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

# FORM 10-K

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

For the fiscal year ended **December 31, 2015**

OR

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

Commission file number **000-55097**

# RIGHTSCORP, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Nevada** | **33-1219445** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **3100 Donald Douglas Loop North Santa Monica, CA** | **90405** |
| (Address of principal executive offices) | (Zip Code) |

**(310) 751-7510**
(Registrant's telephone number, including area code)

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

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

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes [ ] No [X]

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes [ ] No [X]

Indicate by checkmark whether the registrant has (1) 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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the proceeding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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. [X]

Indicate by checkmark 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.

| | | | |
|---|---|---|---|
| Large accelerated filer | [ ] | Accelerated filer | [ ] |
| Non-accelerated filer | [ ] (Do not check if a smaller reporting company) | Smaller reporting company | [X] |

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, as of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $9.7 million based upon the last sales price of the common stock as of such date. Solely for purposes of this disclosure, shares of common stock held by executive officers, directors and beneficial holders of 10% or more of the outstanding common stock of the registrant as of such date have been excluded because such persons may be deemed to be affiliates.

As of March 30, 2016, there are 117,215,314 shares of common stock outstanding.

## TABLE OF CONTENTS

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements that involve assumptions, and describe our future plans, strategies, and expectations. Such statements are generally identifiable by use of the words “may,” “will,” “should,” “expect,” “anticipate,” “estimate,” “believe,” “intend,” or “project” or the negative of these words of other variations on these words or comparable terminology. These statements are expressed in good faith and based upon a reasonable basis when made, but there can be no assurance that these expectations will be achieved or accomplished.

Such forward-looking statements include statements regarding, among other things, (a) the potential markets for our products, our potential profitability, and cash flows (b) our growth strategies, (c) anticipated trends in our industry, (d) our future financing plans and (e) our anticipated needs for working capital. This information may involve known and unknown risks, uncertainties, and other factors that may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. These statements may be found under “Item 1. Business” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” as well as in this Annual Report on Form 10-K generally. Actual events or results may differ materially from those discussed in forward-looking statements as a result of various factors as described in this Annual Report on Form 10-K generally. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements contained in this Annual Report on Form 10-K will in fact occur.

Although forward-looking statements in this Annual Report on Form 10-K reflect the good faith judgment of our management, forward-looking statements are inherently subject to known and unknown risks, business, economic and other risks and uncertainties that may cause actual results to be materially different from those discussed in these forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. We assume no obligation to update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, other than as may be required by applicable law or regulation. Readers are urged to carefully review and consider the various disclosures made by us in our reports filed with the Securities and Exchange Commission which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operation and cash flows. Our actual results may vary materially from those expected or projected.

## PART I

### ITEM 1. Business.

### Background

Rightscorp, Inc., a Nevada corporation, was incorporated in Nevada on April 9, 2010. Since the closing of the Reverse Acquisition on October 25, 2013 (discussed below), we have been the parent company of Rightscorp, Inc., a Delaware corporation.

On October 25, 2013 (the "Merger Closing Date"), we entered into and closed an Agreement and Plan of Merger (the "Merger Agreement"), with Rightscorp Merger Acquisition Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of ours (the "Subsidiary") and Rightscorp, Inc., a Delaware corporation ("Rightscorp Delaware"). Pursuant to the Merger Agreement, (i) the Subsidiary merged into Rightscorp Delaware, such that Rightscorp Delaware became a wholly-owned subsidiary of our company, (ii) we issued (a) 45,347,102 shares (the "Acquisition Shares"), of our common stock to the shareholders of Rightscorp Delaware, in exchange for all of the issued and outstanding shares of common stock of Rightscorp Delaware, (b) outstanding warrants to purchase 1,831,969 shares of common stock of Rightscorp Delaware were converted into outstanding warrants to purchase 5,312,703 shares of our common stock, and (iii) outstanding convertible notes in the aggregate amount of $233,844 (including outstanding principal and accrued interest thereon) of Rightscorp Delaware were amended to be convertible into shares of our common stock at a conversion price of $0.1276.

Effective on the Merger Closing Date, pursuant to the Merger Agreement, Rightscorp Delaware became our wholly owned subsidiary. The acquisition of Rightscorp Delaware is treated as a reverse acquisition (the "Reverse Acquisition"), and the business of Rightscorp Delaware became our business.

Rightscorp Delaware is a Delaware corporation formed on January 20, 2011.

We are a technology company and have a patent-pending, proprietary method for collecting payments from illegal downloaders of copyrighted content via notifications sent to their internet service providers (ISPs).

Our principal office is located at 3100 Donald Douglas Loop North, Santa Monica, CA 90405. Our telephone number is (310) 751-7510. Our website address is www.rightscorp.com.

### Overview

According to Netnames, 22% of all internet traffic is used for peer-to-peer filesharing, the great majority of which infringes on copyrights, while according to Sandivine, 27% of all US internet upload traffic is peer-to-peer filesharing, the majority of which infringes on copyrights. We believe that this means that every creator of music, movies, TV shows, books and software is faced with the reality that their work, their property and their content may end up being distributed on the internet against their wishes, to their economic detriment and without receiving compensation. We protect copyright holders' rights by seeking to assure they get paid for their copyrighted IP. We offer and sell a service to copyright owners under which copyright owners retain us to identify infringements and collect settlement payments from Internet users who have infringed on their copyrights. With Rightscorp, every content creator has the opportunity to get compensated and enforce their rights.

Peer-to-peer content piracy continues of thrive and expand even as content creators face such significant reductions in business and income. The amount of internet traffic used by peer-to-peer filesharing grew 18% from 674 Petabytes a month to 802 Petabytes a month from 2010 to 2013 (Sources: Cisco Visual Networking Index: Forecast and Methodology, 2010-2015; Cisco VNI: Forecast and Methodology, 2013 - 2018). One petabyte (PB) equals 1 million gigabytes (GB), which is the equivalent of 1.6 million CDs. Eight hundred Petabytes per month is the equivalent of 1.3 billion CDs per month. In 2013, Netnames found that the majority of peer-to-peer filesharing infringes on copyright from 78.1% for music to 92.9% for television. According to Sandvine, 27% of all US internet upload traffic is peer-to-peer filesharing. Cisco forecasts that file sharing will grow 42% to 999 Petabytes per month by 2018. Rightscorp is tracking millions of US internet subscribers on the ISPs that do not forward Rightscorp notices. These millions of subscribers are repeatedly illegally distributing Rightscorp's clients' copyrights to users around the globe even after their ISPs have been sent millions of notices.

After we have received an order from a client, our software monitors the global P2P file sharing networks to detect illegally distributed digital media. The technology sends automated notices of the infringing activity to ISPs and the ISP forwards these notices, which contain settlement offers, to their infringing customers. The notice to ISPs and settlement offers identify the date, time, title of copyrighted intellectual property and other specific technology identifiers to confirm the infringement by the ISPs customer. Infringers who accept our settlement offers then remit payment to us for the copyright infringement and we share the payments with the copyright owners.

We generate revenues by retaining a portion of the settlement payments we receive from copyright infringers. Our customers, the copyright holders, benefit from our service as we share a portion of the settlement with them. This helps them recapture the revenues they lost when their copyrighted material was illegally copied and distributed. Current customers include, but are not limited to, BMG Rights Management, Round Hill Music, Shapiro/Bernstein and The Orchard. We have successfully obtained settlement payments from more than 180,000 individual cases of copyright infringement. To date, we have closed infringements and received settlement payments from subscribers on more than 233 ISPs including five of the top 10 US ISPs: Comcast, Charter, CenturyLink, Mediacom and Suddenlink. We believe ISPs that participate with us and our clients by forwarding notices of infringement achieve compliance with their obligations under Digital Millennium Copyright Act (or DMCA), as discussed below. Conversely, we believe that ISPs that do not participate and do not have a policy for terminating repeat infringers fail to comply with the DMCA, which may result in liability for them.

**Dependence on Major Customers**

For the year ended December 31, 2014, our contract with BMG Rights Management accounted for approximately 76% of our sales, and our contract with Warner Bros. Entertainment accounted for 13% of our sales. For the year ended December 31, 2015, our contract with BMG Rights Management accounted for approximately 58% of our sales, and our contract with Warner Bros. Entertainment accounted for 14% of our sales. Our standard contracts with customers are for initial terms which vary in length, typically between three months and one year, and renewals are at the discretion of the parties, or in some cases renew automatically in one month increments, subject to the right of either party to terminate upon 30 days' notice.

**Legal Framework**

The challenge for copyright owners is that the legal framework now in place requires the copyright owner to monitor and notice and document each individual act of infringement against the copyright owner in order to protect its rights. We believe the content business views this as an insurmountable and costly task. As described above, our Rightscorp software provides a solution by monitoring the global P2P file sharing networks to detect illegally distributed digital media.

**ISP Safe Harbor**

Courts have found businesses that have been involved in contributing to copyright infringement liable for damages. In Fonovisa vs. Cherry Auction, a swap meet run by Cherry Auction was held liable to Fonovisa (the copyright owner) for damages. As the Court observed, "it would be difficult for the infringing activity to take place in the massive quantities alleged without the support services provided by the swap meet, including the provision of space, utilities, parking, advertising, plumbing and customer service".

Section 512(i) of the DMCA provides a conditional safe harbor protection from such third party liability. It states as follows:

- (i) Conditions for Eligibility

  (1) Accommodation of technology - The limitations on liability established by this section shall apply to a service provider only if the service provider:

    (A) has adopted and reasonably implemented, and informs subscribers and account holders of the service provider's system or network of, a policy that provides for the termination in appropriate circumstances of subscribers and account holders of the service provider's system or network who are repeat infringers; and

    (B) accommodates and does not interfere with standard technical measures.

Thus, under federal law, ISPs are only eligible for "Safe Harbor" protection from vicarious liability from their subscribers' copyright infringements if they have "*reasonably implemented a policy that provides for the termination of subscribers who are repeat infringers.*" Thus, we believe that ISPs have no liability for their role in copyright infringement on P2P networks until the copyright owner sends them a notice of a repeat infringer. In accordance with the DMCA, we have developed a technology and a process for identifying repeat infringers, documenting infringements and sending ISPs notice of repeat infringement and monitoring the termination, or lack thereof, of repeat infringers. As there is no case law regarding this "Safe Harbor" provision, ISPs' interpretations of their responsibilities vary. We have utilized this Safe Harbor provision to obtain various levels of cooperation from ISPs, which in many cases include the forwarding of our notices and the termination of repeat infringers who do not accept our settlement offers. To qualify for the "Safe Harbor" protection, ISPs have an incentive to forward our notices and terminate repeat infringers, and infringers in turn have an incentive to accept our settlement offers, so as to avoid termination of services from the ISPs.

**Digital Copyrights & Piracy Background**

In 1999, Shawn Fanning, an 18 year old college student, changed the music industry with his creation of a digital file sharing program called Napster, a software program that allowed computer users to share and swap files, specifically music, through a centralized file server. By the spring of 2000, Napster had several hundred thousand users and by February 2001 had grown to over 50 million users.

In September 2013, Netnames, a market research and consultancy firm, reported that P2P traffic that infringes on copyrights had become 24% of all internet traffic (not including traffic that infringes on pornographic copyrights). In other words, 24% of all Internet traffic was at the time made up of illegal downloading and distribution of mainstream, high-quality movies, music, games, and software. The report states that "worldwide, 432 million unique internet users explicitly sought infringing content during January 2013. Despite some discrete instances of success in limiting infringement, the piracy universe not only persists in attracting more users year on year but hungrily consumes increasing amounts of bandwidth."

In three key regions (North America, Europe, and Asia-Pacific), the absolute amount of bandwidth consumed by the infringing use of BitTorrent comprised 6,692 petabytes of data in 2013, an increase of 244.9% from 2011.

In the same three regions, infringing use of BitTorrent in January 2013 accounted for:

178.7 million unique internet users, an increase of 23.6% from November 2011; and

7.4 billion page views, an increase of 30.6% from November 2011.

According to the Global Internet Phenomena Report in Sandvine, *1H 2014,* P2P file sharing accounted for approximately 27% of all North American upstream Internet traffic.

Enacted in 1997, The Digital Millennium Copyright Act (or DMCA) heightened the penalties for copyright infringement on the Internet and established the eligibility for Safe Harbor from liability of the providers of on-line services for copyright infringement by their users.

