs without incurring additional costs.

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Our market penetration strategy focuses on three distinct sectors:

Government:

We believe that the Platform has a unique capability to service various structures within federal, state and local governments, as government structure is highly segmented by function and territory. In addition, the Platform can be safely placed behind the firewalls of individual departments, where data security is a primary concern. Replicating the Platform and placing it behind a secure firewall would allow an organization to create and manage multiple mobile apps with targeted functionality for targeted audiences without going outside of the secure firewall.

Healthcare clients:

Healthcare organizations, such as hospitals and healthcare networks are akin to government in their departmental segmentation and territorial reach. Additionally, healthcare companies are subject to increased regulation as a result of the Affordable Care Act and may be subject to penalties for delivering inefficient care under new Medicare regulations. Hospitals increasingly turn to portfolios of apps to increase efficiency and remain competitive: outpatient care apps, wellness apps, physician referral apps, appointment apps, discharge apps and others. We believe that the Platform has a significant competitive advantage in the healthcare space due to the ability to deliver a variety of targeted mobile solutions cost effectively.

Enterprise clients:

The third sector combines all other large and multi-national enterprise clients, where large-scale customization based on functionality or territory is of the highest value, and other contributors such as time to market, technology reach, and ease of use play important roles. These target clients may include large food chains, media and PR companies, software solutions providers, hardware manufacturers, mortgage brokers and real estate franchises.

Principal Customers

The Company had customers that in both 2012 and 2013 accounted for more than 10% of the Company's revenue. Due to fact that revenue generated in both years is low in comparison to overall operating costs, the Company believes that the loss of any of those customers would not have a significant impact on operations.

Research and Development

During 2012, we completed the development of the Platform and the software was released to customers.

In 2013, our development efforts shifted to enhancing the Platform with various functionalities sought by customers and potential customers in our target markets. We continuously monitor such demand, rapidly develop the functionalities and make them available to all our customers, current and future. We continuously add value to our customers by advising them on new and creative ways to use mobile technology.

During the year ended December 31, 2013, we introduced the following upgrades to the Platform:

- Release of MobileSmith™ 3.0 platform, which includes improvements to the user interface and streamlined workflow;

Release of iPad AppCanvas™ on July 19, 2013. With this release the Platform can produce native iPad apps with the same ease and agility as the iPhone and Android phone apps. Tablets are currently driving mobile app usage and the Platform became one of the first SaaS app platforms to accommodate this trend;

Introduction of Enterprise App Versioning (“EAV”), which allows for more structured ways of app version development and release to internal and public app stores. EAV also allows managing of multiple live app versions without forcing users to download a new version of an app; and

In September 2013, we added Device Content Management (“DCM”) functionality, which allows customers’ data to be easily integrated in the Platform. DCM allows for development of apps that use content from existing databases. DCM enabled apps are not only able to receive push updates from the servers, but can also push data updates back to the servers. DCM functionality significantly increases the range and sophistication of apps that can be built on the Platform.

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## Competition

Today, three main solutions exist for enterprises in need of a mobile native (non-HTML 5) application:

A company may hire an enterprise software application vendor and outsource the creation of a mobile app based on the defined specifications. A customer often does not have control over the creation of the final product and any subsequent modifications of the delivered product.

A large company with existing in-staff development teams may acquire a subscription to a Mobile Application Development Platform (“MADP”). MADP space is represented by the following solutions: HP’s Anywhere Mobile Development Platform, SAP’s Sybase Unwired Platform, IBM’s Worklight, KONY Solutions, Appcelerator, and Xamarin. Customers that use an MADP have full control over creation of the mobile apps, but are required to have developers on staff.

A company may subscribe to one of several do-it-yourself platforms (“DIY platforms”). Customers that use a DIY platform have full control over the app creation process and developer knowledge is not required to produce those apps. Current DIY platforms predominantly have narrow specializations (e.g., event app creation platforms).

MobileSmith differentiates itself from its competition because:

The Platform allows for creation of apps with sophisticated functionality; and

The Platform is designed for use by non-developers. The primary users of the Platform within our customers’ organizations are marketing and designer teams – individuals who have the best understanding of the behavior and demands of the end users of the apps – those who actually download the apps on their phones.

## Intellectual Property

We have two patent applications pending with the U.S. Patent and Trademark Office. These patents, if granted, will cover the technology comprising the Platform.

We have four trademark applications pending with the U.S. Patent and Trademark Office. These trademarks, if granted, will cover certain names that identify specifics of the Platform user interface.

## Employees

As of December 31, 2013, we had 28 full time employees and no part time employees. None of our employees are subject to collective bargaining agreements.

