

Marathon Patent Group, Inc.  
Form PRE 14A  
October 15, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant    
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Check the appropriate box:

- Preliminary Proxy Statement
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**Marathon Patent Group, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):  
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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

**Marathon Patent Group, Inc.**

**1180 N. Town Center Drive, Suite 100**

**Las Vegas, NV 89144**

October \_\_, 2018

To the Shareholders of Marathon Patent Group, Inc.:

You are cordially invited to attend the 2018 Annual Meeting of Shareholders (the “Annual Meeting”) of Marathon Patent Group, Inc., a Nevada corporation (the “Company”), to be held at \_\_\_\_\_ local time on \_\_\_\_\_, 2018, at the Company’s offices at 1180 N. Town Center Drive, Suite 100, Las Vegas, Nevada 89144 to consider and vote upon the following proposals:

1. To elect two Class I directors for a three-year term expiring in 2021.
2. To elect two Class II directors to fill certain vacancies for a term expiring upon expiration of the current term for Class II directors in 2019.
3. To grant the Board of Directors the discretionary authority to effect a reverse stock split (the “Reverse Split Proposal”) of the Company’s common stock.

To approve the issuance of securities in one or more non-public offerings where the maximum discount at which securities will be offered will be equivalent to a discount of 20% below the market price of our common stock, as required by and in accordance with Nasdaq Marketplace Rule 5635(d).

To approve any change of control that could result from the potential issuance of securities in the non-public offerings following approval of Proposal No. 4, as required by and in accordance with Nasdaq Marketplace Rule 5635(b).

To approve an amendment to the Company’s 2018 Equity Incentive Plan to eliminate the performance-based compensation exception to the deductibility limitations under Section 162(m) of the Internal Revenue Code and to include any individual who was our then current or former named executive officers as a “covered employee,” such that payments to former employees will be subject to the deduction limitations thereunder.

The ratification of the appointment of RBSM, LLP, as the Company’s independent registered certified public accountant for the fiscal year ended December 31, 2018.

8.

To transact such other business as may be properly brought before the 2018 Annual Meeting and any adjournments thereof.

**THE BOARD OF DIRECTORS OF THE COMPANY UNANIMOUSLY RECOMMENDS A VOTE “FOR” APPROVAL OF THE ABOVE EIGHT PROPOSALS.**

Pursuant to the provisions of the Company’s bylaws, the board of directors of the Company (the “Board”) has fixed the close of business on \_\_\_\_\_, 2018 as the record date for determining the shareholders of the Company entitled to notice of, and to vote at, the Annual Meeting or any adjournment thereof. Accordingly, only shareholders of record at the close of business on \_\_\_\_\_, 2018 are entitled to notice of, and shall be entitled to vote at, the Annual Meeting or any postponement or adjournment thereof.

Please review in detail the attached notice and proxy statement for a more complete statement of matters to be considered at the Annual Meeting.

Your vote is very important to us regardless of the number of shares you own. Whether or not you are able to attend the Annual Meeting in person, please read the proxy statement and promptly vote your proxy via the internet, by telephone or, if you received a printed form of proxy in the mail, by completing, dating, signing and returning the enclosed proxy in order to assure representation of your shares at the Annual Meeting. Granting a proxy will not limit your right to vote in person if you wish to attend the Annual Meeting and vote in person.

By Order of the Board of Directors:

*/s/ Merrick D. Okamoto*

Merrick D. Okamoto,  
Chairman of the Board of Directors

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2018 annual meeting of shareholders (the “Annual Meeting”) of Marathon Patent Group, Inc. (the “Company”) will be held at the Company’s offices at 1180 N. Town Center Drive, Suite 100, Las Vegas, Nevada 89144, on \_\_\_\_\_, 2018, beginning at \_\_\_\_\_ local time. At the Annual Meeting, the holders of the Company’s outstanding common stock will act on the following matters:

1. To elect two Class I directors for a three-year term expiring in 2021.
2. To elect two Class II directors to fill certain vacancies for a term expiring upon expiration of the current term for Class II directors in 2019.
3. To grant the Board of Directors the discretionary authority to effect a reverse stock split (the “Reverse Split Proposal”) of the Company’s common stock.

To approve the issuance of securities in one or more non-public offerings where the maximum discount at which securities will be offered will be equivalent to a discount of 20% below the market price of our common stock, as required by and in accordance with Nasdaq Marketplace Rule 5635(d).

To approve any change of control that could result from the potential issuance of securities in the non-public offerings following approval of Proposal No. 4, as required by and in accordance with Nasdaq Marketplace Rule 5.5635(b).

To approve an amendment to the Company’s 2018 Equity Incentive Plan to eliminate the performance-based compensation exception to the deductibility limitations under Section 162(m) of the Internal Revenue Code and to include any individual who was our then current or former named executive officers as a “covered employee,” such that payments to former employees will be subject to the deduction limitations thereunder.

The ratification of the appointment of RBSM, LLP, as the Company’s independent registered certified public accountant for the fiscal year ended December 31, 2018.

To transact such other business as may be properly brought before the Annual Meeting and any adjournments thereof.

Shareholders of record at the close of business on \_\_\_\_\_, 2018 are entitled to notice of and to vote at the 2018 Annual Meeting and any postponements or adjournments thereof.

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It is hoped you will be able to attend the 2018 Annual Meeting, but in any event, please vote according to the instructions on the enclosed proxy as promptly as possible. If you are able to be present at the 2018 Annual Meeting, you may revoke your proxy and vote in person.

Dated: \_\_\_\_\_, 2018 By Order of the Board of Directors:

*/s/ Merrick D. Okamoto*  
Merrick D. Okamoto,  
Chairman of the Board of Directors

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**MARATHON PATENT GROUP, INC.**

**1180 N. Town Center Drive, Suite 100**

**Las Vegas, NV 89144**

**ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held \_\_\_\_\_, 2018**

**PROXY STATEMENT**

The Board of Directors of Marathon Patent Group, Inc. (the “Company”) is soliciting proxies from its shareholders to be used at the 2018 annual meeting of shareholders (the “Annual Meeting”) to be held at the Company’s offices at 1180 N. Town Center Drive, Suite 100, Las Vegas, Nevada 89144, on \_\_\_\_\_, 2018, beginning at \_\_\_\_\_ local time. and at any postponements or adjournments thereof. This proxy statement contains information related to the Annual Meeting. This proxy statement and the accompanying form of proxy are first being sent to shareholders on or about \_\_\_\_\_, 2018.

**ABOUT THE ANNUAL MEETING**

***Why am I receiving this proxy statement?***

You are receiving this proxy statement because you have been identified as a shareholder of the Company as of the record date which our Board has determined to be November \_\_, 2018, and thus you are entitled to vote at the Company’s 2018 Annual Meeting. This document serves as a proxy statement used to solicit proxies for the 2018 Annual Meeting. This document and the Appendixes hereto contain important information about the 2018 Annual Meeting and the Company and you should read it carefully.

***Who is entitled to vote at the 2018 Annual Meeting?***

Only shareholders of record as of the close of business on the record date will be entitled to vote at the 2018 Annual Meeting. As of the close of business on the record date, there were 25,519,940 shares of our common stock issued and outstanding and entitled to vote. Each common stock shareholder is entitled to one vote for each share of our common stock held by such shareholder on the record date on each of the proposals presented in this proxy statement.