To combat online copyright infringement, the media industry and their partners have spent extraordinary amounts of money and resources searching for a technology breakthrough to protect copyrighted works. These technologies have often referred to as Digital Rights Management (or DRM). DRM technologies attempt to prevent digital music player technology from allowing reproduction. DRM suffers from the inherent problem that if a reasonably technologically savvy person can listen to a music file, he can find a way to make a copy that does not have the DRM technology. These efforts failed to stem the tide of illegal downloading, and the industry turned to aggressive litigation tactics. Notwithstanding the continued efforts of the media industry, including the use of DRM technologies, many popular TV and film properties are available in high quality online soon after release and in some cases prior to release. Thus, we do not believe that DRM technologies will be able to prevent widespread unauthorized use of copyrighted content.

Beginning in 2002, the Recording Industry Association of America (or RIAA), the trade group that represents the U.S. Music Industry, filed the first lawsuits against individuals who were suspected of illegally downloading music. By October 2008, RIAA had filed 30,000 lawsuits against individual downloaders. As of February 2012, most of the 30,000 cases settled out of court for between $3,000 and $5,000, two cases have been tried. Jamie Thomas received a judgment for $1.5m for distributing 24 songs and Joel Tenenbaum received a judgment for $675,000 for downloading and distributing 31 songs.

Even with 30,000 lawsuits filed and millions of dollars collected, P2P traffic had still grown worldwide to represent more than 40% of all consumer Internet traffic in 2008. Then in December 2008, the RIAA announced that it would stop suing individual infringers.

*The P2P Landscape*

The P2P landscape has several distinct areas: protocols, networks, access tools, software businesses, open source developers, indexing and search sites and dark businesses.

The most popular access tool is BitTorrent in the U.S. (uTorrent, Vuze, Frostwire).

We believe the reason P2P is such a persistent and a prominent feature of the Internet is that it requires only a relatively small number of individual, voluntary users anywhere in the world for its existence. It requires no financing or fixed infrastructure to exist. The protocols are open specifications that any computer programmer can obtain and read to develop software for interacting with the different P2P networks. There are free access tools available for all networks. The networks are simply a collection of users who have downloaded and installed one of the many free access tools. There are operating companies like BitTorrent, Inc. that market and sell the BitTorrent software.

A user downloads BitTorrent software or any number of other free BitTorrent clients, installs it on his computer, and searches for content on Google. The user simply types any artists' name or the name of any movie or software followed by the word "torrent" into Google. For instance after entering "Adele Torrent" into Google, millions of web pages offering her music for free will be listed. The user selects the version they want from the web page link.

Once a file has been requested and starts to download, the downloading computer also starts to upload pieces of the file to the network. In the P2P world, essentially, everyone is an uploader. On BitTorrent, once the "downloader" has obtained enough of the file, the computer becomes an uploader.

Then, the BitTorrent website explains what happens next, including the encouragement to assist in distributing content:

*"When BitTorrent finishes downloading a file, the bar becomes solid green and the newly downloaded file becomes a new 'seed' —a complete version of the file. It will continue to seed the file to other interested users until you tell it not to by pausing it or removing the torrent from your queue. The more clients that seed the file, the easier it is for everyone to download it. So, if you can, please continue to seed the file for others by keeping it in your queue for a while at least."*

Additionally, BitTorrent Private host/tracker sites such as Demonoid operate like public ones except that they restrict access to registered users and keep track of the amount of data each user uploads and downloads, in an attempt to reduce leeching.

BitTorrent search engines allow the discovery of torrent files that are hosted and tracked on other sites; examples include Kick Ass Torrents, Torrentz, The Pirate Bay, Eztorrent and isoHunt. These sites allow the user to ask for content meeting specific criteria (such as containing a given word or phrase) and retrieve a list of links to torrent files matching those criteria.

In 2008, it was revealed that just one BitTorrent hosting/tracker site was making $4 million a year on advertising. The USC-Annenberg Innovation Lab released a study in January 2012 that found many Internet ad networks profiting from piracy with Google #2 in the list. We believe P2P continues for several reasons:

- It does not require any central organization that can be threatened or stopped;
- What centralization does exist can be located in offshore domiciles that do not respect international intellectual property;
- In the U.S., ISPs cannot monitor (and hence interrupt) specific portions of their customers' traffic without a warrant;
- In the U.S., ISPs have no liability for failing to suspend or terminate subscribers who are repeatedly distributing copyrighted content unless the copyright owner has sent them notice of repeated infringement; and
- Until we developed our software, there had been no scalable technology capable of identifying repeat infringers, recording infringements and sending notices of repeated infringement.

While this extraordinary proliferation of the use of the Internet has facilitated the ease of illegally sharing all digitized content, the exchange of music files via P2P sharing sites vastly exceeds all other areas of the entertainment consumption on a per-unit basis. Accordingly, we believe an expectation has been interwoven into the current generation of Internet users, which content is and should be free.

**Our Service & How it Works**

We have developed a technology that we sell as a service to copyright owners to collect settlement payments from consumers who have illegally downloaded copyrighted content. We are selling our services into the untapped market for monetizing billions of copyright violations worldwide.

Our technology system monitors the global P2P file sharing networks and sends via email to ISPs notifications of copyright infringement by the ISPs' customers with date, time, copyright title and other specific technology identifiers. Each notice also includes a settlement offer. We pay the copyright owner a percentage of these settlements. By accepting our settlement offers, infringers avoid potential legal action by the copyright holders. Our service provides ISPs a no-cost compliance tool for reducing repeat infringement on their network.

Under our business model, the copyright owner signs a simple agreement authorizing us to monitor the P2P networks and collect settlement payments on its behalf. With respect to music, every mp3 file that is downloaded has at least two copyrights, a sound recording copyright and a publishing copyright. The publishing copyright is the right to use the song and is separate from the sound recording copyright which includes the right to place the song in a movie, re-record the song, or print the lyrics and melody on sheet music. Under U.S. copyright law, each copyright owner has the exclusive right to copy and distribute their respective copyrights. If someone uses "file sharing" software to "share" a specific song, they are violating the copyright owner's exclusive right of copying and distribution, and they have incurred a potential civil liability.

Our technology monitors the Internet all of the time looking for infringements. When it detects an infringement, we receive the following data:

- Date and Time of infringement;
- Filename;
- ISP Name;
- IP Address; and
- Additional information related to our trade secrets.

We send this data to the ISP in an automated computer format. The ISP is expected to send our communication to their subscriber. This notice is sent to the customer by its ISP, so it is clearly not “spam”.

We have written, designed and we own the technology for:

- listening to the P2P networks and finding infringements;
- sending the DMCA notices; and
- receiving payments.

The user who receives the notice reads that they could be liable for $150,000 in damages, but if they click on the link supplied, they can enter a credit card and they can will settle the matter between them and the copyright owner for $20 per infringement. Repeat infringers are put on a list sent weekly to ISPs demanding that their service be terminated pursuant to 17 USC 512 (i). Once the user makes the settlement payment, they are removed from the list. If subscribers have had their service terminated, and have since settled their open infringement cases with us, their ISP is notified immediately so service can be restored.

Once we receive the settlement amount, we split the payment half/half with the copyright owner, less certain costs. Most infringers receive and settle multiple infringement notices.

Our current technology can send tens of millions of notices per month. We can quickly scale this system to send hundreds of millions notices per month.

We provide a free compliance solution to ISPs to reduce their third-party liability for repeat copyright infringements occurring on their network. Every U.S. ISP has a Rightscorp web page “dashboard” that they can log into and in real-time see each subscriber account that is infringing copyright by copyright. The dashboard also displays the history of the repeat infringers on their network and gives them immediate feedback on those that have settled their cases with the copyright holder.

We provide a free solution to every copyright holder. Every copyright holder who has retained us has a Rightscorp web page “dashboard” that they can log into and in real-time see each ISP subscriber account that is infringing copyright by copyright. The dashboard also displays the history of the repeat infringers on each ISPs network and gives them immediate feedback on infringers who have settled their cases with the copyright holder and those that continue to infringe after their ISP having received notice.

Similar to an anti-virus software company, where new a virus appears and an anti-virus software has to investigate the new virus and update their software to address the new virus, we must update our software when new P2P technologies appear. For example, when we launched in 2011, Limewire, also known as Gnutella, was the dominant P2P platform for music piracy. In less than twelve months the dominant platform for music piracy shifted to BitTorrent. As a result, to maintain the efficacy of our software, we were required to write new software. We will seek to stay abreast of similar future changes. We cannot be certain of the cost and time that will be required to adapt to new peer-to-peer technologies.

**Product Roadmap**

Our “next generation” technology is called Scalable Copyright. Its implementation will require the agreement of the ISPs. We have had discussions with multiple ISPs about implementing Scalable Copyright, and intend to intensify those efforts. In the Scalable Copyright system, subscribers receive each notice directly in their browser. Single notices can be read and bypassed similar to the way a software license agreement works. Once the internet account receives a certain number of notices over a certain time period, the screen cannot be bypassed until the settlement payment is received. ISPs have the technology to display our notices in subscribers’ browsers in this manner. We provide the data at no charge to the ISPs. With Scalable Copyright, ISPs will be able to greatly reduce their third-party liability and the music and home video industries will be able to return to growth along with the internet advertising and broadband subscriber industries.

**Sales and Marketing**

Our sales process involves seeking to acquire more rights to monitor and collect settlements for infringements on specific copyrights. As we acquire more rights and incorporate them into our system, our revenues increase. For example, there are 26 million songs and other copyrighted works on Apple iTunes, all of which are rights that can potentially generate revenue for our company. We are approaching copyright holders in the music publishing, recorded music, motion picture, television, eBook publishing, video game, software and mobile application industries. We have the greatest penetration within the music publishing space where we are in significant discussions with the majority of major copyright holders.

We are penetrating the music, motion picture, and software industry through our extensive personal contacts, referral partners and industry conferences. Christopher Sabec, our CEO, has been a successful entertainment executive and artist manager. In the music space, we attend conferences such as MIDEM, Musexpo, and the National Music Publishing Association's Annual Meeting where we have an opportunity to meet with industry decision makers. For 2014 and 2015, we identified the top 100 key decision makers and gatekeepers in the music publishing, recorded music, motion picture, eBook publishing industries. We reach out to these decision makers directly or through referral partners who make introductions. In some cases these referral partners may receive some compensation.

We believe our value proposition is unique and attractive — rather than asking copyright holders to pay us, we pay copyright holders. The decision-maker is faced with a large amount of conflicting information surrounding the topic of peer-to-peer piracy. Our sales cycle is about communicating the following information to the decision-makers within a rights holding organization:

- U.S. ISPs have a safe harbor that is conditional on terminating repeat copyright infringers.
- Rightscorp has the technology to identify these repeat infringers.
- ISPs either need to work with copyright holders to reduce repeat infringers identified by Rightscorp or face significant liability.
- Without real sanctions, subscribers will largely ignore notices and continue to violate copyright law.
- Graduated-response style interdiction is too costly to scale to any significant portion of total infringements and yields little or no results.
- Due to the structure of the Internet, copyright cannot be enforced without participation of the ISPs.
- ISPs have no incentive to participate in any meaningful way without copyright holders sending them notices.
- The cost to send a meaningful amount of notices is prohibitive without our system.
- Rightscorp, Inc. pays copyright holders while educating infringers that peer-to-peer file-sharing of their products is a violation of U.S. Federal law.
- Our system provides due process through warnings with escalating sanctions that can resolve large numbers of copyright violations.
- Peer-to-peer networks do not require search engines. A small percentage of requests for content originate from Google or Bing searches. We believe that attempts to get search engines to block links and sites will have no effect on piracy.

**Growth Strategy**

We have several "touch points" in our revenue model where we seek to increase revenues.

1. By adding more copyrights we seek to detect infringements of, which increases the number of notices we send;
2. By increasing the number of ISPs who acknowledge our notices;
3. By increasing the number of notices that each ISP confirms and forwards;
4. By compelling the ISP to improve "throughput" processes. This may involve ISPs calling subscribers. Our goal is to get ISPs to deploy "re-direct" screens similar to the screen a hotel guest sees when he first uses the Internet in a hotel room. A repeat infringer would be redirected to the Rightscorp payment page and would be unable to browse the Internet until they have settled;

5. By increasing response rates (the number of subscribers who have received notices and agree to settle). We may seek to do this through public relations, through examples in the press of infringers who were sued by copyright owners, by improving the educational and motivational aspects of the notice, web site and payment process and by having ISPs terminate repeat infringers until they settle;

6. By sending non-compliant ISPs weekly termination demands to terminate service to non-responding repeat infringers pursuant to 17 USC 512 (i); and

7. By giving copyright holders who wish to litigate the highest quality litigation support data that includes the history of the subscriber's ISP being sent notices while they continue to violate copyright law.