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Executive Officers of the Registrant

Amir Elbaz (age 37)

Chief Executive Officer since May 2013. Amir Elbaz is also our Chairman of the Board. During his tenure as a member of the Board of Directors and its Chairman, Mr. Elbaz has been actively involved in the operations of the Company. Mr. Elbaz has served on the Board of Directors since January 2010 and as Chairman of the Board since November 2012. Mr. Elbaz served as the Executive Vice President & Chief Financial Officer of Lithium Technology Corporation (“LTC”) until November 2008. Mr. Elbaz joined LTC in 2006 to oversee finances and marketing, as well as business development. Prior to joining LTC, Mr. Elbaz served as a Senior Associate of Arch Hill Capital NV, a Dutch venture firm, from 2005-2006. During 2004 and most of 2005, Mr. Elbaz served as Vice President of Corporate Finance at Yorkville Advisors, where Mr. Elbaz sourced, structured and managed investments in more than a dozen public and private companies. Prior to joining Yorkville Advisors, Mr. Elbaz served for several years as an analyst with the Economic Department in the Procurement Mission of the Israeli Ministry of Defense in New York City. In that capacity, Mr. Elbaz co-headed multi-million dollar negotiations with first tier technology companies, and was in charge of the financial aspects of the day-to-day operations. Mr. Elbaz holds a B.A. from the University of Haifa, Israel, and an M.B.A. in Finance & Investments from Bernard Baruch College, CUNY, New York. Following his M.B.A. graduation, Mr. Elbaz was elected to the International Honorary Finance Society of Beta Gamma Sigma.

Bob Dieterle (age 47)

Senior Vice President and General Manager since January 2011. Mr. Dieterle is Chief Innovator of the Platform. Mr. Dieterle brings with him over 20 years of global technology experience from companies like IBM and Lenovo and is an accomplished thought leader in the adoption and commercialization of emerging technologies at the consumer and enterprise levels. Prior to joining MobileSmith, Mr. Dieterle served as the Executive Director of World Wide Product Management and Marketing of Services at Lenovo from 2006 to 2009. Mr. Dieterle has a B.S. in Electrical Engineering from North Carolina State University, and an M.B.A. from Duke University’s Fuqua School of Business.

Gleb Mikhailov (age 34)

Chief Financial Officer since April 2013. From January 2013 to March 2013, Mr. Mikhailov served as the Manager of Financial Reporting and SEC Consulting in the SEC Solutions Group of Citrin Cooperman, LLP, an accounting firm providing business solutions and accounting services to middle market companies. From 2005 until 2012, Mr. Mikhailov was employed by EisnerAmper LLP, a full-service advisory and public accounting firm, in its Private Business Services Group and Audit and Assurance Group. He was a Manager at EisnerAmper LLP since 2010. Mr. Mikhailov holds a B.A. in Accounting from Rutgers, The State University of New Jersey and an M.B.A. from Rutgers Business School. Mr. Mikhailov holds a CPA license issued by the State of New Jersey.

Robert Hancock (age 42)

Vice President – Sales since September 2011. Mr. Hancock oversees MobileSmith’s sales, business development, and customer service functions. Prior to joining MobileSmith, Mr. Hancock served as Vice President of Sales and then Co-CEO of Prometheus Group, a leading provider of technology solutions for the SAP marketplace, where he oversaw the expansion of Prometheus Group into the number one vendor in their market. Mr. Hancock brings over 15 years of building, developing, and managing marketing and sales organizations of technology companies including tenures in senior management positions with Outstart, ASPE, and Redwood Software. Mr. Hancock has a B.S. in Applied Economics from Clemson University.

Available Information

Our corporate information is accessible through our main web portal at [www.MobileSmith.com](http://www.MobileSmith.com). We are not including the information contained on our website as a part of, or incorporating it by reference into, this Annual Report on Form 10-K. Although we endeavor to keep our website current and accurate, there can be no guarantees that the information on our website is up to date or correct. We make available, free of charge, access to all reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including our Annual Reports on Form 10-K, our Quarterly Reports on Form 10-Q, our Current Reports on Form 8-K, and amendments to these reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The Company's reports filed with, or furnished to, the SEC are also available on the SEC's website [www.sec.gov](http://www.sec.gov).

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ITEM 1A. RISK FACTORS

The following risk factors, among others, could affect our actual results of operations and could cause our actual results to differ materially from those expressed in forward-looking statements made by us. These forward-looking statements are based on current expectations and except as required by law we assume no obligation to update this information. You should carefully consider the risks described below and elsewhere in this Annual Report on Form 10-K before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. Our common stock is considered speculative and the trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. The following risk factors are not the only risk factors facing the Company. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business.

Historically, we have operated at a loss, and we continue to do so.