***May I vote in person?***

If you are a shareholder of the Company and your shares are registered directly in your name with the Company's transfer agent, Equity Stock Transfer, you are considered, with respect to those shares, the shareholder of record, and the proxy materials and proxy card are being sent directly to you by the Company. If you are a shareholder of record, you may attend the 2018 Annual Meeting to be held on \_\_\_\_\_, and vote your shares in person, rather than signing and returning your proxy.

If your shares of common stock are held by a bank, broker or other nominee, you are considered the beneficial owner of shares held in "street name," and the proxy materials are being forwarded to you together with a voting instruction card by such bank, broker or other nominee. As the beneficial owner, you are also invited to attend the 2018 Annual Meeting. Since a beneficial owner is not the shareholder of record, you may not vote these shares in person at the 2018 Annual Meeting unless you obtain a proxy from your broker issued in your name giving you the right to vote the shares at the 2018 Annual Meeting.

Photo identification may be required (a valid driver's license, state identification or passport). If a shareholder's shares are registered in the name of a broker, trust, bank or other nominee, the shareholder must bring a proxy or a letter from that broker, trust, bank or other nominee or their most recent brokerage account statement that confirms that the shareholder was a beneficial owner of shares of stock of the Company as of the Record Date. Since seating is limited, admission to the meeting will be on a first-come, first-served basis.

Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting.

***If my Company shares are held in “street name” by my broker, will my broker vote my shares for me?***

Generally, if shares are held in street name, the beneficial owner of the shares is entitled to give voting instructions to the broker or nominee holding the shares. If the beneficial owner does not provide voting instructions, the broker or nominee can still vote the shares with respect to matters that are considered to be “*routine*,” but not with respect to “*non-routine*” matters, as discussed further below. Your broker will not be able to vote your shares of common stock without specific instructions from you for “non-routine” matters.

If your shares are held by your broker or other agent as your nominee, you will need to obtain a proxy form from the institution that holds your shares and follow the instructions included on that form regarding how to instruct your broker or other agent to vote your shares.

***What are “broker non-votes”?***

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute “broker non-votes.” “Broker non-votes” occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. These matters are referred to as “non-routine” matters. Since brokers are permitted to vote on “routine” matters without instructions from the beneficial owner, “broker non-votes” do not occur with respect to “routine” matters.

Proposal 1 to elect two Class I directors, Proposal 2 to elect two Class II directors, Proposal 4, to approve the issuance of securities in one or more non-public offerings where the maximum discount at which securities will be offered will be equivalent to a discount of 20% below the market price of our common stock, as required by and in accordance with Nasdaq Marketplace Rule 5635(d), Proposal 5, to approve any change of control that could result from the potential issuance of securities in the non-public offerings following approval of Proposal No. 4, as required by and in accordance with Nasdaq Marketplace Rule 5635(b), Proposal 6, to approve an amendment to the Company’s 2018 Equity Incentive Plan to eliminate the performance-based compensation exception to the deductibility limitations under Section 162(m) of the Internal Revenue Code and to include any individual who was our then current or former named executive officers as a “covered employee,” such that payments to former employees will be subject to the deduction limitations thereunder and Proposal 8 to transact such other business as may be properly brought before the 2018 Annual Meeting and any adjournments thereof are “non-routine matters.”

Proposal 3 to grant the Board of Directors the discretionary authority to effect a reverse stock split (the “Reverse Split Proposal”) of the Company’s common stock and Proposal 7 to ratify the appointment of RBSM, LLP, as the Company’s independent registered certified public accountant for the fiscal year ended December 31, 2018, are “routine” matters.

The determination of “routine” and “non-routine” matters is determined by brokers and those firms responsible to tabulate votes cast by beneficial owners of shares held in street name and other nominees. Firms casting such votes have generally been guided by rules of the New York Stock Exchange when determining if proposals are considered “routine” or “non-routine”. When a matter to be voted on is the subject of a contested solicitation, banks, brokers and other nominees do not have discretion to vote your shares with respect to any proposal to be voted on.

***How do I cast my vote if I am a shareholder of record?***

If you are a shareholder with shares registered in your name with the Company's transfer agent, Equity Stock Transfer, on the record date, you may vote in person at the 2018 Annual Meeting or vote by proxy by telephone or internet [\_\_\_\_\_] or by mail. Whether or not you plan to attend the 2018 Annual Meeting, please vote as soon as possible to ensure your vote is counted. You may still attend the 2018 Annual Meeting and vote in person even if you have already voted by proxy. For more detailed instructions on how to vote using one of these methods, please see the section of this proxy statement entitled "The 2018 Annual Meeting—Voting Procedures" beginning on page \_\_\_\_.

To vote in person. You may attend the 2018 Annual Meeting and the Company will give you a ballot when you arrive.

To vote by proxy by telephone or internet. If you have telephone or internet access, you may submit your proxy by following the instructions provided in this proxy statement, or by following the instructions provided with your proxy materials and on the enclosed proxy card or voting instruction card.

To vote by proxy by mail. You may submit your proxy by mail by completing and signing the enclosed proxy card and mailing it in the enclosed envelope. Your shares will be voted as you have instructed.

***How do I cast my vote if I am a beneficial owner of shares registered in the name of any broker or bank?***

If you are a beneficial owner of shares registered in the name of your broker, bank, dealer or other similar organization, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from the Company. Simply complete and mail the proxy card to ensure that your vote is counted. Alternatively, you may vote by telephone or over the internet as instructed by your broker or other agent. To vote in person at the 2018 Annual Meeting, you must obtain a valid proxy from your broker or other agent. Follow the instructions from your broker or other agent included with these proxy materials or contact your broker or bank to request a proxy form.

***What constitutes a quorum for purposes of the 2018 Annual Meeting?***

The presence at the meeting, in person or by proxy, of the holders of at least a majority of the issued and outstanding shares entitled to vote are present or represented by proxy at the Annual Meeting permitting the conduct of business at the meeting. On the record date, there were 25,519,940 shares of Common Stock and 0 shares of preferred stock issued and outstanding and entitled to vote. Accordingly, the holders of 12,759,971 shares eligible to vote must be present at the 2018 Annual Meeting to have a quorum. Proxies received but marked as abstentions or broker

non-votes, if any, will be included in the calculation of the number of votes considered to be present at the meeting for purposes of a quorum. Your shares will be counted toward the quorum at the 2018 Annual Meeting only if you vote in person at the meeting, you submit a valid proxy or your broker, bank, dealer or similar organization submits a valid proxy.

***Can I change my vote?***

Yes. Any shareholder of record voting by proxy has the right to revoke their proxy at any time before the polls close at the 2018 Annual Meeting by sending a written notice stating that they would like to revoke his, her or its proxy to the Corporate Secretary of the Company; by providing a duly executed proxy card bearing a later date than the proxy being revoked; or by attending the 2018 Annual Meeting and voting in person. Attendance alone at the 2018 Annual Meeting will not revoke a proxy. If a shareholder of the Company has instructed a broker to vote its shares of common stock that are held in "street name," the shareholder must follow directions received from its broker to change those instructions.