8. By protecting our Client's copyrights outside the USA from P2P infringement. We expect to initiate coverage in Germany by Q2 2016.

We believe that if we are successful in our combined use of these strategies our revenues and margins could potentially increase exponentially.

**Intellectual Property**

We have 1 patent granted in Australia and 30 patent applications pending worldwide for our proprietary system of detecting and seeking settlement payments for repeat copyright infringers. The patent applications were filed between May 9, 2011 and January 12, 2016 and each patent application's respective status before the U.S. Patent & Trademark Office (USPTO) is detailed below. The pending patent applications include 24 patent applications in countries such as Australia, Brazil, Canada, China, India, Israel, Japan, Hong Kong and the European Union, as well 6 US patent applications. The 6 US patent applications include patent applications 13/437,756, 13/485,178, 14/945,551, and 14/993,902, which contain the methods for identifying repeat infringers that we believe will create a significant barrier to entry for anyone attempting to market a scalable copyright monetization system in the peer-to-peer (P2P) space. In addition, the 6 U.S. patent applications also include U.S. Patent application 13/103,795 which includes methods for using peer-to-peer infringement data to sell legitimate products to infringers. Comcast announced they may do this in August 2013. The Australian patent, which is based on the Australian counterpart to US patent application 13/437,756, also contains a method for identifying repeat infringers that we believe will create a significant barrier to entry for anyone attempting to market a scalable copyright monetization system in the Australian P2P space. It expires on April 2, 2032.

| Country | Status | Application Number | Filing Date | Title | Action Status |
|---|---|---|---|---|---|
| **US** | Pending | 13/103,795 | May 9, 2011 | System and Method for Determining Copyright Infringement and Collecting Royalties Therefor | This application currently stands rejected by the USPTO. The rejection is a Final Rejection*. Applicants have appealed the USPTO's Final Rejection* to the Patent Trial and Appeal Board (PTAB). Applicant currently awaits a decision from the PTAB as to whether the USPTO's rejection will be affirmed or overturned. |
| **US** | Published | 13/437,756 | April 2, 2012 | System to Identify Multiple Copyright Infringements | This application currently awaits examination by the USPTO. Applicant has submitted a request for continued examination (RCE) after a Final Rejection*. The RCE secures an opportunity for the Applicant to submit additional arguments to overcome the USPTO's Final Rejection* of the patent application. |
| **US** | Published | 13/485,178 | May 31, 2012 | System to Identify Multiple Copyright Infringements and Collecting Royalties | This application currently awaits examination by the USPTO. Applicant has submitted a request for continued examination (RCE) after a Final Rejection*. The RCE secures an opportunity for the Applicant to submit additional arguments to overcome the USPTO's Final Rejection* of the patent application. |
| **WO** | Published | PCT/US2012/031894 | April 2, 2012 | System to Identify Multiple Copyright Infringements | This international patent application was filed to secure the right to file a patent application in a subset of foreign countries designated by the international patent application. Based on this international application, entered the national stage in the European Union (EP2695099), China (CN103688265), Canada (CA2834853), and Australia (AU2012236069- Granted Patent). |

| | | | | | |
|---|---|---|---|---|---|
| **WO** | Published | PCT/US2012/040234 | May 31, 2012 | System to Identify Multiple Copyright Infringements and Collecting Royalties | This international patent application was filed to secure the right to file a patent application in a subset of foreign countries designated by the international patent application. Based on this international application, entered the national stage in Japan (JP2014523559 & JP2014238849), the European Union (EP2715595 & EP2715595), China (CN103875002), Canada (CA2837604), and Australia (AU2012262173). |
| **US** | Published | 13/594,596 | August 24, 2012 | System to Identify Multiple Copyright Infringements | This application currently stands rejected by the USPTO. The rejection is a Non-Final Rejection**. Applicant is in the process of preparing a response to the Non-Final Rejection** in an attempt to overcome the patent USPTO's rejections. |
| **WO** | Published | PCT/US2012/052325 | August 24, 2012 | System to Identify Multiple Copyright Infringements | This international patent application was filed to secure the right to file a patent application in a subset of foreign countries designated by the international patent application. Based on this international application, entered the national stage in Japan (JP2014529805), the European Union (EP2748718), China (CN104040531), Canada (CA2846241), and Australia (AU2012298708). |
| **US** | Published | 14/945,551 | November 19, 2015 | System to Identify a Computer on a Network | Previously filed provisional application 62/082,789 was converted to a nonprovisional application and filed to secure an effective filing date of November 21, 2014 for the subject matter disclosed by the patent application. |
| **US** | Pending | 14/993,902 | January 12, 2016 | System and Method to Verify Predetermined Actions by a Computer on a Network | Previously filed provisional application 62/102,354 was converted to a nonprovisional application and filed to secure an effective filing date of January 12, 2015 for the subject matter disclosed by the patent application. |

*Final Rejection – a USPTO office action made by the examiner where the applicant is entitled to file an appeal to the PTAB or make a request for continued examination with, or without, amendment so long as a new issue is raised for consideration by the examiner

**Non-Final Rejection – a USPTO Office action made by the examiner where the applicant is entitled to reply and request reconsideration, with or without making an amendment

We have registered trademarks for Rightscorp (U.S. Trademark Registration Nos. 4681891 and 4681885) and plan to register a trademark for Scalable Copyright.

Our software is copyrighted and contains trade secrets.

Of the patent applications listed in the table above, the US versions of the applications filed on April 2, 2012 and May 31, 2012 are of greater importance to us than the others. We believe that the patent applications were rejected by the USPTO on invalid grounds and that the appeals currently being prepared will ultimately succeed. However, we cannot assure you that we will in fact be proven correct in our belief. If these two applications are not successfully appealed, our business could be materially and adversely affected, as more fully described under the risk factor appearing under the heading " *Our ability to protect our intellectual property and proprietary technology through patents and other means is uncertain and may be inadequate, which would have a material and adverse effect on us* " above.

**Competition**

We potentially compete with companies in the copyright monetization space.

The copyright monetization space is comprised of companies focused on new digital technologies, as well as existing established copyright monetization companies and societies. Examples of other pure-play digital copyright monetization companies are Soundexchange and TuneSat.

TuneSat monitors hundreds of TV channels and millions of websites around the world, helping copyright holders collect millions of dollars that would otherwise have been lost. They are not focused on the peer-to-peer space.

Soundexchange helps artists and copyright holders get compensated when their work is broadcast by non-interactive digital radio. Soundexchange has collected in excess of $1.5 billion annually.

Companies in the multi-billion dollar legacy copyright monetization space include ASCAP, BMI, SESAC and the Harry Fox Agency.

There are several companies in the anti-piracy space. Most of these companies specialize in litigation support. It would be a conflict of interest for them to be in the litigation support and settlement business. MarkMonitor (formerly DtecNet) currently provide the data to the RIAA that the RIAA uses for monitoring P2P activity on a fee for service business model. Irdeto also provides litigation support on a fee for service business model.

We believe other competitors use more aggressive litigation that drives settlement through threats of costly lawsuits, which we believe is not a scalable model. One competitor is located in Los Angeles, CA. We are the only company that we are aware of that uses proprietary technology to detect repeat infringers and therefore we believe that we are the only company to have legal leverage with ISPs, compelling the ISP to deliver settlement notices by leveraging the DMCA. We do not send notices related to pornographic content.

We are seeking to build and maintain our competitive advantage in four ways:

- First, we build and maintain competitive advantage by being first to market in the U.S. and by aggressively closing contracts to represent copyrighted intellectual property;
- Second, we will maintain our advantage by building on our relationships with the ISPs. We will attend and speak at strategic trade shows to develop greater awareness of the ISPs' liability and our no-cost solution to help them mitigate that liability. We will educate industry analysts who follow the ISPs that are public companies as to the significant liability that ISPs have;
- Third, we have filed 29 full and provisional patents; and
- Fourth, by developing a reputation of being a quality solution provider with copyright holders, developers of copyrighted intellectual property and ISPs we will develop and maintain a leadership position as a leading service provider.

Additionally, we send correspondence to the ISPs from time to time and as necessary to advise them that certain infringements have not ceased and that they should adopt, reasonably implement, and inform their subscribers and account holders of a policy that provides for the termination in appropriate circumstances of subscribers and account holders of their system or networks who are repeat infringers. In addition, we advise these ISP's of certain liabilities that they may incur should they not change their practices.

Certain other companies that may potentially compete with us, such as MarkMonitor and Irdeto (which provide certain "brand protection" and similar services) have greater financial resources and longer operating histories than us. It is possible that they may develop and offer services more directly competitive to ours, by developing and offering new methods of copyright monetization or anti-piracy technology that could take market share from us.

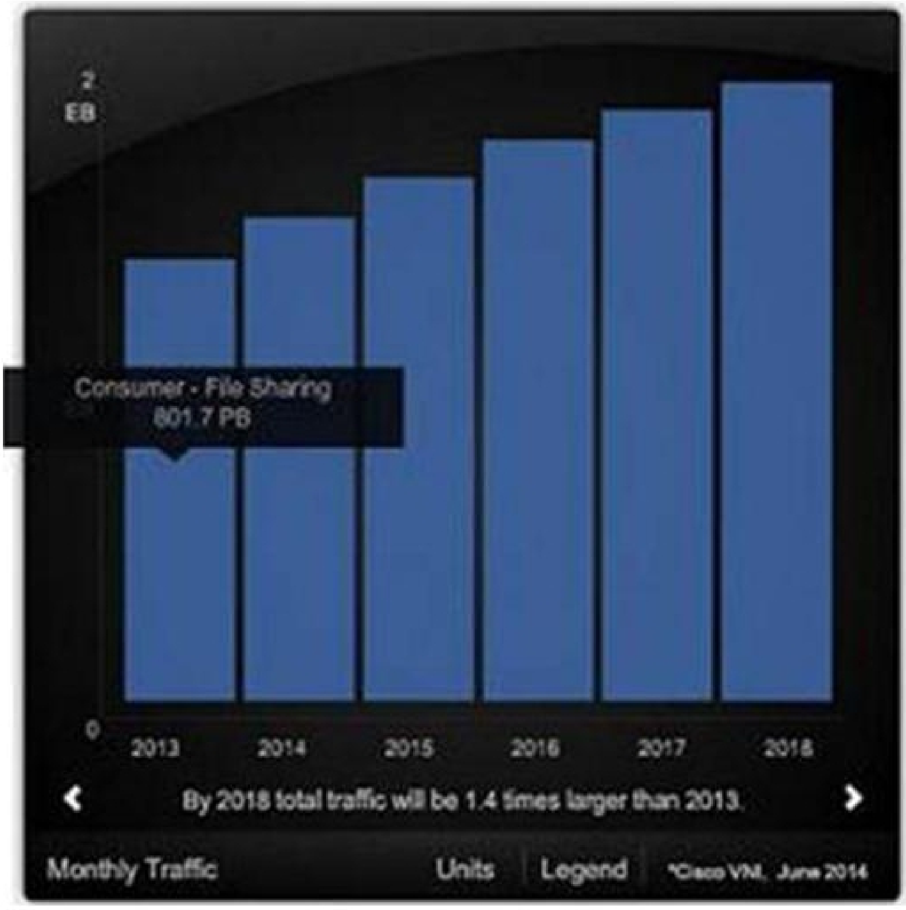
We have not had any discussions regarding streaming service affecting our business. Data traffic used for filesharing in North America grew from 674 PB a month in 2010 to 801 PB a month 2013 and is forecast to grow between now and 2018 as shown in the table below.