We have had recurring losses from operations and continue to have negative cash flows. If we do not become cash flow positive through additional financing or growth, we may have to cease operations and liquidate our business.

We are dependent on investors for the financing of our operations.

We have not yet achieved positive cash flows from operations, and our main source of funds is the sale of Notes under the Convertible Secured Subordinated Note Purchase Agreement, dated November 14, 2007, as amended (as so amended, the “Note Purchase Agreement”). We must continue to rely on this source of financing until we are able to generate sufficient cash from revenues to fund our operations. The aggregate face value of the Notes as of December 31, 2013 was \$26,165,000. The Notes and any additional Notes will mature on November 14, 2016. The holders of the Notes (the “Noteholders”), have agreed to purchase up to \$33,000,000 in Notes under the Note Purchase Agreement; however this commitment is non-binding. If financing under the Note Purchase Agreement becomes unavailable, we will be required to seek other sources of financing. There is no guarantee that we will be able to obtain additional financing.

We may not be able to repay the outstanding balance of the Notes upon maturity and/or extend the maturity date of the Notes, and without additional financing we may have to cease operations and liquidate our business.

In addition, we have an outstanding promissory note with Israel Discount Bank (“IDB”) with a due date of May 31, 2014 (the “IDB Credit Facility”). The IDB Credit Facility is guaranteed by an irrevocable letter of credit issued by UBS Private Bank (“UBS”) with an expiration date of November 30, 2015. If we are not successful in extending the IDB Credit Facility, or replacing IDB with another lender, IDB will likely execute on the letter of credit issued by UBS and we will require additional financing to repay UBS and as a result our reputation will suffer.

Our independent registered public accounting firm indicates that it has substantial doubts that we can continue as a going concern. Our independent registered public accounting firm’s opinion may negatively affect our ability to raise additional funds, among other things. If we fail to raise sufficient capital, we will not be able to implement our business plan, we may have to liquidate our business, and you may lose your investment.

Cherry Bekaert LLP, our independent registered public accounting firm, has expressed substantial doubt in its report included within this Annual Report on Form 10-K about our ability to continue as a going concern given our recurring losses from operations and deficiencies in working capital and equity, which are described in the first risk factor above. This report could materially limit our ability to raise additional funds by issuing new debt or equity securities or otherwise. If we fail to raise sufficient capital, we will not be able to implement our business plan, we may have to liquidate our business, and you may lose your investment. You should consider our independent registered public

accounting firm's report when determining if an investment in us is suitable.

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The delivery of software via the SaaS business model is more vulnerable to cyber-crime than the sale of pre-packaged software.

On June 28, 2012, our internal corporate network was compromised and portions of our proprietary products were intentionally deleted from the network and most back-up devices. The Company engaged professional security information technology specialists to remediate the problem and contacted the government agencies that oversee cyber-crime. While it appears that no individual customer information was accessed or stolen, this occurrence could have destroyed our foundation. Since the incident, the Company made investments in its network security and operations, but we cannot assure that a similar problem will not occur in the future.

Our service involves the storage and transmission of customers' proprietary information. If our security measures are breached as a result of third-party action, employee error, malfeasance or otherwise and, as a result, unauthorized access is obtained to our customers' data or our data, our reputation could be damaged, our business may suffer, and we could incur significant liability. In addition, third parties may attempt to fraudulently induce employees or customers to disclose sensitive information such as user names, passwords, or other information in order to gain access to our customers' data or our data, which could result in significant legal and financial exposure and a loss of confidence in the security of our service that would harm our future business prospects. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed and we could lose sales and customers.

Our business is currently dependent on the success of a single product, the Platform, and related services.

Our business model is dependent on the commercial success of the Platform. Our future financial performance and revenue growth will depend on acceptance by the market of our vision that mobile app development by a non-developer will become a mainstream solution for businesses of all sizes. Our growth is dependent on the introduction of new features to the Platform and innovation in the area of mobile app development solutions for a wide range of customers.

Officers, directors, principal stockholders and other related parties control us. This might lead them to make decisions that do not align with interests of minority stockholders.

Our principal stockholders beneficially own or control a large percentage of our outstanding common stock. Certain of these principal stockholders hold Notes, which may be exercised or converted into additional shares of our common stock under certain conditions. The Noteholders have designated a bond representative to act as their agent. We have agreed that the bond representative shall be granted access to our facilities and personnel during normal business hours, shall have the right to attend all meetings of the Board of Directors and its committees, and shall receive all materials provided to the Board of Directors or any committee. In addition, so long as the Notes are outstanding, we have agreed that we will not take certain material corporate actions without approval of the bond representative.