***Who is soliciting this proxy – Who is paying for this proxy solicitation?***

We are soliciting this proxy on behalf of our Board of Directors. The Company will bear the costs of and will pay all expenses associated with this solicitation, including the printing, mailing and filing of this proxy statement, the proxy card and any additional information furnished to shareholders. In addition to mailing these proxy materials, certain of our officers and other employees may, without compensation other than their regular compensation, solicit proxies through further mailing or personal conversations, or by telephone, facsimile or other electronic means. We will also, upon request, reimburse banks, brokers, nominees, custodians and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy materials to the beneficial owners of our stock and to obtain proxies.

***What vote is required to approve each item?***

The following votes are required to approve each proposal:

***Proposal 1*** - Election of the Class I directors requires a plurality (the two nominees receiving the most “FOR” votes) of the votes cast at the 2018 Annual Meeting.

***Proposal 2*** - Election of the Class II directors requires a plurality (the two nominees receiving the most “FOR” votes) of the votes cast at the 2018 Annual Meeting.

***Proposal 3*** – To grant the Board of Directors the discretionary authority to effect a reverse stock split (the “Reverse Split Proposal”) of the Company’s common stock. “FOR” votes from the holders of a majority of the outstanding shares of the Company’s common stock as of the record date for the 2018 Annual Meeting are required to approve this proposal.

***Proposal 4*** – To approve the issuance of securities in one or more non-public offerings where the maximum discount at which securities will be offered will be equivalent to a discount of 20% below the market price of our common stock, as required by and in accordance with Nasdaq Marketplace Rule 5635(d). “FOR” votes from the holders of a majority of the shares of the Company’s common stock present in person or represented by proxy and entitled to vote on the matter at the 2018 Annual Meeting are required to approve this proposal.

***Proposal 5*** - To approve any change of control that could result from the potential issuance of securities in the non-public offerings following approval of Proposal No. 4, as required by and in accordance with Nasdaq Marketplace Rule 5635(b). “FOR” votes from the holders of a majority of the shares of the Company’s common stock present in person or represented by proxy and entitled to vote on the matter at the 2018 Annual Meeting are required to approve this proposal.

***Proposal 6*** - To approve an amendment to the Company’s 2018 Equity Incentive Plan to eliminate the performance-based compensation exception to the deductibility limitations under Section 162(m) of the Internal Revenue Code and to include any individual who was our then current or former named executive officers as a “covered employee,” such that payments to former employees will be subject to the deduction limitations thereunder. “FOR” votes from the holders of a majority of the shares of the Company’s common stock present in person or represented by proxy and entitled to vote on the matter at the 2018 Annual Meeting are required to approve this proposal.

***Proposal 7*** - The ratification of the appointment of RBSM, LLP, as the Company’s independent registered certified public accountant for the fiscal year ended December 31, 2018. “FOR” votes from the holders of a majority of the shares of the Company’s common stock present in person or represented by proxy and entitled to vote on the matter at the 2018 Annual Meeting are required to approve this proposal.

***Proposal 8*** - To transact such other business as may be properly brought before the Annual Meeting and any adjournments thereof. “FOR” votes from the holders of a majority of the shares of the Company’s common stock present in person or represented by proxy and entitled to vote on the matter at the 2018 Annual Meeting are required to approve this proposal.

**Will My Shares Be Voted If I Do Not Return My Proxy Card?**

If your shares are registered in your name or if you have stock certificates, they will not be voted if you do not return your proxy card by mail or vote at the Annual Meeting. If your broker cannot vote your shares on a particular matter because it has not received instructions from you and does not have discretionary voting authority on that matter, or because your broker chooses not to vote on a matter for which it does have discretionary voting authority, this is referred to as a “broker non-vote.” The New York Stock Exchange (“NYSE”) has rules that govern brokers who have record ownership of listed company stock (including stock such as ours that is listed on The Nasdaq Capital Market) held in brokerage accounts for their clients who beneficially own the shares. Under these rules, brokers who do not receive voting instructions from their clients have the discretion to vote uninstructed shares on certain matters (“routine matters”), but do not have the discretion to vote uninstructed shares as to certain other matters (“non-routine matters”). Under NYSE interpretations, Proposal 3 and 7 are routine matters.

If your shares are held in street name and you do not provide voting instructions to the bank, broker or other nominee that holds your shares the bank, broker or other nominee has the authority, even if it does not receive instructions from you, to vote your unvoted shares for Proposal 3 and 7 but does not have authority to vote your unvoted shares on any of the other proposals submitted to shareholders for a vote at the Annual Meeting. We encourage you to provide voting instructions. This ensures your shares will be voted at the Annual Meeting in the manner you desire.

***Can I access these proxy materials on the Internet?***

Yes. The Notice of Annual Meeting, this proxy statement and the Appendixes hereto (including the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, attached as Appendix B hereto) are available for viewing, printing, and downloading at \_\_\_\_\_ . All materials will remain posted on www\_\_\_\_\_/\_\_\_\_\_ at least until the conclusion of the meeting.

***What should I do if I receive more than one set of voting materials?***

You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a shareholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please vote your shares applicable to each proxy card and voting instruction card that you receive.

***How can I find out the results of the voting at the Annual Meeting?***

Preliminary voting results will be announced at the Annual Meeting. Final voting results will be published in a Current Report on Form 8-K filed with the Securities and Exchange Commission within four business days of the 2018 Annual Meeting.

***What interest do officers and directors have in matters to be acted upon?***

No person who has been a director or executive officer of the Company at any time since the beginning of our fiscal year, and no associate of any of the foregoing persons, has any substantial interest, direct or indirect, in any matter to be acted upon, other than Proposal No. 1 and Proposal 2, the election of the nominees as Class I/Class II directors set forth herein.

***Who can provide me with additional information and help answer my questions?***

If you would like additional copies, without charge, of this proxy statement or if you have questions about the proposals being considered at the 2018 Annual Meeting, including the procedures for voting your shares, you should contact David Lieberman, the Company's Secretary, by telephone at (702) 945-2773.

*Householding of Annual Disclosure Documents*

The SEC previously adopted a rule concerning the delivery of annual disclosure documents. The rule allows us or brokers holding our shares on your behalf to send a single set of our annual report and proxy statement to any household at which two or more of our shareholders reside, if either we or the brokers believe that the shareholders are members of the same family. This practice, referred to as “householding,” benefits both shareholders and us. It reduces the volume of duplicate information received by you and helps to reduce our expenses. The rule applies to our annual reports, proxy statements and information statements. Once shareholders receive notice from their brokers or from us that communications to their addresses will be “household,” the practice will continue until shareholders are otherwise notified or until they revoke their consent to the practice. Each shareholder will continue to receive a separate proxy card or voting instruction card.

Those shareholders who either (i) do not wish to participate in “householding” and would like to receive their own sets of our annual disclosure documents in future years or (ii) who share an address with another one of our shareholders and who would like to receive only a single set of our annual disclosure documents should follow the instructions described below:

shareholders whose shares are registered in their own name should contact our transfer agent,

shareholders whose shares are registered in their own name should contact our transfer agent, Equity Stock Transfer LLC, and inform them of their request by calling them at (212) 575-5757 or writing them at 237 W. 37<sup>th</sup> Street, Suite 601, New York, NY 10018.

shareholders whose shares are held by a broker or other nominee should contact such broker or other nominee directly and inform them of their request, shareholders should be sure to include their name, the name of their brokerage firm and their account number.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of our Common Stock as of October 12, 2018: (i) by each of our directors, (ii) by each of the named executive officers, (iii) by all of our executive officers and directors as a group, and (iv) by each person or entity known by us to beneficially own more than five percent (5%) of any class of our outstanding shares. As of October, 12, 2018, there were 25,519,940 shares of our common stock outstanding.