**Global Consumer File-Sharing Traffic, 2010-2018**

**Consumer File Sharing, 2013-2018**

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | CAGR 2013-2018 |
|---|---|---|---|---|---|---|---|
| **By Network (PB per Month)** | | | | | | | |
| Fixed | 6,044 | 6,492 | 6,729 | 6,783 | 6,744 | 6,652 | 2% |
| Mobile | 41 | 56 | 74 | 92 | 112 | 131 | 26% |
| **By Subsegment (PB per Month)** | | | | | | | |
| P2P file transfer | 5,081 | 5,254 | 5,205 | 4,946 | 4,559 | 4,088 | -4% |
| Other file transfer | 1,004 | 1,294 | 1,598 | 1,929 | 2,297 | 2,696 | 22% |
| **By Geography (PB per Month)** | | | | | | | |
| Asia Pacific | 2,560 | 2,794 | 2,935 | 3,009 | 3,041 | 3,020 | 3% |
| North America | 802 | 878 | 951 | 1,018 | 1,073 | 1,124 | 7% |
| Western Europe | 1,184 | 1,181 | 1,145 | 1,130 | 1,115 | 1,086 | -2% |
| Central and Eastern Europe | 872 | 951 | 992 | 956 | 923 | 891 | 0% |
| Latin America | 567 | 634 | 673 | 672 | 649 | 608 | 1% |
| Middle East and Africa | 100 | 110 | 107 | 90 | 55 | 54 | -12 |
| **Total (PB per Month)** | | | | | | | |
| Consumer file sharing | 6,085 | 6,548 | 6,803 | 6,875 | 6,856 | 6,784 | 2% |

Source: Cisco VNI, 2014




**Employees**

As of March 30, 2016, we had 13 employees, 11 of whom are full time.

**ITEM 1A. Risk Factors.**

*Investing in our common stock involves a high degree of risk. Potential investors should consider carefully the risks and uncertainties described below together with all other information contained in this report before making investment decisions with respect to our common stock.*

<u>**Risks Related to our Company and our Business**</u>

***We have a limited operating history and are subject to the risks encountered by early-stage companies.***

Rightscorp Delaware was formed on January 20, 2011. Because we have a limited operating history, our operating prospects should be considered in light of the risks and uncertainties frequently encountered by early-stage companies in rapidly evolving markets. These risks include:

- risks that we may not have sufficient capital to achieve our growth strategy;
- risks that we may not develop our product and service offerings in a manner that enables us to be profitable and meet our customers' requirements;
- risks that our growth strategy may not be successful; and
- risks that fluctuations in our operating results will be significant relative to our revenues.

These risks are described in more detail below. Our future growth will depend substantially on our ability to address these and the other risks described in this section. If we do not successfully address these risks, our business would be significantly harmed.

***Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern, which may hinder our ability to obtain future financing***

We have a history of losses and may continue to incur operating and net losses for the foreseeable future. For the year ended December 31, 2015, we incurred a net loss of $3,434,567 and used cash in operating activities of $2,495,900, and at December 31, 2015, we had a stockholders' deficiency of $2,182,530. These factors raise substantial doubt about our ability to continue as a going concern. As a result, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of and for the year ended December 31, 2015 with respect to this uncertainty. This going concern opinion could materially limit our ability to raise additional funds through the issuance of new debt or equity securities or otherwise, and future reports on our financial statements may also include an explanatory paragraph with respect to our ability to continue as a going concern.

In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through borrowings and the sale of common stock. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stock holders, in case or equity financing.

***We may need significant additional capital, which we may be unable to obtain.***

We may need to obtain additional financing over time to fund operations. Our management cannot predict the extent to which we will require additional financing, and can provide no assurance that additional financing will be available on favorable terms or at all. The rights of the holders of any debt or equity that may be issued in the future could be senior to the rights of common shareholders, and any future issuance of equity could result in the dilution of our common shareholders' proportionate equity interests in our company. Failure to obtain financing or an inability to obtain financing on unattractive terms could have a material adverse effect on our business, prospects, results of operation and financial condition.

***Our resources may not be sufficient to manage our potential growth; failure to properly manage our potential growth would be detrimental to our business.***

We may fail to adequately manage our potential future growth. Any growth in our operations will place a significant strain on our administrative, financial and operational resources, and increase demands on our management and on our operational and administrative systems, controls and other resources. We cannot assure you that our existing personnel, systems, procedures or controls will be adequate to support our operations in the future or that we will be able to successfully implement appropriate measures consistent with our growth strategy. As part of this growth, we may have to implement new operational and financial systems, procedures and controls to expand, train and manage our employee base, and maintain close coordination among our technical, accounting, finance, marketing and sales staff. We cannot guarantee that we will be able to do so, or that if we are able to do so, we will be able to effectively integrate them into our existing staff and systems. To the extent we acquire businesses, we will also need to integrate and assimilate new operations, technologies and personnel. If we are unable to manage growth effectively, such as if our sales and marketing efforts exceed our capacity to install, maintain and service our products or if new employees are unable to achieve performance levels, our business, operating results and financial condition could be materially and adversely affected.

***We will need to increase the size of our organization, and we may be unable to manage rapid growth effectively.***

Our failure to manage growth effectively could have a material and adverse effect on our business, results of operations and financial condition. We anticipate that a period of significant expansion will be required to address possible acquisitions of business, products, or rights, and potential internal growth to handle licensing and research activities. This expansion will place a significant strain on management, operational and financial resources. To manage the expected growth of our operations and personnel, we must both improve our existing operational and financial systems, procedures and controls and implement new systems, procedures and controls. We must also expand our finance, administrative, and operations staff. Our current personnel, systems, procedures and controls may not adequately support future operations. Management may be unable to hire, train, retain, motivate and manage necessary personnel or to identify, manage and exploit existing and potential strategic relationships and market opportunities.

***We are dependent on the continued services and performance of our senior management, the loss of any of whom could adversely affect our business, operating results and financial condition.***

Our future performance depends on the continued services and continuing contributions of our senior management to execute our business plan, and to identify and pursue new opportunities and product innovations. The loss of services of senior management, particularly Christopher Sabec and Robert Steele, Rightscorp Delaware's founders, could significantly delay or prevent the achievement of our strategic objectives. The loss of the services of senior management for any reason could adversely affect our business, prospects, financial condition and results of operations.

***Our ability to protect our intellectual property and proprietary technology through patents and other means is uncertain and may be inadequate, which would have a material and adverse effect on us.***

Our success depends significantly on our ability to protect our proprietary rights to the technologies used in our products. In particular, we have thirty-two patent applications pending worldwide for our system of identifying and collecting settlement payments for repeat copyright infringements. Even if our pending patents are granted, we cannot assure you that we will be able to control all of the rights for all of our intellectual property. We rely on patent protection, as well as a combination of copyright, trade secret and trademark laws and nondisclosure, confidentiality and other contractual restrictions to protect our proprietary technology, including our licensed technology. However, these legal means afford only limited protection and may not adequately protect our rights or permit us to gain or keep any competitive advantage. For example, our pending United States and foreign patent applications may not issue as patents in a form that will be advantageous to us or may issue and be subsequently successfully challenged by others and invalidated. Both the patent application process and the process of managing patent disputes can be time-consuming and expensive. Competitors may be able to design around our patents or develop products which provide outcomes which are comparable or even superior to ours. Steps that we have taken to protect our intellectual property and proprietary technology, including entering into confidentiality agreements and intellectual property assignment agreements with some of our officers, employees, consultants and advisors, may not provide meaningful protection for our trade secrets or other proprietary information in the event of unauthorized use or disclosure or other breaches of the agreements. Furthermore, the laws of foreign countries may not protect our intellectual property rights to the same extent as do the laws of the United States.

In the event a competitor infringes upon our licensed or pending patent or other intellectual property rights, enforcing those rights may be costly, uncertain, difficult and time consuming. Even if successful, litigation to enforce our intellectual property rights or to defend our patents against challenge could be expensive and time consuming and could divert our management's attention. We may not have sufficient resources to enforce our intellectual property rights or to defend our patents rights against a challenge. The failure to obtain patents and/or protect our intellectual property rights could have a material and adverse effect on our business, results of operations and financial condition.

***Our patent applications and licenses may be subject to challenge on validity grounds, and our patent applications may be rejected.***

We rely on our patent applications, licenses and other intellectual property rights to give us a competitive advantage. Whether a patent application should be granted, and if granted whether it would be valid, is a complex matter of science and law, and therefore we cannot be certain that, if challenged, our patents (should any be granted), patent applications and/or other intellectual property rights would be upheld. If one or more of these intellectual property rights are invalidated, rejected or found unenforceable, that could reduce or eliminate any competitive advantage we might otherwise have had.

***We may become subject to claims of infringement or misappropriation of the intellectual property rights of others, which could prohibit us from developing our products, require us to obtain licenses from third parties or to develop non-infringing alternatives and subject us to substantial monetary damages.***

Third parties could, in the future, assert infringement or misappropriation claims against us with respect to products we develop. Whether a product infringes a patent or misappropriates other intellectual property involves complex legal and factual issues, the determination of which is often uncertain. Therefore, we cannot be certain that we have not infringed the intellectual property rights of others. Our potential competitors may assert that some aspect of our product infringes their patents. Because patent applications may take years to issue, there also may be applications now pending of which we are unaware that may later result in issued patents upon which our products could infringe. There also may be existing patents or pending patent applications of which we are unaware upon which our products may inadvertently infringe.

Any infringement or misappropriation claim could cause us to incur significant costs, place significant strain on our financial resources, divert management's attention from our business and harm our reputation. If the relevant patents in such claim were upheld as valid and enforceable and we were found to infringe them, we could be prohibited from selling any product that is found to infringe unless we could obtain licenses to use the technology covered by the patent or are able to design around the patent. We may be unable to obtain such a license on terms acceptable to us, if at all, and we may not be able to redesign our products to avoid infringement. A court could also order us to pay compensatory damages for such infringement, plus prejudgment interest and could, in addition, treble the compensatory damages and award attorney fees. These damages could be substantial and could harm our reputation, business, financial condition and operating results. A court also could enter orders that temporarily, preliminarily or permanently enjoin us and our customers from making, using, or selling products, and could enter an order mandating that we undertake certain remedial activities. Depending on the nature of the relief ordered by the court, we could become liable for additional damages to third parties.

***The prosecution and enforcement of patents licensed to us by third parties are not within our control. Without these technologies, our product may not be successful and our business would be harmed if the patents were infringed or misappropriated without action by such third parties.***

We have obtained licenses from third parties for patents and patent application rights related to the products we are developing, allowing us to use intellectual property rights owned by or licensed to these third parties. We do not control the maintenance, prosecution, enforcement or strategy for many of these patents or patent application rights and as such are dependent in part on the owners of the intellectual property rights to maintain their viability. Without access to these technologies or suitable design-around or alternative technology options, our ability to conduct our business could be impaired significantly.

***We may not be successful in the implementation of our business strategy or our business strategy may not be successful, either of which will impede our development and growth.***

Our business strategy involves having copyright owners agree to use our service. Our ability to implement this business strategy is dependent on our ability to:

- predict copyright owner’s concerns;
- identify and engage copyright owners;
- convince ISPs to accept our notices;
- establish brand recognition and customer loyalty; and
- manage growth in administrative overhead costs during the initiation of our business efforts.

We do not know whether we will be able to continue successfully implementing our business strategy or whether our business strategy will ultimately be successful. In assessing our ability to meet these challenges, a potential investor should take into account our limited operating history and brand recognition, our management’s relative inexperience, the competitive conditions existing in our industry and general economic conditions. Our growth is largely dependent on our ability to successfully implement our business strategy. Our revenues may be adversely affected if we fail to implement our business strategy or if we divert resources to a business that ultimately proves unsuccessful.

***We have limited existing brand identity and customer loyalty; if we fail to market our brand to promote our service offerings, our business could suffer.***

Because of our limited operating history, we currently do not have strong brand identity or brand loyalty. We believe that establishing and maintaining brand identity and brand loyalty is critical to attracting customers to our program. In order to attract copyright holders to our program, we may be forced to spend substantial funds to create and maintain brand recognition among consumers. We believe that the cost of our sales campaigns could increase substantially in the future. If our branding efforts are not successful, our ability to earn revenues and sustain our operations will be harmed.

Promotion and enhancement of our services will depend on our success in consistently providing high-quality services to our customers. Since we rely on technology partners to provide portions of the service to our customers, if our suppliers do not send accurate and timely data, or if our customers do not perceive the products we offer as superior, the value of the our brand could be harmed. Any brand impairment or dilution could decrease the attractiveness of our services to one or more of these groups, which could harm our business, results of operations and financial condition.