Our principal stockholders, acting together, would have the ability to control substantially all matters submitted to our stockholders for approval (including the election and removal of directors and any merger, consolidation, or sale of all or substantially all of our assets) and to control our management and affairs. Accordingly, this concentration of ownership may have the effect of delaying, deferring, or preventing a change in control of us; impeding a merger, consolidation, takeover, or other business combination involving us; or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could materially and adversely affect the market price of our common stock.

Mr. Avy Lugassy controls Grasford Investments Ltd. (“Grasford”). As of December 31, 2013, Grasford holds 8,805,269, or 44%, of Company’s issued and outstanding common stock and approximately \$13.83 million in aggregate principal amount of the Notes. Being a significant beneficial owner of the Company, Mr. Lugassy may exercise significant influence on the Company’s operations acting through the Company’s Board of Directors.

In addition, as of December 31, 2013, Union Bancaire Privée (“UBP”) holds approximately \$10,877,179 million in aggregate principal amount of the Notes. Because UBP may convert its Notes upon request, if UBP so converts, it would acquire a significant percentage of our then outstanding shares of common stock and, like Grasford, would be able to exercise significant influence on the Company’s operations as a result.

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Any future issuance of our shares of common stock could have a dilutive effect on the value of our existing shares of common stock.

Subsequent to the debt modification that occurred on June 26, 2013, described in Part II, Item 7 under the heading “Liquidity and Capital Resources—Financing Activities and Sources of Cash” each of the Noteholders received an option to convert their Notes upon their request.

In addition, the conversion price was adjusted to 80% of the lowest closing price of our shares of common stock in the 12-month period immediately preceding the date of conversion, with a floor of \$.50. As of December 31, 2013, the aggregate face value of the Notes was \$26,165,000. If all of the Notes are converted at the floor price of \$.50, the Company will have to issue 52,330,000 new shares of common stock, which will result in significant dilution of our existing shares of common stock.

The Company does not have sufficient shares of common stock authorized to issue all of the shares of common stock into which the Notes may be converted. The Company expects to obtain stockholder approval to increase the number of shares of common stock authorized at its 2014 Annual Meeting of Stockholders. In the event that a Noteholder converts Notes before the increase in authorized shares of common stock takes place and there is an insufficient number of authorized shares on that date, the Noteholder may request that the Company call a special meeting of the stockholders specifically for the purpose of increasing the number of the authorized shares of common stock to cover the remaining portion of the Notes outstanding.

Our shares of common stock are thinly traded and investments in our shares may be illiquid.

Our shares of common stock are traded infrequently. In the 252 trading days for the year ended December 31, 2013, only 94,800 of our shares of common stock were traded, which resulted in an average daily volume of approximately 376 shares. Even an insignificant investment in our shares of common stock may be illiquid.

Future utilization of net operating loss carryforwards may be limited.

In accordance with Section 382 of the Internal Revenue Code of 1986, as amended, a change in equity ownership of greater than 50% of the Company within a three-year period can result in an annual limitation on the Company’s ability to utilize its net operating loss carryforwards that were created during tax periods prior to the change in ownership. A change in ownership may result from the issuance of shares of the Company’s common stock pursuant to conversion of the Notes or any other event that would result in the issuance of common or preferred shares of the Company, among other events.

The executive management team is critical to the execution of our business plan, and the frequency of management turnover has been disruptive to the success of our business.

Our executive management team has experienced significant changes in the last five years, including the resignation of our former Chief Executive Officers in December 2008 and May 2013 and our former interim Chief Executive Officers in May 2009 and November 2009.

In 2012, our former Chief Operating Officer resigned. Our former Chief Financial Officers resigned in May 2009 and April 2013.

The 2008-2009 resignations mostly related to the securities class action involving events taking place between years 2005 and 2007 and that was settled on June 18, 2010. For further information refer to the Legal Proceedings narrative included in Note 6 to the Company’s financial statements.

The 2013 resignations relate to the current Chairman of the Board, Mr. Amir Elbaz, taking over as Chief Executive Officer of the Company with a mission of implementing a strategic development and growth plan for our mobile business. During 2013, all legacy operations of domain hosting and e-commerce were discontinued.

If we cannot attract and retain qualified personnel and/or integrate new members of our executive management team effectively into our business, then our business and financial results may suffer. In addition, all of our executive team works at the same location, which could make us vulnerable to the loss of our entire team in the event of a natural or other disaster. We do not maintain key man insurance policies on any of our employees.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

The Company does not hold any properties that are material to its operations.

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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## PART II

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

Our common stock is currently quoted on the OTCBB under the symbol "MOST." The following table sets forth the range of high and low sales prices of shares of our common stock quoted on the OTCBB for the quarterly periods indicated. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Year Ended December 31, 2012:	High	Low
First Quarter	\$ 1.49	\$ 0.50
Second Quarter	\$ 1.55	\$ 0.90