## Amount and Nature of Beneficial Ownership as of October 12, 2018 (1)

Name and Address of Beneficial Owner (1)	Common Stock	Options (5)	Warrants	Total	Percentage of Common Stock (%) (6)
<b>Officers and Directors</b>					
Merrick Okamoto (Executive Chairman and Interim CEO)	87,500	(4) 2,500,000	-	2,587,500	9.2 %
David Lieberman (Interim CFO)	37,500	100,000	-	137,500	.*
James Crawford (COO) (2)	-	86,250	-	86,250	*
Fred Thiel	-	25,000	-	25,000	*
Michael Berg	-	25,000	-	25,000	*
Michael Rudolph	-	25,000	-	25,000	*
All Directors and Executive Officers (six persons)	125,000	2,761,250	-	2,886,250	10.4 %
<i>Greater than 5% Holders:</i>					
Global Bit Ventures Inc. (3)	3,000,000	-	-	3,000,000	10.5 %

\* Less than 1%

(1) In determining beneficial ownership of our common stock as of a given date, the number of shares shown includes shares of Common Stock which may be acquired on exercise of warrants or options or conversion of convertible

securities within 60 days of October 12, 2018. In determining the percent of Common Stock owned by a person or entity on October 12, 2018, (a) the numerator is the number of shares of the class beneficially owned by such person or entity, including shares which may be acquired within 60 days on exercise of warrants or options and conversion of convertible securities, and (b) the denominator is the sum of (i) the total shares of Common Stock outstanding on October 12, 2018 and (ii) the total number of shares that the beneficial owner may acquire upon conversion of securities and upon exercise of the warrants and options, subject to limitations on conversion and exercise as more fully described below. Unless otherwise stated, each beneficial owner has sole power to vote and dispose of its shares and such person's address is c/o Marathon Patent Group, Inc., 1180 N. Town Center Drive, Suite 100, Las Vegas, NV 89144.

Represents options to purchase (i) 7,500 shares of Common Stock at an exercise price of \$16.66 per share, (ii) (2) 20,000 shares of Common Stock at an exercise price of \$25.60 per share and (iii) 8,750 shares of Common Stock at an exercise price of \$7.44 per share.

(3) 2 Burlington Woods Drive, Suite 100, Los Angeles, CA 90025. Based on a Schedule 13G filed with the Securities and Exchange Commission on August 14, 2018.

(4) Held by First Stage Capital, Inc. over which Mr. Okamoto holds sole voting and dispositive power.

Represents vested portion of Option Award under the Company's 2018 Equity Incentive Plan (other than Mr. (5) Crawford in the amount of 50,000 vested options) exercisable within 60 days. Ten year options exercisable at \$0.58 per share awarded October 12, 2018.

All calculations exclusive of effects of August 14, 2017 units consisting of convertible notes and warrants. The convertible notes are convertible into shares of common stock at the lesser of (i) \$0.80 per share or (ii) the closing bid price of the Company's common stock on the day prior to conversion; provided that such conversion price may not be less than \$0.40 per share. The warrants have an exercise price of \$1.20 per share. The convertible notes mature December 31, 2019 and bear interest at the rate of 5% per annum. As of the record date, the Company had an outstanding principal obligation pursuant to the convertible notes in the amount of \$999,106. The convertible notes and warrants contain a "Beneficial Ownership Limitation" which shall be 4.99% of the number of shares of the (6) common stock outstanding immediately after giving effect to the issuance of shares upon conversion of the note or warrant (taking all holdings into account). The holder may decrease the Beneficial Ownership Limitation at any time and the holder, upon not less than 61 days' prior notice to the Company, may increase the Beneficial Ownership Limitation provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance. Unless converted on or prior to the record date, convertible notes and warrants do not vote on any matter submitted for shareholder approval at the 2018 Annual Meeting.

**DIRECTORS AND OFFICERS**

Set forth below is certain information regarding our directors and executive officers. Our Board is comprised of five directors, and is divided among three classes, Class I, Class II and Class III. Class I directors will serve until the 2018 annual meeting of shareholders and until their respective successors have been duly elected and qualified, or until such director's earlier resignation, removal or death. Class II directors will serve until the 2019 annual meeting of shareholders and until their respective successor has been duly elected and qualified, or until such director's earlier resignation, removal or death. Class III directors will serve until the 2020 annual meeting of shareholders and until their respective successor has been duly elected and qualified, or until such director's earlier resignation, removal or death. All officers serve at the pleasure of the Board.

The following table presents information with respect to our current senior officers and directors:

<b>Name and Address</b>	<b>Age</b>	<b>Date First Elected or Appointed</b>	<b>Position(s)</b>
Merrick D. Okamoto	57	August 13, 2017	Chief Executive Officer and Executive Chairman of the Board of Directors (Class III)
David P. Lieberman	74	August 13, 2017	Interim Chief Financial officer and Director (Class I)
James Crawford	43	March 1, 2013	Chief Operating Officer
Fred Thiel	57	April 24, 2018	Director (Class 1)
Michael Berg	69	August 17, 2018	Director (Class 1)
Michael Rudolph	67	August 17, 2018	Director (Class 1)

**Background of officers and directors**

The following is a brief account of the education and business experience during at least the past five years of our officers and directors, indicating each person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

*Merrick D. Okamoto - Chief Executive Officer and Executive Chairman of the Board of Directors*

Mr. Merrick D. Okamoto, age 57, serves as acting Executive Chairman of the Board and has served as a director of the Company since August 2017. Mr. Okamoto also serves as the President at Viking Asset Management, LLC (“Viking”) (an SEC Registered Investment Advisor) which he co-founded in 2002. He is responsible for research, due diligence and structuring potential investment opportunities for the Longview Family of Funds. Mr. Okamoto has been instrumental in providing capital to over 200 private and public companies and he is responsible for Viking’s trading operations. He served as the Chairman of Optex Systems Holdings, Inc., from January 2013 to November 2014, and as its director from March 2009 to November 2014. He currently serves as an Executive Director at Embark Corporation. Prior to Viking, Mr. Okamoto co-founded TradePortal.com, Inc., in 1999 (“TradePortal”) and served as its President until 2001. He was instrumental in developing the proprietary Trade Matrix software platform offered by TradePortal Securities. Mr. Okamoto’s negotiations were key in selling a minority stake in TradePortal to Thomson Financial. Prior to TradePortal, Mr. Okamoto had been employed in the securities industry since 1983. He served as Vice President at Shearson Lehman Brothers, Prudential Securities and Paine Webber. Mr. Okamoto founded First Stage Capital, Inc. in 1996, which advises public and private Companies on business matters. Mr. Okamoto is widely recognized as an advanced securities trader specializing in short-term trading with sector momentum and has extensive experience in technical market analysis techniques. From 1987 to 1990, Mr. Okamoto hosted the television program, The Income Report. He has been featured as a guest speaker on CNN and the McNeil/Lehrer Report. We believe that Mr. Okamoto is qualified to serve as a member of our Board because of his experience in investments and securities matters.