***Our service offerings may not be accepted.***

As is typically the case involving service offerings, anticipation of demand and market acceptance are subject to a high level of uncertainty. The success of our service offerings primarily depends on the interest of copyright holders in joining our service. In general, achieving market acceptance for our services will require substantial marketing efforts and the expenditure of significant funds, the availability of which we cannot be assured, to create awareness and demand among customers. We have limited financial, personnel and other resources to undertake extensive marketing activities. Accordingly, we cannot assure you that any of our services will be accepted or with respect to our ability to generate the revenues necessary to remain in business.

***A competitor with a stronger or more suitable financial position may enter our marketplace.***

To our knowledge, there is currently no other company offering a copyright settlement service for P2P infringers. The success of our service offerings primarily depends on the interest of copyright holders in joining our service, as opposed to a similar service offered by a competitor. If a direct competitor arrives in our market, achieving market acceptance for our services may require additional marketing efforts and the expenditure of significant funds, the availability of which we cannot be assured, to create awareness and demand among customers. We have limited financial, personnel and other resources to undertake additional marketing activities. Accordingly, no assurance can be given that we will be able to win business from a stronger competitor.

***A significant portion of our revenue is dependent upon a small number of customers and the loss of any one of these customers would negatively impact our revenues and our results of operations.***

We derived approximately 77% of our revenues from a contract with one customer during the year ended December 31, 2014. For the year ended December 31, 2014, we derived approximately 90% of our revenues from contracts with two customers. We derived approximately 58% of our revenues from a contract with one customer during the year ended December 31, 2015. For the year ended December 31, 2015, we derived approximately 72% of our revenues from contracts with two customers. Our standard contract, which is entitled a Representation Agreement, with customers are for initial terms which vary in length, typically between three months and one year, and renewals are at the discretion of the parties, or in some cases renew automatically in one month increments, subject to the right of either party to terminate upon 30 days' notice. If any of our major customers were to terminate their business relationships with us, our operating results would be materially harmed.

***Our exposure to outside influences beyond our control, including new legislation or court rulings could adversely affect our enforcement activities and results of operations.***

Our enforcement activities are subject to numerous risks from outside influences, including the following:

- Legal precedents could change which could either make enforcement of our client's copyright rights more difficult, or which could make out-of-court settlements less attractive to either our clients or potential infringers.

- New legislation, regulations or rules related to copyright enforcement could significantly increase our operating costs or decrease our ability to effectively negotiate settlements.

- Changes in consumer privacy laws could make internet service providers more reluctant to identify their end users or may otherwise make identification of individual infringers more difficult.

The occurrence of any one of the foregoing could significantly damage our business and results of operations.

***Software defects or errors in our products could harm our reputation, result in significant costs to us and impair our ability to sell our products, which would harm our operating results.***

Our products may contain undetected defects or errors when first introduced or as new versions are released, which could materially and adversely affect our reputation, result in significant costs to us and impair our ability to sell our products in the future. The costs incurred in correcting any defects or errors may be substantial and could adversely affect our operating results.

***Enforcement actions against individuals may result in negative publicity which could deter customers from doing business with us.***

In the past, online trademark infringement cases have garnered significant press coverage. Coverage which is sympathetic to the infringing parties or which otherwise portrays our Company in a negative light, whether or not warranted, may harm our reputation or cause our clients to have concerns about being associated with us. Such negative publicity could decrease the demand for our products and services and adversely affect our business and operating results.

***Litigation may harm our business.***

Substantial, complex or extended litigation could cause us to incur significant costs and distract our management. For example, lawsuits by employees, stockholders, collaborators, distributors, customers, competitors or others could be very costly and substantially disrupt our business. Disputes from time to time with such companies, organizations or individuals are not uncommon, and we cannot assure you that we will always be able to resolve such disputes or on terms favorable to us. Unexpected results could cause us to have financial exposure in these matters in excess of recorded reserves and insurance coverage, requiring us to provide additional reserves to address these liabilities, therefore impacting profits.

***If we experience a significant disruption in our information technology systems or if we fail to implement new systems and software successfully, our business could be adversely affected.***

We depend on information systems throughout our company to control our manufacturing processes, process orders, manage inventory, process and bill shipments and collect cash from our customers, respond to customer inquiries, contribute to our overall internal control processes, maintain records of our property, plant and equipment, and record and pay amounts due vendors and other creditors. If we were to experience a prolonged disruption in our information systems that involve interactions with customers and suppliers, it could result in the loss of sales and customers and/or increased costs, which could adversely affect our overall business operation.

**Risks Related to the Securities Markets and Ownership of our Equity Securities**

***Our common stock is thinly traded, so you may be unable to sell at or near ask prices or at all if you need to sell your shares to raise money or otherwise desire to liquidate your shares.***

Our common stock has historically been sporadically traded on the OTC QB, meaning that the number of persons interested in purchasing our shares at or near ask prices at any given time may be relatively small or non-existent. This situation is attributable to a number of factors, including the fact that we are a small company which is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community that generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk-averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we became more seasoned and viable. As a consequence, there may be periods of several days or more when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot give you any assurance that a broader or more active public trading market for our common shares will develop or be sustained, or that current trading levels will be sustained.

***The market price for the common stock is particularly volatile given our status as a relatively unknown company with a small and thinly traded public float, limited operating history and lack of revenue, which could lead to wide fluctuations in our share price. The price at which you purchase our shares may not be indicative of the price that will prevail in the trading market. You may be unable to sell your common shares at or above your purchase price, which may result in substantial losses to you.***

The market for our shares of common stock is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, as noted above, our shares are sporadically traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of our shares are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Secondly, we are a speculative investment due to, among other matters, our limited operating history and lack of significant revenue or profit to date, and the uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the securities of a seasoned issuer. The following factors may add to the volatility in the price of our shares: actual or anticipated variations in our quarterly or annual operating results; acceptance of our inventory of games; government regulations, announcements of significant acquisitions, strategic partnerships or joint ventures; our capital commitments and additions or departures of our key personnel. Many of these factors are beyond our control and may decrease the market price of our shares regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our shares will be at any time, including as to whether our shares will sustain their current market prices, or as to what effect the sale of shares or the availability of shares for sale at any time will have on the prevailing market price.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for penny stocks has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. The occurrence of these patterns or practices could increase the volatility of our share price.

***The market price of our common stock may be volatile and adversely affected by several factors.***

The market price of our common stock could fluctuate significantly in response to various factors and events, including, but not limited to:

- our ability to integrate operations, technology, products and services;
- our ability to execute our business plan;
- operating results below expectations;
- our issuance of additional securities, including debt or equity or a combination thereof;
- announcements of technological innovations or new products by us or our competitors;
- loss of any strategic relationship;
- industry developments, including, without limitation, changes in healthcare policies or practices;
- economic and other external factors;
- period-to-period fluctuations in our financial results; and
- whether an active trading market in our common stock develops and is maintained.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

***Our officers and directors beneficially own approximately 23% of our outstanding shares of common stock*.**

Our officers and directors beneficially own approximately 23% of our outstanding shares of common stock as of March 30, 2016. These individuals will have the ability to substantially influence all matters submitted to our shareholders for approval and to control our management and affairs, including extraordinary transactions such as mergers and other changes of corporate control, including going private transactions.

***Because we became public by means of a reverse acquisition, we may not be able to attract the attention of brokerage firms.***

Because we became public through a "reverse acquisition", securities analysts of brokerage firms may not provide coverage of us since there is little incentive to brokerage firms to recommend the purchase of our common stock.

***A large number of shares are issuable upon exercise of outstanding warrants. The exercise of these securities could result in the substantial dilution of your investment in terms of your percentage ownership in our company. The sale of a large amount of common shares received upon exercise of these warrants on the public market, or the perception that such sales could occur, could substantially depress the prevailing market prices for our shares.***

As of March 30, 2016, there were outstanding presently exercisable warrants entitling the holders to purchase 45,310,140 shares of common stock at a weighted average exercise price of $0.09 per share. The exercise or conversion price for all of the aforesaid securities may be less than your cost to acquire our shares. In the event of the exercise or conversion of these securities, you could suffer substantial dilution of your investment in terms of your percentage ownership in our company. In addition, the holders of the warrants may sell shares in tandem with their exercise of those warrants to finance that exercise, which could further depress the market price of the common stock.

***Our issuance of additional shares of common stock, or options or warrants to purchase those shares, would dilute your proportionate ownership and voting rights.***

We are entitled under our articles of incorporation to issue up to 250,000,000 shares of common stock. We have issued and outstanding, as of March 30, 2016, 117,215,314 shares of common stock. In addition, we are entitled under our articles of incorporation to issue up to 10,000,000 shares of "blank check" preferred stock, none of which is presently issued or outstanding. Our board may generally issue shares of common stock, preferred stock or options or warrants to purchase those shares, without further approval by our shareholders based upon such factors as our board of directors may deem relevant at that time. It is likely that we will be required to issue a large amount of additional securities to raise capital to further our development. It is also likely that we will issue a large amount of additional securities to directors, officers, employees and consultants as compensatory grants in connection with their services, both in the form of stand-alone grants or under our stock plans. We cannot give you any assurance that we will not issue additional shares of common stock, or options or warrants to purchase those shares, under circumstances we may deem appropriate at the time.

***The elimination of monetary liability against our directors, officers and employees under our Articles of Incorporation and the existence of indemnification rights to our directors, officers and employees may result in substantial expenditures by our company and may discourage lawsuits against our directors, officers and employees.***

Our Articles of Incorporation contains provisions that eliminate the liability of our directors for monetary damages to our company and shareholders. Our bylaws also require us to indemnify our officers and directors. We may also have contractual indemnification obligations under our agreements with our directors, officers and employees. The foregoing indemnification obligations could result in our company incurring substantial expenditures to cover the cost of settlement or damage awards against directors, officers and employees that we may be unable to recoup. These provisions and resultant costs may also discourage our company from bringing a lawsuit against directors, officers and employees for breaches of their fiduciary duties, and may similarly discourage the filing of derivative litigation by our shareholders against our directors, officers and employees even though such actions, if successful, might otherwise benefit our company and shareholders.

***Anti-takeover provisions may impede the acquisition of our company.***

Certain provisions of the Nevada Revised Statutes have anti-takeover effects and may inhibit a non-negotiated merger or other business combination. These provisions are intended to encourage any person interested in acquiring us to negotiate with, and to obtain the approval of, our board of directors in connection with such a transaction. However, certain of these provisions may discourage a future acquisition of us, including an acquisition in which the shareholders might otherwise receive a premium for their shares. As a result, shareholders who might desire to participate in such a transaction may not have the opportunity to do so.

***If we fail to comply with Section 404 of the Sarbanes-Oxley Act of 2002 our business could be harmed and our stock price could decline.***

Rules adopted by the SEC pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 require an annual assessment of our internal control over financial reporting. Accordingly, we are subject to the rules requiring an annual assessment of our internal controls. The standards that must be met for management to assess the internal control over financial reporting as effective are complex, and require significant documentation, testing and possible remediation to meet the detailed standards. In addition, in the event we are no longer a smaller reporting company, the independent registered public accounting firm auditing our financial statements would be required to attest to the effectiveness of our internal controls over financial reporting. Such attestation requirement by our independent registered public accounting firm would not be applicable to us until the report for the year ended December 31, 2016 at the earliest, if at all. If we are unable to conclude that we have effective internal control over financial reporting or if our independent registered public accounting firm is required to, but is unable to provide us with a report as to the effectiveness of our internal controls over financial reporting, investors could lose confidence in the reliability of our financial statements, which could result in a decrease in the value of our securities.

***We may become involved in securities class action litigation that could divert management's attention and harm our business.***

The stock market in general, and the shares of early stage companies in particular, have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of the companies involved. If these fluctuations occur in the future, the market price of our shares could fall regardless of our operating performance. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. If the market price or volume of our shares suffers extreme fluctuations, then we may become involved in this type of litigation, which would be expensive and divert management's attention and resources from managing our business.

As a public company, we may also from time to time make forward-looking statements about future operating results and provide some financial guidance to the public markets. Our management has limited experience as a management team in a public company and as a result projections may not be made timely or set at expected performance levels and could materially affect the price of our shares. Any failure to meet published forward-looking statements that adversely affect the stock price could result in losses to investors, stockholder lawsuits or other litigation, sanctions or restrictions issued by the SEC.

***Our common stock is currently deemed a "penny stock," which makes it more difficult for our investors to sell their shares.***

The SEC has adopted Rule 15g-9 which establishes the definition of a "penny stock," for the purposes relevant to us, as any equity security that has a market price of less than $5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require that a broker or dealer approve a person's account for transactions in penny stocks, and the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must obtain financial information and investment experience objectives of the person, and make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which, in highlight form sets forth the basis on which the broker or dealer made the suitability determination, and that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the "penny stock" rules. This may make it more difficult for investors to dispose of our common stock if and when such shares are eligible for sale and may cause a decline in the market value of its stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock.

***As an issuer of "penny stock," the protection provided by the federal securities laws relating to forward-looking statements does not apply to us*.**

Although federal securities laws provide a safe harbor for forward-looking statements made by a public company that files reports under the federal securities laws, this safe harbor is not available to issuers of penny stocks. As a result, we will not have the benefit of this safe harbor protection in the event of any legal action based upon a claim that the material provided by us contained a material misstatement of fact or was misleading in any material respect because of our failure to include any statements necessary to make the statements not misleading. Such an action could hurt our financial condition.

***Securities analysts may elect not to report on our common stock or may issue negative reports that adversely affect the stock price.***

At this time, no securities analysts provide research coverage of our common stock, and securities analysts may not elect not to provide such coverage in the future. It may remain difficult for our company, with its small market capitalization, to attract independent financial analysts that will cover our common stock. If securities analysts do not cover our common stock, the lack of research coverage may adversely affect the stock's actual and potential market price. The trading market for our common stock may be affected in part by the research and reports that industry or financial analysts publish about our business. If one or more analysts elect to cover our company and then downgrade the stock, the stock price would likely decline rapidly. If one or more of these analysts cease coverage of our company, we could lose visibility in the market, which, in turn, could cause our stock price to decline. This could have a negative effect on the market price of our common stock.

***We have not paid cash dividends in the past and do not expect to pay cash dividends in the foreseeable future. Any return on investment may be limited to the value of our common stock.***

We have never paid cash dividends on our capital stock and do not anticipate paying cash dividends on our capital stock in the foreseeable future. The payment of dividends on our capital stock will depend on our earnings, financial condition and other business and economic factors affecting us at such time as the board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if the common stock price appreciates.

**ITEM 1B. Unresolved Staff Comments.**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide the information required by this Item.

**ITEM 2. Properties.**

We are headquartered in Santa Monica, CA, and maintain a 1,500 sq. ft. office in Los Angeles, CA. We lease our facilities month-to-month basis at a fixed rate of $2,600 per month.

**ITEM 3. Legal Proceedings.**

We are involved in the following legal proceedings.

***John Blaha v. Rightscorp, Inc., C.D. Cal. (Original Complaint Filed November 21, 2014; First Amended Complaint Filed March 9, 2015).***

**Nature of Matter:** This matter seeks relief for alleged violations of the Telephone Consumer Protection Act (47 U.S.C. § 227). The action is brought on behalf of the individual named plaintiff as well as on behalf of a putative nationwide classes.

**Progress of Matter to Date:** This matter was previously captioned with Karen J. Reif and Isaac Nesmith as lead plaintiffs. On March 9, 2015, plaintiff filed a First Amended Complaint replacing the lead plaintiffs, dropping their second and third causes of action for Violations of the Fair Debt Collection Practices Act (15 U.S.C. § 1692, et seq.) and Violations of the Rosenthal Fair Debt Collection Practices Act (Cal. Civ. Code § 1788 et seq.) (and dropping associated putative class claims), and naming BMG Rights Management (US) LLC and Warner Bros. Entertainment Inc. as additional defendants.

The First Amended Complaint also contained a cause of action for Abuse of Process. In response to the Abuse of Process claim, defendants brought a special motion to strike the claim under California's anti-SLAPP statute. Defendants' anti-SLAPP motion was granted on May 8, 2015. Pursuant to the Court's May 8, 2015 Order, the Abuse of Process claim (and associated putative class claim) was stricken from the case and plaintiff was ordered to pay defendants' attorney's fees incurred in bringing the anti-SLAPP motion.

Following the dismissal of Plaintiff's Abuse of Process claim, the parties agreed to mediate the dispute and reached a settlement in principal. Plaintiff's Motion for Preliminary Approval of Class Action Settlement was heard on February 8, 2016, before the Hon. Dale S. Fischer. The Court reviewed the proposed settlement and offered the parties its comments regarding the submitted documents. The Parties are now in the process of meeting and conferring to implement the Court's suggested revisions and will notify the Court when the materials are ready to be resubmitted. Once the motion is resubmitted, a new hearing date convenient for the Court will be selected, at which time Rightscorp anticipates the Court will rule on the motion.

***Melissa Brown and Ben Jenkins v. Rightscorp, Inc.,*** **Federal District Court, M.D. Ga. (Complaint Filed February 17, 2015).**

**Nature of Matter:** In this case the plaintiffs asserted claims for (1) Violations of the Telephone Consumer Protection Act (47 U.S.C. § 227, et seq.) and (2) Knowing and Willful Violations of the Telephone Consumer Protection Act (47 U.S.C. § 227, et seq.). Defendant Rightscorp, Inc. disputed the plaintiffs' claims and denied any violation of the Telephone Consumer Protection Act (47 U.S.C. § 227, et seq.) or any other right of plaintiffs.

**Progress of Matter to Date**: After discovery, the parties agreed to settle the case in December 2015 and formally entered into a written settlement agreement on January 28, 2016 that fully resolved all claims in the case, with prejudice. Defendants paid the settlement amount and on February 29, 2016 a Stipulation of Dismissal was filed with the court and the matter was closed.

**Evaluation:** The case has been settled.

**ITEM 4. Mine Safety Disclosures.**

Not Applicable

PART II

**ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

**Trading Information**

Our common stock is quoted on the OTC QB under the symbol "RIHT." There has been limited reported trading to date in our common stock. The following table sets forth, for the periods indicated, the range of high and low intraday bid price per share of our common stock. Our shares began trading on July 17, 2013. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

| Fiscal Year 2014 | High | Low |
|---|---|---|
| First Quarter | $ 0.85 | $ 0.60 |
| Second Quarter | $ 0.60 | $ 0.40 |
| Third Quarter | $ 0.48 | $ 0.31 |
| Fourth Quarter | $ 0.32 | $ 0.10 |

| Fiscal Year 2015 | High | Low |
|---|---|---|
| First Quarter | $ 0.18 | $ 0.07 |
| Second Quarter | $ 0.23 | $ 0.05 |
| Third Quarter | $ 0.23 | $ 0.09 |
| Fourth Quarter | $ 0.13 | $ 0.07 |

Our common stock is thinly traded and any reported sale prices may not be a true market-based valuation of our common stock.

As of March 30, 2016, we had approximately 110 holders of record of our common stock.

**Dividend Policy**

We have not declared or paid any dividends on our common stock. We intend to retain earnings for use in our operations and to finance our business. Any change in our dividend policy is within the discretion of our board of directors and will depend, among other things, on our earnings, debt service and capital requirements, restrictions in financing agreements, if any, business conditions, legal restrictions and other factors that our board of directors deems relevant.

**Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

None.

**Securities Authorized for Issuance under Equity Compensation Plans**

The following table sets forth the aggregate information of our equity compensation plans in effect as of December 31, 2015:

| Plan category | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|---|---|---|---|
| | (a) | (b) | (c) |
| Equity compensation plans approved by security holders | 0 | 0 | 0 |
| Equity compensation plans not approved by security holders | 579,988 | $ 0.27 | 170,012 |
| Total | 579,988 | $ 0.27 | 170,012 |

**ITEM 6. Selected Financial Data.**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide the information required by this Item.

## ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is an overview of the important factors that management focuses on in evaluating our business; financial condition and operating performance should be read in conjunction with the financial statements included in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in the Company's in this Annual Report on Form 10-K. Given the uncertainties that surround such statements, you are cautioned not to place undue reliance on such forward-looking statements.

### Overview

Our company was organized under the laws of the State of Nevada on April 9, 2010, and our fiscal year end is December 31. Our company is the parent company of Rightscorp, Inc. a Delaware corporation formed on January 20, 2011 ("Rightscorp Delaware"). The acquisition of Rightscorp Delaware was treated as a reverse acquisition, and the business of Rightscorp Delaware became the business of our company.

We have developed products and intellectual property rights relating to providing data and analytics regarding copyright infringement on the Internet. We are dedicated to the vision that digital creative works should be protected economically so that the next generation of great music, movies, video games and software can be made and their creators can prosper. We have a patent-pending, proprietary method for gathering and analyzing infringement data and for solving copyright infringement by collecting payments from illegal downloaders via notifications sent to their ISPs. Rightscorp has closed more than 230,000 cases of copyright infringement to date.

### Recent Developments

On September 29, 2015, we entered into a representation agreement (the "Representation Agreement") with Sony/ATV Music Publishing LLC ("Sony"), pursuant to which Sony appointed our Company as its agent solely to monitor the Internet for infringements of copyrights owned and/or controlled by Sony (the "Protected Copyrights") in certain musical compositions, resulting from unauthorized downloads and uploads by individual infringers ("Infringers") on online peer-to-peer networks ("Infringements"), for a term of one year, which term will automatically renew in 30 day increments, unless Sony provides 15 days written notice of termination. Pursuant to the Representation Agreement, Sony further authorized our Company, during the term of the Representation Agreement, as Sony's agent, to collect data as to Infringements of the Protected Copyrights, send notices to Internet Service Providers of such Infringements, negotiate and collect settlements on Sony's behalf with each Infringer for each identified Infringement of the Protected Copyrights ("Settlements"), and pay Sony 50% of the Net Revenues (as defined in the Representation Agreement) from such Settlements.

On February 22, 2016, the Company, entered into and closed a series of securities purchase agreements with accredited investors pursuant to which the Company sold to accredited investors an aggregate of 10,000,000 shares of common stock and warrants to purchase 10,000,000 shares of common stock for an aggregate purchase price of $500,000. The warrants have a term of three years and an exercise price of $0.15 per share.

### Results of Operations

### Year ended December 31, 2015 compared to year ended December 31, 2014

*Revenue*

We generated revenues of $832,215 during the year ended December 31, 2015, a decrease of $98,514 or 10% as compared to $930,729 for the year ended December 31, 2014. Management believes that the decrease in revenues was due to: a) changes in the filesharing software intended to defeat detection of copyrights being illegally distributed, b) less forwarding of the Company's notices by ISPs and c) the shutting down of some filesharing network infrastructure.

*Operating Expenses*

*Copyright Holder Fees*

In return for the right to pursue copyright infringers, we pay the copyright holders a percentage of the revenue we collect, in accordance with our representation agreements with our clients entered into prior to our notices being sent to infringers. For the year ended December 31, 2015 we accrued $439,724 due to copyright holders, or approximately 50% of collected revenues. For the year December 31, 2014 we paid $465,364 to copyright holders, also approximately 50% of revenues.

*Sales and Marketing*

Sales and marketing expenses consist primarily of advertising and marketing and consulting expenses. Sales and marketing costs were $216,274 for the year ended December 31, 2015 compared to $139,175 for the year ended December 31, 2014, an increase of $77,099.

*General and administrative*

General and administrative expenses consist primarily of salaries and related expenses for our management and personnel, and professional fees, such as accounting, consulting and legal. Legal fees related to various matters as discussed further in Part II, Item 1, Legal Proceedings totaled $951,441 for the year ended December 31, 2015, compared to $465,321 for the year ended December 31, 2014. Total wage and related expenses for the year ended December 31, 2015 were $1,677,484, of which $471,655 were non-cash charges related to the issuance and vesting of common stock, options and warrants issued for services. For the year ended December 31, 2015 consulting expenses includes $671,604 of were non-cash charges related to the issuance and vesting of common stock, options and warrants issued for services. The total increase in general and administrative expenses was $736,944 over the year ended December 31, 2014. Our total general and administrative expenses for the year ended December 31, 2015 was $4,498,519.

*Loss on Settlement*

In November 2014, the Company was named as defendant in a class action complaint. In August 2015 the Company reached a preliminary settlement in the matter and at December 31, 2015, has accrued a settlement of $200,000 related to this, which is net of expected insurance proceeds of $250,000. There was no accrued settlement at December 31, 2014.

*Depreciation and Amortization*

Depreciation and amortization expenses were $114,652 during the year ended December 31, 2015, an increase of $51,164, as compared to $63,488 for the year ended December 31, 2014.