***David P. Lieberman – Interim Chief Financial Officer and Director***

Mr. David Lieberman, age 74, is a seasoned business executive with over 40 years of financial experience beginning with five years as an accountant with Price Waterhouse. He has extensive experience as a senior operational and financial executive serving both multiple public and non-public companies. Mr. Lieberman currently serves as the President of Cobra International and Lieberman Financial Consulting where he acts as administrator for several investment groups. Previously he served as CFO and Director for MEDL Mobile Holdings, Inc., and CFO and Director of Datasension, Inc., a telephone market research company that provides both outbound and inbound services to corporate customers, since January 2008 and a director of that company since 2006. From 2006 to 2007, he served as Chief Financial Officer of Dalrada Financial Corporation, a publicly traded payroll processing company based in San Diego. From 2003 to 2006, he was the Chief Financial Officer for John Goyak & Associates, Inc., a Las Vegas-based aerospace consulting firm. Mr. Lieberman attended the University of Cincinnati, where he received his B.A. in Business, and is a licensed CPA in the State of California. We believe that Mr. Lieberman is qualified to serve as a member of our Board because of his experience as an executive with financial and accounting experience and experience as a director on boards of directors.

***James Crawford—Chief Operating Officer***

Mr. James Crawford, age 43, was a founding member of Kino Interactive, LLC, and of AudioEye, Inc. Mr. Crawford’s experience as an entrepreneur spans the entire life cycle of companies from start-up capital to compliance officer and director of reporting public companies. Prior to his involvement as Chief Operating Officer of the Company, Mr. Crawford served as a director and officer of Augme Technologies, Inc. beginning March 2006, and assisted the company in maneuvering through the initial challenges of acquisitions executed by the company through 2011 that established the company as a leading mobile marketing company in the United States. Mr. Crawford is experienced in

public company finance and compliance functions. He has extensive experience in the area of intellectual property creation, management and licensing. Mr. Crawford also served on the board of directors Modavox and Augme Technologies, and as founder and managing member of Kino Digital, Kino Communications, and Kino Interactive.

***Fred Thiel - Director***

Since June 2017, Mr. Thiel, age 57, has been the Chairman of SPROCKET, INC., a Blockchain/Cryptocurrency technology and financial services company whose mission is to reduce the risk and friction of cryptocurrency trading across marketplaces, regions and exchanges by establishing a federation of exchanges that together create a single aggregated global trading market place with large scale liquidity, rapid execution, minimal counter-party risk, and price transparency. From January 2013 until November 2015, Mr. Thiel served as a director of Local Corporation, which was a NASDAQ listed entity which was a leader in on-line local search and digital media, mobile search monetization and programmatic retargeting markets. He served as Chairman of the Board of LOCAL from January 2014 to November 2015 and as its Chief Executive Officer from May 2014 to November 2015. Mr. Thiel has been the principal of Thiel Advisors Inc. since 2013. Thiel Advisors is a boutique advisory firm providing PE and VC firms, as well as public and private company boards of director, with deep technology industry operating expertise and strategic advisory services. Mr. Thiel has no family relationship with any other officer or director. The Board believes that Mr. Thiel meets the definition of an “Independent Director” as defined by NASDAQ. We believe Mr. Thiel is qualified to serve as a member of our Board because of his experience in trading markets and cryptocurrency which are related to the development of the Company’s digital asset mining and cryptocurrency businesses.

**Michael Berg - Director**

Mr. Berg, age 69, has been a practicing accountant for over 30 years. Since, May of 2011, he has served on the Board of Directors of Sol Array, a high technology company based in China, which develops next generation solar cells, and serves as an advisor to several small public companies. From September of 1977 until June of 1985, he was an audit manager for Coopers & Lybrand (now PWC) in San Francisco and in January 2008, co-founded and served as the West Coast PIC of PMB Helin Donovan, a 100+ person CPA firm. From September. He has established several independent companies including EXIS in January, 1992, which sold and installed a proprietary software product which he helped develop for distributed general ledger systems . Mr. Berg has worked extensively with public companies and as participated in many public offerings in national markets. The Board believes that Mr. Berg meets the definition of an “Independent Director” as defined by NASDAQ. We believe Mr. Berg is qualified to serve as a member of our Board because of his experience as an advisor to public companies and public offering experience.

**Michael Rudolph – Director**

Mr. Rudolph, age 67, has served since July 1995, as the President and Chief Executive Officer of the Edgehill Group, Inc. a consulting firm which provides financial management, operational expertise, strategic advice, practical management and tactical guidance. Among other assignments Mr. Rudolph served as the Contract Chief Financial Officer for Consejosano, Inc., a Hispanic Telehealth provider, from May 2016 to July 2017. Mr. Rudolph also was the Chief Financial Officer of Fullbottle, Inc., an online advertising agency from April 2014 to May 2017. Mr. Rudolph co-founded and served as Chief Financial Officer and Managing Member of Viking Asset Management, LLC an SEC

registered investment advisor (“RIA”) from January 2001 until March 2016. The Board believes that Mr. Rudolph meets the definition of an “Independent Director” as defined by NASDAQ. We believe Mr. Rudolph is qualified to serve as a member of our Board because of his financial and investment advisory experience.

## **Board Composition**

Directors shall be divided into three classes. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors, and any remaining directors shall be included within such groups as the Board of Directors shall designate. The first such class of directors was elected for a term which expired in 2015. The second class was elected for a term which expired in 2016. The third class was elected to a term which expired in 2017. At each annual meeting successors to the class of directors whose term expires at the annual meeting in that year shall be elected for a three-year term. Directors currently are elected to the class and for the terms as provided in Proposal No. I and II as determined by the Board of Directors, with class II members being elected to fill the vacancies created by prior resignations of Class II directors, or until the earlier of their death, resignation, removal or until their successors have been duly elected and qualified. There are no family relationships among our Directors. Our bylaws provide that the number of members of our Board may be changed from time to time by resolutions adopted by the Board and/or the shareholders. Our Board currently consists of five members.

## **Term of Office**

Our Board is currently comprised of five directors, and is divided among three classes, Class I, Class II and Class III. Class I directors will serve until the 2018 annual meeting of shareholders and until their respective successors have been duly elected and qualified, or until such director's earlier resignation, removal or death. Two Class I directors, once elected at the 2018 Annual Meeting, will serve until the 2021 annual meeting of shareholders and two Class II directors, once elected at the 2018 Annual Meeting, will serve until expiration of the current Class II term, at the 2019 annual meeting, and until each of their respective successors has been duly elected and qualified, or until such director's earlier resignation, removal or death. Mr. Okamoto was elected a Class III director at the 2017 annual meeting of shareholders and will serve until the 2020 annual meeting, and until his successor has been duly elected and qualified, or until his earlier resignation, removal or death. All officers serve at the pleasure of the Board.

## **Directorships**

Except as otherwise reported above, none of our directors held directorships in other reporting companies and registered investment companies at any time during the past five years.