*Interest*

Interest expense totaled $6,270 during the year ended December 31, 2015, a decrease from $26,600 in the year ended December 31, 2014, due to decreased interest owed on convertible notes used to finance our operations.

*Change in fair value of Derivative*

We had a change in the fair value of derivative liabilities income of $1,208,657 during the year ended December 31, 2015, compared to $550,985 for the year ended December 31, 2014.

*Net loss*

As a result of the foregoing, during the year ended December 31, 2015, we recorded a net loss of $3,434,567 compared to a net loss of $2,852,705 for the year ended December 31, 2014.

**Liquidity and Capital Resources**

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, during the year ended December 31, 2015, the Company incurred a net loss of $3,434,567, used cash in operations of $2,495,900, and at December 31, 2015, the Company had a stockholders' deficiency of $2,182,530. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2015, the Company had cash on hand of $193,014. On February 22, 2016, the Company sold to accredited investors an aggregate of 10,000,000 shares of its common stock and warrants to purchase 10,000,000 shares of common stock for total proceeds of $500,000. Management believes that our existing cash on hand will be sufficient to fund our operations into the second quarter of 2016. However, management believes that at least $1,500,000 will have to be raised in 2016 to fund operations. This forecast represents management's best estimate taking into consideration historic burn, expected revenue from the core business and revenue from new business initiatives slated for 2016. In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management's plans to continue as a going concern include raising additional capital through borrowings and the sale of common stock. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stockholders, in case of an equity financing.

**Operating Activities**

During the year ended December 31, 2015, we used $2,495,900 of cash in operating activities. Non-cash adjustments included $114,652 related to depreciation and amortization, $759,560 for stock compensation expense, $433,699 for options and warrants issued for services, $1,208,657 related change in fair value of derivative liabilities, and net changes in operating assets and liabilities of $889,413.

During the year ended December 31, 2014, we used $2,713,231 of cash in operating activities. Non-cash adjustments included $63,488 related to depreciation and amortization, $785,341 for common stock issued for services, gain on settlement of $21,783, gain on derivative liabilities of $550,985, stock compensation of $44,289, $10,891 related to amortization of discount on convertible debt, and net changes in operating assets and liabilities of $191,767.

**Investing Activities**

During the year ended December 31, 2014, we acquired equipment in the aggregate amount of $230,407 related to office operations. We had no investing activities for the year ended December 31, 2015.

**Financing Activities**

During the year ended December 31, 2015, financing activities provided $1,022,000. We received $1,032,000 in proceeds from common stock and warrants issued for cash. We used $10,000 to repay a convertible note. Financing activities provided $4,574,221 to us during the year ended December 31, 2014. We received $4,681,573 in proceeds from common stock issued for cash, and $53,148 in proceeds from warrant conversion. We also used $100,000 to repay a convertible note, and $60,500 for stock offering costs.

**Critical Accounting Policies and Estimates**

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates include accounting for potential liabilities and the assumptions made in valuing stock instruments issued for services and derivative liabilities. Actual results could differ from those estimates.

Revenue Recognition

The Company provides a service to copyright owners under which copyright owners retain the Company to identify and collect settlement payments from Internet users who have infringed on their copyrights. Revenue is recognized when the Company collects a settlement fee which acts as a wavier to the infringement against the copyright owner. Generally, the Company has agreed to remit 50% of such collections to the copyright holder.

Stock-Based Compensation

The Company periodically grants stock options and warrants to employees and non-employees in non-capital raising transactions as compensation for services rendered. The Company accounts for stock option and stock warrant grants to employees based on the authoritative guidance provided by the Financial Accounting Standards Board where the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option and stock warrant grants to non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board where the value of the stock compensation is determined based upon the measurement date at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option or warrant grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option and warrant grants are estimated using a Black-Scholes option pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes option pricing model, and based on actual experience. The assumptions used in the Black-Scholes option pricing model could materially affect compensation expense recorded in future periods.

**Recent Accounting Pronouncements**

See Footnote 2 of the financial statements for a discussion of recently issued accounting standards.

**ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk**

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, the Company is not required to provide the information required by this Item.

**ITEM 8. Financial Statements and Supplementary Data.**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

**RIGHTSCORP, INC.**

**December 31, 2015**

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors
Rightscorp, Inc. and Subsidiary
Santa Monica, California

We have audited the accompanying consolidated balance sheet of Rightscorp, Inc. (the "Company") and Subsidiary as of December 31, 2015, and the related consolidated statements of operations, stockholders' deficiency, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rightscorp, Inc. and Subsidiary as of December 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and has used cash to fund operating activities since inception, and has a stockholders' deficiency as of December 31, 2015. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WEINBERG & COMPANY, P.A.

Los Angeles, California
March 30, 2016

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors
Rightscorp, Inc.
Santa Monica, CA

We have audited the accompanying consolidated balance sheet of Rightscorp, Inc. as of December 31, 2014, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Rightscorp, Inc. as of December 31, 2014, and the results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in the Note 2 to the consolidated financial statements, the Company does not generate sufficient revenue to sustain operations and has negative cash flows from operations. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

HJ Associates & Consultants, LLP
Salt Lake City, UT
March 9, 2015

**Rightscorp, Inc. and Subsidiary**
Consolidated Balance Sheets

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| **Assets** | | |
| **Assets** | | |
| Cash | $ 193,014 | $ 1,666,914 |
| Prepaid expenses | 100,230 | 190,346 |
| **Total current assets** | 293,244 | 1,857,260 |
| **Other assets** | | |
| Fixed assets, net | 142,520 | 240,272 |
| Intangible assets, net | - | 16,900 |
| **Total assets** | $ 435,764 | $ 2,114,432 |
| **Liabilities and Stockholders' Deficiency** | | |
| **Current liabilities** | | |
| Accounts payable and accrued liabilities | $ 1,407,864 | $ 608,567 |
| Derivative liabilities | 1,210,430 | 2,419,087 |
| Convertible note payable | - | 10,000 |
| **Total current liabilities** | 2,618,294 | 3,037,654 |
| **Stockholders' deficiency** | | |
| Preferred stock, $.001 par value; 10,000,000 shares authorized; null shares issued and outstanding | - | - |
| Common stock, $.001 par value; 250,000,000 shares authorized; 107,215,314 and 89,896,421shares issued and outstanding, respectively | 107,215 | 89,896 |
| Common stock to be issued | - | 50,000 |
| Additional paid in capital | 8,238,199 | 6,030,259 |
| Accumulated deficit | (10,527,944) | (7,093,377) |
| Total stockholders' deficiency | (2,182,530) | (923,222) |
| **Total liabilities and stockholders' deficiency** | $ 435,764 | $ 2,114,432 |

See accompanying notes

**Rightscorp, Inc. and Subsidiary**
Consolidated Statements of Operations

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|---|---|
| **Revenue** | $ 832,215 | $ 930,729 |
| **Operating expenses:** | | |
| Copyright holder fees | 439,724 | 465,364 |
| Sales and marketing | 216,274 | 139,175 |
| General and administrative | 4,498,519 | 3,661,575 |
| Loss on settlement | 200,000 | - |
| Depreciation and amortization | 114,652 | 63,488 |
| Total operating expenses | 5,469,169 | 4,329,602 |
| **Loss from operations** | (4,636,954) | (3,398,873) |
| **Other income (expenses):** | | |
| Interest expense | (6,270) | (26,600) |
| Change in fair value of derivative liabilities | 1,208,657 | 550,985 |
| Gain on extinguishment of debt | - | 21,783 |
| Total other income (expenses) | 1,202,387 | 546,168 |
| **Net loss** | $ (3,434,567) | $ (2,852,705) |
| **Net loss per share – basic and diluted** | $ (0.04) | $ (0.04) |
| **Weighted average common shares – basic and diluted** | 94,120,902 | 72,928,764 |

See accompanying notes

**Rightscorp, Inc. and Subsidiary**

Consolidated Statements of Stockholders' Deficiency

| | Common stock | | Stock to be Issued | Additional Paid in Capital | Accumulated Deficit | Total Stockholders' Deficiency |
|---|---|---|---|---|---|---|
| | Stock | Amount | | | | |
| Balance at January 1, 2014 | 68,797,102 | $ 68,797 | $ 380,000 | $ 2,807,185 | $ (4,240,672) | $ (984,690) |
| Common stock issued for services | 2,251,287 | 2,251 | 50,000 | 854,854 | - | 907,105 |
| Common stock issued for cash | 17,041,270 | 17,041 | (380,000) | 5,044,082 | - | 4,681,123 |
| Stock offering cost | - | - | - | (60,050) | - | (60,050) |
| Loss on derivative liabilities | - | - | - | (2,970,072) | - | (2,970,072) |
| Warrants Conversion | 950,720 | 951 | - | 52,198 | - | 53,149 |
| Note Conversion | 856,042 | 856 | - | 108,372 | - | 109,228 |
| Warrants and options granted for services | - | - | - | 44,289 | - | 44,289 |
| Related party contribution of accrued salaries | - | - | - | 149,401 | - | 149,401 |
| Net loss | - | - | - | - | (2,852,705) | (2,852,705) |
| Balance at December 31, 2014 | 89,896,421 | 89,896 | 50,000 | 6,030,259 | (7,093,377) | (923,222) |
| Fair value of stock-based compensation | - | - | - | 433,699 | - | 433,699 |
| Fair value of shares issued for services | 6,450,000 | 6,450 | - | 753,110 | - | 759,560 |
| Cancellation of common stock to be issued | - | - | (50,000) | - | - | (50,000) |
| Shares and warrants issued for cash | 10,320,000 | 10,320 | | 1,021,680 | - | 1,032,000 |
| Shares issued upon exercise of warrant | 548,893 | 549 | | (549) | - | - |
| Net loss | - | - | - | - | (3,434,567) | (3,434,567) |
| Balance at December 31, 2015 | 107,215,314 | $ 107,215 | $ - | $ 8,238,199 | $(10,527,944) | $ (2,182,530) |

See accompanying notes

**Rightscorp, Inc. and Subsidiary**
Consolidated Statements of Cash Flows

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|---|---|
| **Cash Flows from Operating Activities** | | |
| Net loss | $ (3,434,567) | $ (2,852,705) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation and amortization | 114,652 | 63,488 |
| Fair value of stock-based compensation | 433,699 | 44,289 |
| Fair value of shares issued for services | 759,560 | 785,341 |
| Cancellation of common stock to be issued | (50,000) | - |
| Gain on settlement | - | (21,783) |
| Change in fair value of derivative liabilities | (1,208,657) | (550,985) |
| Amortization of discount on convertible debt | - | 10,891 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses | 90,116 | (48,941) |
| Accounts payable and accrued liabilities | 799,297 | (142,826) |
| Net cash used in operating activities | (2,495,900) | (2,713,231) |
| | | |
| **Cash Flows from Investing Activities:** | | |
| Purchases of equipment and furniture | - | (230,407) |
| Net cash used in investing activities | - | (230,407) |
| | | |
| **Cash Flows from Financing Activities** | | |
| Repayment of convertible notes | (10,000) | (100,000) |
| Proceeds from issuance of common stock and warrants | 1,032,000 | 4,681,573 |
| Stock offering cost | - | (60,500) |
| Proceeds from the exercise of warrants | - | 53,148 |
| Net cash provided by financing activities | 1,022,000 | 4,574,221 |
| | | |
| Net increase (decrease) in cash | (1,473,900) | 1,630,583 |
| | | |
| Cash, beginning of period | 1,666,914 | 36,331 |
| | | |
| **Cash, end of period** | $ 193,014 | $ 1,666,914 |
| | | |
| Non-Cash Investing & Financing Disclosure | | |
| Stock issued for convertible debt | - | $ 103,500 |
| Stock issued for convertible debt: accrued interest | - | $ 5,728 |
| Cashless exercise of warrant | $ 549 | $ 335 |
| Stock issued for prepaid expenses | - | $ 121,765 |
| Extinguishment of debt | - | $ 149,401 |
| Stock issued for common stock payable | - | $ 380,000 |

See accompanying notes

**Note 1 – Nature of the Business**

Rightscorp, Inc., a Nevada corporation (the “Company”) was organized under the laws of the State of Nevada on April 9, 2010, and its fiscal year end is December 31. The Company is the parent company of Rightscorp, Inc., a Delaware corporation formed on January 20, 2011 (“Rightscorp Delaware”). On October 25, 2013, the Company acquired Rightscorp Delaware in a transaction treated as a reverse acquisition, and the business of Rightscorp Delaware became the business of the Company.