## **Involvement in Certain Legal Proceedings**

During the past ten years, none of our officers, directors, promoters or control persons has been:

- (a) convicted in a criminal proceeding or is subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);  
subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of
- (b) competent jurisdiction or any Federal or State authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities;
- (c) found by a court of competent jurisdiction (in a civil action), the Commission or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law;  
the subject of, or a party to, any Federal or State judicial or administrative order, judgment, decree, or finding, not
- (d) subsequently reversed, suspended or vacated, relating to an alleged violation of (a) any Federal or State securities or commodities law or regulation; (b) any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order; or (c) any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
- (e)

the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (15 U.S.C. 78c(a)(26))), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29))), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

### **Board Leadership Structure**

Our Board does not have a policy on whether the same person should serve as both the Chief Executive Officer and Chairman of the Board or, if the roles are separate, whether the Chairman should be selected from the non-employee directors or should be an employee. Our Board believes that it should have the flexibility to periodically determine the leadership structure that it believes is best for the Company.

## **Board Role in Risk Oversight**

Risk is inherent with every business and we face a number of risks. Management is responsible for the day-to-day management of risks we face, while our Board is responsible for overseeing our management and operations, including overseeing its risk assessment and risk management functions.

## **Number of Meetings of the Board of Directors and Committees**

During 2017, the Board held 27 meetings, the Audit Committee held 1 meeting, the Compensation Committee held 0 meetings and the Nominating and Corporate Governance Committee held 0 meetings. Directors are expected to attend Board and Committee meetings and to spend time needed to meet as frequently as necessary to properly discharge their responsibilities. Each active director attended at least 75% of the aggregate number of meetings of the Board during 2017.

## **Attendance at Annual Meetings of the Shareholders**

The Company has no policy requiring Directors and Director Nominees to attend its Annual Meeting of shareholders; however, all Directors and Director Nominees are encouraged to attend.

## **Director Independence**

Mr. Thiel, Mr. Berg and Mr. Rudolph are considered “independent” directors based on the definition of independence in the listing standards of The NASDAQ Stock Market LLC (“NASDAQ”).

## **Shareholder Communications**

Shareholders may send communications to the Company’s directors as a group or individually, by writing to those individuals or the group: c/o the Chief Executive Officer c/o Marathon Patent Group, Inc., 180 N. Town Center Drive, Suite 100, Las Vegas, NV 89144. The Chief Executive Officer will review all correspondence received and will forward all correspondence that is relevant to the duties and responsibilities of the Board or the business of the

Company to the intended director(s). Examples of inappropriate communication include business solicitations, advertising and communication that is frivolous in nature, relates to routine business matters (such as product inquiries, complaints or suggestions), or raises grievances that are personal to the person submitting the communication. Upon request, any director may review communication that is not forwarded to the directors pursuant to this policy.

### **Committees of the Board of Directors**

Our Board of Directors has established three standing committees: an audit committee, a compensation committee and a nominating and corporate governance committee, which are described below. Members of these committees are elected annually at the regular board meeting held in conjunction with the annual shareholders' meeting. The charter of each committee is available on our website at <http://www.marathonpg.com/>.

#### *Audit Committee*

The Audit Committee member are currently Mr. Berg, as Chairman, Mr. Thiel and Mr. Rudolph. The Committee has authority to review our financial records, deal with our independent auditors, recommend to the Board policies with respect to financial reporting, and investigate all aspects of our business. All of the members of the Audit Committee currently satisfy the independence requirements and other established criteria of NASDAQ.

The Audit Committee Charter is available on the Company's website at <http://www.marathonpg.com/>. The Audit Committee has sole authority for the appointment, compensation and oversight of the work of our independent registered public accounting firm, and responsibility for reviewing and discussing with management and our independent registered public accounting firm our audited consolidated financial statements included in our Annual Report on Form 10-K, our interim financial statements and our earnings press releases. The Audit Committee also reviews the independence and quality control procedures of our independent registered public accounting firm, reviews management's assessment of the effectiveness of internal controls, discusses with management the Company's policies with respect to risk assessment and risk management and will review the adequacy of the Audit Committee charter on an annual basis.

*Compensation Committee*

The Compensation Committee oversees our executive compensation and recommends various incentives for key employees to encourage and reward increased corporate financial performance, productivity and innovation. Its members are currently Mr. Thiel as Chairman, Mr. Berg and Mr. Rudolph. All of the members of the Compensation Committee currently satisfy the independence requirements and other established criteria of NASDAQ.

The Compensation Committee Charter is available on the Company's website at <http://www.marathonpg.com/>. The Compensation Committee is responsible for: (a) assisting our Board in fulfilling its fiduciary duties with respect to the oversight of the Company's compensation plans, policies and programs, including assessing our overall compensation structure, reviewing all executive compensation programs, incentive compensation plans and equity-based plans, and determining executive compensation; and (b) reviewing the adequacy of the Compensation Committee charter on an annual basis. The Compensation Committee, among other things, reviews and approves the Company's goals and objectives relevant to the compensation of the Chief Executive Officer, evaluate the Chief Executive Officer's performance with respect to such goals, and set the Chief Executive Officer's compensation level based on such evaluation. The Compensation Committee also considers the Chief Executive Officer's recommendations with respect to other executive officers and evaluates the Company's performance both in terms of current achievements and significant initiatives with long-term implications. It assesses the contributions of individual executives and recommend to the Board levels of salary and incentive compensation payable to executive officers of the Company; compares compensation levels with those of other leading companies in similar or related industries; reviews financial, human resources and succession planning within the Company; recommend to the Board the establishment and administration of incentive compensation plans and programs and employee benefit plans and programs; recommends to the Board the payment of additional year-end contributions by the Company under certain of its retirement plans; grants stock incentives to key employees of the Company and administer the Company's stock incentive plans; and reviews and recommends for Board approval compensation packages for new corporate officers and termination packages for corporate officers as requested by management.

*Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee members are currently Mr. Rudolph, as Chairman, Mr. Thiel and Mr. Berg. The Nominating and Corporate Governance Committee has the following responsibilities: (a) setting qualification standards for director nominees; (b) identifying, considering and nominating candidates for membership on the Board; (c) developing, recommending and evaluating corporate governance standards and a code of business conduct and ethics applicable to the Company; (d) implementing and overseeing a process for evaluating the Board, Board committees (including the Committee) and overseeing the Board's evaluation of the Chairman and Chief Executive Officer of the Company; (e) making recommendations regarding the structure and composition of the Board and Board committees; (f) advising the Board on corporate governance matters and any related matters required by the federal securities laws; and (g) assisting the Board in identifying individuals qualified to become Board members; recommending to the Board the director nominees for the next annual meeting of shareholders; and recommending to the Board director nominees to fill vacancies on the Board.

The Nominating and Governance Committee Charter is available on the Company's website at <http://www.marathonpg.com/>. The Nominating and Governance Committee determines the qualifications, qualities, skills, and other expertise required to be a director and to develop, and recommend to the Board for its approval, criteria to be considered in selecting nominees for director (the "Director Criteria"); identifies and screens individuals qualified to become members of the Board, consistent with the Director Criteria. The Nominating and Governance Committee considers any director candidates recommended by the Company's shareholders pursuant to the procedures described in the Company's proxy statement, and any nominations of director candidates validly made by shareholders in accordance with applicable laws, rules and regulations and the provisions of the Company's charter documents. The Nominating and Governance Committee makes recommendations to the Board regarding the selection and approval of the nominees for director to be submitted to a shareholder vote at the Annual Meeting of shareholders, subject to approval by the Board.

**EXECUTIVE COMPENSATION**

The following summary compensation table sets forth information concerning compensation for services rendered in all capacities during 2017 and 2016 awarded to, earned by or paid to our executive officers or most highly paid individuals. The value attributable to any option awards and stock awards reflects the grant date fair values of stock awards calculated in accordance with FASB Accounting Standards Codification Topic 718. As described further in “Note 5 — Stockholders’ Equity - Common Stock Options” in our Notes to Consolidated Financial Statements, the assumptions made in the valuation of these option awards and stock awards is set forth therein.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary</b>	<b>Bonus Awards</b>	<b>Stock Awards</b>	<b>Option Awards</b>	<b>Non-Equity Plan Compensation</b>	<b>Nonqualified Deferred Earnings</b>	<b>All Other Compensation</b>	<b>Total</b>
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Doug Croxall (1) CEO and Chairman	2017	366,256	459,000	756,000	-	-	-	76,881	1,658,137
	2016	511,210	509,000	-	-	-	-	-	1,020,210
Francis Knuettel II (2) CFO & Secretary	2017	282,917	185,000	54,000	-	-	-	41,537	563,453
	2016	250,000	185,000	-	-	-	-	-	435,000
James Crawford (3) COO	2017	152,622	50,000	-	-	-	-	22,058	224,680
	2016	184,290	50,000	-	-	-	-	-	234,290
David Liu (4) CTO	2017	52,083	-	-	-	-	-	15,711	67,794
	2016	114,583	-	-	198,105	-	-	-	312,688
Erich Spangenberg (5) Dir. of Acq. & Lic.	2017	142,728	200,000	-	-	-	-	21,550	364,277
	2016	150,000	200,000	-	357,264	-	-	-	707,264
Merrick Okamoto (6) Interim CEO	2017	-	-	-	-	-	-	-	-

- Doug Croxall entered into a Retention Agreement on August 22, 2017, as amended, pursuant to which his employment with the Company terminated on December 31, 2017. Factors associated with the 2017 compensation of Mr. Croxall are principally related to changes to the nature of the Company’s capitalization following the
- (1) elimination of indebtedness owed to DBD Credit Funding, LLC (“DBD”) on October 20, 2017 and establishment of a special purpose entity (“SPE”) by DBD to pursue a significant portion of the business of the Company prior to its formation as more fully described in the Company’s Annual Report on Form 10-K under “Senior Secured Term Notes – Amendment to senior Secured Term Note Amendment”.
  - (2) Francis Knuettel II entered into a Retention Agreement on August 30, 2017 which replaced his prior employment agreement. On April 22, 2018, Mr. Knuettel resigned as the Chief Financial Officer and Secretary of the Company. Factors associated with the 2017 compensation of Mr. Knuettel are principally related to changes to the nature of the Company’s capitalization following the elimination of indebtedness owed to DBD on October 20, 2017 and establishment of a SPE by DBD to pursue a significant portion of the business of the Company prior to its

formation as more fully described in the Company's Annual Report on Form 10-K under "Senior Secured Term Notes – Amendment to Senior Secured Term Note Amendment".

- (3) James Crawford entered into a new employment agreement in August 30, 2017 which replaced his prior employment agreement.
- (4) David Liu was appointed as the Chief Technology Officer of the Company on July 18, 2016, and his employment with the Company was terminated on March 15, 2017.
- (5) Erich Spangenberg was appointed as the Director of Acquisitions and Licensing on May 11, 2016 and his employment with the Company was terminated on August 3, 2017.

Merrick Okamoto was appointed Interim Chief Executive Officer on December 29, 2017 and received no (6) cash/stock compensation in 2017 as an officer. See "Directors' Compensation" for a description of Mr. Okamoto's compensation as a director during 2017.

### **Employment Agreements**

On December 29, 2017, the Board appointed Merrick Okamoto to serve as interim Chief Executive Officer of the Company, effective January 1, 2018. On October 11, 2018, the Company, entered into a 2 year Employment Agreement, subject to successive 1 year extensions, with Merrick Okamoto (the "Agreement"), pursuant to which Mr. Okamoto will serve as the Executive Chairman and Chief Executive Officer of the Company. Pursuant to the terms of the Agreement, Mr. Okamoto shall receive a an annual base salary of \$350,000 (subject to annual 3% cost of living increase) and an annual bonus up to 100% of base salary as determined by the Compensation Committee or the Board. As further consideration for Mr. Okamoto's services, the Company agreed to issue Mr. Okamoto 10 year stock options to purchase 5,000,000 shares of Common Stock, with a strike price of \$0.58 per share, vesting 50% on the date of grant and 25% following each 6 months anniversary of the date of grant provided Mr. Okamoto is still eligible under the Company's 2018 Equity Incentive Plan (the "2018 Plan").

Upon termination of employment for any reason, Mr. Okamoto is entitled to additional compensation consisting of base salary, pro rata annual bonus, unused vacation time and reimbursement of expense. Upon termination by the Company other than for cause or by Mr. Okamoto for good reason (as defined in the Agreement) all option awards shall continue to vest in accordance with the vesting schedule and if such termination occurs within 180 days of a change of control (as defined in the Agreement), Mr. Okamoto shall be entitled to enhanced separation benefits consisting of the greater of the Base Salary through the balance of the employment period, as renewed, or 12 months, continued participation in benefit plans and immediate vesting of all stock options/equity awards.

On November 14, 2012, we entered into an employment agreement with Doug Croxall (the “Crohall Employment Agreement”), whereby Mr. Croxall agreed to serve as our Chief Executive Officer for a period of two years, subject to renewal, in consideration for an annual salary of \$350,000 and an Indemnification Agreement. Additionally, under the terms of the Crohall Employment Agreement, Mr. Croxall shall be eligible for an annual bonus if we meet certain criteria, as established by the Board of Directors, subject to standard “claw-back rights” in the event of any restatement of any prior period earnings or other results as from which any annual bonus shall have been determined. As further consideration for his services, Mr. Croxall received a ten-year option award to purchase an aggregate of 307,692 shares of our common stock with an exercise price of \$3.25 per share, which shall vest in twenty-four (24) equal monthly installments on each monthly anniversary of the date of the Crohall Employment Agreement. On November 18, 2013, we entered into Amendment No. 1 to the Crohall Employment Agreement (“Amendment”). Pursuant to the Amendment, the term of the Crohall Agreement shall be extended to November 14, 2017, and Mr. Croxall’s annual base salary shall be increased to \$480,000, subject to a 3% increase every year, commencing on November 14, 2014. On August 22, 2017, the Company entered into a Retention Agreement with Mr. Croxall (the “Retention Agreement”), pursuant to which (a) the employment agreements between Mr. Croxall and the Company were terminated and of no further force and effect, and (b) Mr. Croxall is no longer entitled to any payment relating to severance, change of control of the Company or termination pay from the Company. Mr. Croxall agreed to continue to serve as Chief Executive Officer and Chairman of the Board until such time as provided in the Retention Agreement, as amended. In consideration for the foregoing, pursuant to the Retention Agreement, Mr. Croxall shall receive from the Company (i) a retention payment in the aggregate amount of \$500,000, payable upon certain milestones, (ii) a monthly consulting fee in the amount of \$20,000 for a period of six (6) months commencing on October 1, 2017, (iii) 750,000 shares of restricted common stock of the Company, (iv) all of the shares of common stock of 3d Nanocolor Corp., a Delaware corporation, held by the Company, and (v) medical and other insurance benefits through the end of September 2017. On August 30, 2017, the Company entered into an Amended and Restated Retention Agreement with Mr. Croxall (the “Amended and Restated Agreement”) amending the Retention Agreement dated August 22, 2017. Under the Amended and Restated Agreement: (i) the Company’s agreement to reimburse COBRA payments was eliminated and (ii) the award to Mr. Croxall effective upon the approval by shareholders of the Company’s 2017 Equity Incentive Plan was reduced to 700,000 shares and 50,000 shares allotted for issuance to Mr. Knuettel. In addition, upon award of the shares to Mr. Croxall, the shares will be subject to a vesting schedule under which such shares are issued but vest in equal monthly increments 30 days after issuance, and on each 30-day anniversary thereafter, subject to cancellation in the event of resignation or termination of Mr. Croxall for cause, as defined in the Amended and Restated Agreement and which vesting shall fully accelerate upon a change of control. Mr. Croxall’s employment with the Company terminated on December 31, 2017.

On March 1, 2013, Mr. James Crawford was appointed as our Chief Operating Officer. Pursuant to the employment agreement with Mr. Crawford dated March 1, 2013 (“Crawford Employment Agreement”). Mr. Crawford shall serve as our Chief Operating Officer for two years. The Crawford Employment Agreement shall be automatically renewed for successive one-year periods thereafter. Mr. Crawford shall be entitled to a base salary at an annual rate of \$185,000, with such upward adjustments as shall be determined by the Board of Directors in its sole discretion. Mr. Crawford shall also be entitled to an annual bonus if we meet or exceed criteria adopted by the Compensation Committee of the Board of Directors for earning bonuses. Mr. Crawford shall be awarded five-year stock options to purchase an aggregate of 76,923 shares of our common stock, with a strike price based on the closing price of our common stock on March 1, 2013, vesting in twenty-four (24) equal installments on each monthly anniversary of March 1, 2013, provided Mr. Crawford is still employed by us on each such date. Mr. Crawford entered into a new employment agreement on August 30, 2017 pursuant to which the existing employment agreement between Mr. Crawford and the Company was terminated. Under the Crawford Agreement, Mr. Crawford shall continue to serve as the Chief Operating Officer on an at will basis. Pursuant to the Crawford Agreement, Mr. Crawford shall be entitled to receive

monthly compensation in the amount of \$7,500 until termination. Mr. Crawford is not entitled to any severance or other payment upon a change of control.

On May 15, 2014, we entered into a three-year executive employment agreement with Francis Knuettel II (“Knuettel Employment Agreement”), pursuant to which Mr. Knuettel will serve as the Chief Financial Officer of the Company, effective May 15, 2014. Pursuant to the terms of the Knuettel Employment Agreement, Mr. Knuettel shall receive a base salary at an annual rate of \$250,000 and an annual bonus up to 75% of Mr. Knuettel’s base salary as determined by the Compensation Committee of the Board of Directors. As further consideration for Mr. Knuettel’s services, the Company agreed to issue Mr. Knuettel ten-year stock options to purchase an aggregate of 290,000 shares of common stock, with a strike price of \$4.165 per share, vesting in thirty-six (36) equal installments on each monthly anniversary of the date of the Knuettel Employment Agreement, provided Mr. Knuettel is still employed by the Company on each such date. On August 30, 2017, the Company entered into a Retention Agreement with Mr. Knuettel (the “Knuettel Retention Agreement”), pursuant to which the existing employment agreement between Mr. Knuettel and the Company was terminated. Under the Knuettel Retention Agreement, Mr. Knuettel shall continue to serve as Chief Financial Officer until such time as provided in the Retention Agreement, unless earlier terminated in accordance with the Knuettel Retention Agreement. Pursuant to the Knuettel Retention Agreement, Mr. Knuettel shall be entitled to receive: (i) monthly compensation in the amount of \$15,000 for a period of six (6) months commencing on October 1, 2017, (ii) 200,000 shares of restricted common stock of the Company, subject to shareholder approval of the Company’s 2017 Equity Incentive Plan, and (iii) medical and other insurance benefits through the end of March 2018. Mr. Knuettel is not entitled to any severance or other payment upon a change of control. The Retention Agreement was amended on February 28, 2018 whereby the termination date was extended to the later of March 31, 2019 or the filing of the Form 10-K for the year ended December 31, 2018 and the monthly compensation was increased to \$18,000. Mr. Knuettel’s employment with the Company terminated on April 22, 2018.

On May 10, 2016, the Company entered into an executive employment agreement with Erich Spangenberg (“Spangenberg Agreement”) pursuant to which Mr. Spangenberg would serve as the Company’s Director of Acquisitions, Licensing and Strategy. As part of the consideration, the Company agreed to grant Mr. Spangenberg a ten-year stock option to purchase an aggregate of 500,000 shares of Common Stock, with a strike price of \$1.87 per share, vesting in twenty-four (24) equal installments on each monthly anniversary of the date of the Spangenberg Agreement. The options were valued based on the Black-Scholes model, using the strike and market prices of \$1.87 per share, an expected term of 5.75 years, volatility of 47% based on the average volatility of comparable companies over the comparable prior period and a discount rate as published by the Federal Reserve of 1.32%. Mr. Spangenberg’s employment with the Company was terminated on August 3, 2017.

On June 29, 2016, we entered into an employment agreement (“Liu Employment Agreement”) with David Liu, effective no later than August 1, 2016, pursuant to which Mr. Liu shall serve as the Company’s Chief Technology Officer. Pursuant to the terms of the Liu Employment Agreement, Mr. Liu shall receive a base salary at an annual rate of \$250,000 and annual incentive compensation of up to 100% of the base salary, as determined by the Compensation Committee. As further consideration for Mr. Liu’s services, the Company agreed to issue him ten-year stock options under the Company’s 2014 Equity Incentive Plan to purchase an aggregate of 150,000 shares of common stock, with an exercise price of \$2.79 per share. The options shall vest in thirty-six (36) equal installments on each monthly anniversary of the date of the Liu Employment Agreement, provided Mr. Liu is still employed by the Company on each such date. Mr. Liu’s employment with the Company was terminated on March 15, 2017.

## Directors' Compensation

The following summary compensation table sets forth information concerning compensation for services rendered in all capacities during 2017 and 2016 awarded to, earned by or paid to our directors. The value attributable to any warrant awards reflects the grant date fair values of stock awards calculated in accordance with FASB Accounting Standards Codification Topic 718. As described further in “Note 5 — Stockholders’ Equity (Deficit) — Common Stock Warrants” in our Consolidated Financial Statements, a discussion of the assumptions made in the valuation of these warrant awards.

Name	Fees Earned or paid in cash	Stock awards	Option awards	Non-equity incentive plan compensation	Non-qualified deferred compensation earnings	All other compensation
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