The Company has developed products and intellectual property rights relating to providing data and analytics regarding copyright infringement on the Internet. The Company is dedicated to the vision that digital creative works should be protected economically so that the next generation of great music, movies, video games and software can be made and their creators can prosper. The Company has a patent-pending, proprietary method for gathering and analyzing infringement data and for solving copyright infringement by collecting payments from illegal downloaders via notifications sent to their ISP’s.

**Note 2 – Summary of Significant Accounting Policies**

Going Concern

The accompanying consolidated financial statements have been prepared assuming the Company will continue as a going concern, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. As reflected in the accompanying consolidated financial statements, during the year ended December 31, 2015, the Company incurred a net loss of $3,434,567, used cash in operations of $2,495,900, and at December 31, 2015, the Company had a stockholders’ deficiency of $2,182,530. These factors raise substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2015, the Company had cash on hand in the amount of $193,014. On February 22, 2016, the Company sold to accredited investors an aggregate of 10,000,000 shares of its common stock and warrants to purchase 10,000,000 shares of common stock for total proceeds of $500,000 (See Note 11). Management believes that our existing cash on hand will be sufficient to fund our operations into the second quarter of 2016. In order to continue as a going concern, develop a reliable source of revenues, and achieve a profitable level of operations the Company will need, among other things, additional capital resources. Management’s plans to continue as a going concern include raising additional capital through borrowings and the sale of common stock. No assurance can be given that any future financing will be available or, if available, that it will be on terms that are satisfactory to the Company. Even if the Company is able to obtain additional financing, it may contain undue restrictions on our operations, in the case of debt financing, or cause substantial dilution for our stock holders, in case of an equity financing.

Principles of Consolidation

The financial statements include the accounts of Rightscorp Inc., and its wholly-owned subsidiary Rightscorp Delaware. Intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Significant estimates include accounting for potential liabilities and the assumptions made in valuing stock instruments issued for services and derivative liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all cash, certificates of deposit and other highly-liquid investments with original maturities of three months or less, when purchased, to be cash and cash equivalents. As of December 31, 2015 and 2014 the Company had no cash equivalents.

Property and equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over their estimated useful lives of three years. Expenditures for maintenance and repairs are charged to operations as incurred while renewals and betterments are capitalized. Gains and losses on disposals are included in the consolidated statements of operations.

Management assesses the carrying value of property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If there is indication of impairment, management prepares an estimate of future cash flows expected to result from the use of the asset and its eventual disposition. If these cash flows are less than the carrying amount of the asset, an impairment loss is recognized to write down the asset to its estimated fair value. For the years ended December 31, 2015 and 2014, the Company did not recognize any impairments for its property and equipment.

Revenue Recognition

The Company provides a service to copyright owners under which copyright owners retain the Company to identify and collect settlement payments from Internet users who have infringed on their copyrights. Revenue is recognized when the Company collects a settlement fee which acts as a wavier to the infringement against the copyright owner. Generally, the Company has agreed to remit 50% of such collections to the copyright holder.

Income Taxes

The Company accounts for income taxes using the asset and liability method whereby deferred tax assets are recognized for deductible temporary differences, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Stock-Based Compensation

The Company periodically grants stock options and warrants to employees and non-employees in non-capital raising transactions as compensation for services rendered. The Company accounts for stock option and stock warrant grants to employees based on the authoritative guidance provided by the Financial Accounting Standards Board where the value of the award is measured on the date of grant and recognized over the vesting period. The Company accounts for stock option and stock warrant grants to non-employees in accordance with the authoritative guidance of the Financial Accounting Standards Board where the value of the stock compensation is determined based upon the measurement date at either a) the date at which a performance commitment is reached, or b) at the date at which the necessary performance to earn the equity instruments is complete. Non-employee stock-based compensation charges generally are amortized over the vesting period on a straight-line basis. In certain circumstances where there are no future performance requirements by the non-employee, option or warrant grants are immediately vested and the total stock-based compensation charge is recorded in the period of the measurement date.

The fair value of the Company's common stock option and warrant grants are estimated using a Black-Scholes option pricing model, which uses certain assumptions related to risk-free interest rates, expected volatility, expected life of the common stock options, and future dividends. Compensation expense is recorded based upon the value derived from the Black-Scholes option pricing model, and based on actual experience. The assumptions used in the Black-Scholes option pricing model could materially affect compensation expense recorded in future periods.

Basic and diluted loss per share

Basic loss per share is computed by dividing net loss applicable to common stockholders by the weighted average number of outstanding common shares during the period. Diluted loss per share is computed by dividing the net loss applicable to common stockholders by the weighted average number of common shares outstanding plus the number of additional common shares that would have been outstanding if all dilutive potential common shares had been issued. For the years ended December 31, 2015 and 2014, the basic and diluted shares outstanding were the same, as potentially dilutive shares were considered anti-dilutive.

At December 31, 2015 and 2014, the dilutive impact of outstanding stock options for 970,000 and 360,000 shares, respectively, and outstanding warrants for 35,310,140 and 22,450,140 shares, respectively, have been excluded because their impact on the loss per share is anti-dilutive.

Derivative Financial Instruments

The Company evaluates its financial instruments to determine if such instruments are derivatives or contain features that qualify as embedded derivatives. For derivative financial instruments that are accounted for as liabilities, the derivative instrument is initially recorded at its fair value and is then re-valued at each reporting date, with changes in the fair value reported in the condensed consolidated statements of operations. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is evaluated at the end of each reporting period. Derivative instrument liabilities are classified in the balance sheet as current or non-current based on whether or not net-cash settlement of the derivative instrument could be required within 12 months of the balance sheet date.

Fair Value of Financial Instruments

Under current accounting guidance, fair value is defined as the price at which an asset could be exchanged or a liability transferred in a transaction between knowledgeable, willing parties in the principal or most advantageous market for the asset or liability. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or parameters are not available, valuation models are applied. A fair value hierarchy prioritizes the inputs used in measuring fair value into three broad levels as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.
Level 2 – Inputs, other than the quoted prices in active markets, are observable either directly or indirectly.
Level 3 – Unobservable inputs based on the Company's assumptions.

The Company is required to use observable market data if such data is available without undue cost and effort. As of December 31, 2015, the amounts reported for cash, accrued liabilities and accrued interest approximated fair value because of their short-term maturities.

Derivative liabilities of $1,210,430 and $2,419,087 were valued using Level 2 inputs as of December 31, 2015 and 2014, respectively.

Concentrations of Risk

For the year ended December 31, 2015, we derived approximately 58% and 14%, respectively, of our sales from contracts with two customers. For the year ended December 31, 2014, we derived approximately 76% and 13%, respectively, of our revenues from contracts with two customers. Our standard contract with customers are for initial terms which vary in length, typically between three months and one year, and renewals are at the discretion of the parties, or in some cases renew automatically in one month increments, subject to the right of either party to terminate upon 30 days' notice.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 is a comprehensive revenue recognition standard that will supersede nearly all existing revenue recognition guidance under current U.S. GAAP and replace it with a principle based approach for determining revenue recognition. ASU 2014-09 will require that companies recognize revenue based on the value of transferred goods or services as they occur in the contract. The ASU also will require additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2017. Early adoption is permitted on in annual reporting periods beginning after December 31, 2016. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures.

In August 2014, the FASB issued Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. ASU 2014-15 requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern. ASU 2014-15 is effective for annual periods ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact the adoption of ASU 2014-15 on the Company's financial statements and disclosures.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, *Balance Sheet Classification of Deferred Taxes*, which requires an entity to present all deferred tax assets and liabilities as non-current in a classified balance sheet. This guidance allows for adoption on either a prospective or retrospective basis. The update becomes is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted. As of December 31, 2015, the Company has elected to early adopt this accounting standards update on a prospective basis.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. ASU 2016-02 requires a lessee to record a right of use asset and a corresponding lease liability on the balance sheet for all leases with terms longer than 12 months. ASU 2016-02 is effective for all interim and annual reporting periods beginning after December 15, 2018. Early adoption is permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Company is in the process of evaluating the impact of ASU 2016-02 on the Company's financial statements and disclosures.

Other recent accounting pronouncements issued by the FASB, including its Emerging Issues Task Force, the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not or are not believed by management to have a material impact on the Company's present or future consolidated financial statements.

**Note 3 – Fixed Assets and Intangible Assets**

As of December 31, 2015 and 2014, fixed assets and intangible assets consisted of the following:

| | December 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| Computer equipment and fixtures | $ | 312,756 | $ | 312,756 |
| Accumulated depreciation | | (170,236) | | (72,484) |
| **Fixed assets, net** | **$** | **142,520** | **$** | **240,272** |

| | December 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| Intangible assets | $ | 84,500 | $ | 84,500 |
| Accumulated depreciation | | (84,500) | | (67,600) |
| **Intangible assets, net** | **$** | **-** | **$** | **16,900** |

Depreciation and amortization expense for the years ended December 31, 2015 and 2014 was $114,652 and $63,488, respectively.

**Note 4 – Accounts Payable and Accrued Liabilities**

As of December 31, 2015 and 2014, accounts payable and accrued liabilities consisted of the following:

| | December 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| Accounts payable | $ | 683,488 | $ | 315,920 |
| Due to copyright holders | | 414,688 | | 156,986 |
| Accrued settlement | | 200,000 | | - |
| Accrued payroll | | 62,908 | | 91,673 |
| Insurance premium financing payable | | 46,780 | | 43,988 |
| **Total** | **$** | **1,407,864** | **$** | **608,567** |

In November 2014, the Company was named as defendant in a class action complaint (see *John Blaha v. Rightscorp, Inc* in Note10). In August 2015 the Company reached a preliminary settlement in the matter and at December 31, 2015, has accrued a settlement of $200,000 related to this, which is net of expected insurance proceeds of $250,000.

**Note 5 – Convertible Notes Payable**

During 2013, the Company issued various convertible notes with external parties for use as operating capital. During the year ended 2014, most of the notes were paid off or converted into shares of the Company common stock, and at December 31, 2014, the balance of one outstanding convertible note was $10,000. During the first quarter of 2015, this note was paid off.

**Note 6 – Derivative Liabilities**

In September 2014, the Company issued warrants exercisable into 17,892,000 shares in relation to the sale of 11,928,000 shares of its common stock. The warrants had a term of five years and an exercise price of $0.25 per share, subject to adjustment, as defined, if the Company issues securities at a price lower than the exercise price of these warrants in the future (see Note 8). 1,500,000 of these warrants were cancelled in 2014 and 600,000 of these warrants were exercised in 2015, and at December 31, 2015, 15,792,000 of these warrants were outstanding.

Pursuant to FASB authoritative guidance on determining whether an instrument (or embedded feature) is indexed to an entity's own stock, instruments, which do not have fixed settlement provisions, are deemed to be derivative instruments. The exercise price of the warrants issued in September 2014 did not have fixed settlement provisions because their exercise prices could be lowered if the Company issues securities at lower prices in the future. In accordance with the FASB authoritative guidance, the Company determined that the exercise feature of the warrants was not considered to be indexed to the Company's own stock, and bifurcated the exercise feature of the warrants and recorded a derivative liability. The derivative liability is re-measured at the end of every reporting period with the change in fair value reported in the statement of operations.

At December 31, 2014, the fair value of the derivative liabilities was $2,419,087. During the year ended December 31, 2015, the fair value of the derivative liabilities decreased by $1,208,657, and at December 31, 2015, the fair value of the derivative liabilities was $1,210,430. At December 31, 2015, the fair value of the derivative liabilities was determined through use of a probability-weighted Black-Scholes-Merton valuation model, based on the following assumptions: (i) volatility rate of 124%, (ii) discount rate of 1.5% (iii) zero expected dividend yield, and (iv) expected life of 3.75 years. The risk-free interest rate was based on rates established by the Federal Reserve Bank. The expected life of the exercise feature of the warrants was based on the remaining term of the warrants. The expected dividend yield was based on the fact that the Company has not customarily paid dividends in the past and does not expect to pay dividends in the future.

**Note 7 – Common stock transactions**

During the year ended December 31, 2015, the Company issued an aggregate of 17,770,000 shares of its common stock as follows:

- Between September 9, 2015 and September 30, 2015, the Company entered into securities purchase agreements with 11 accredited investors pursuant to which the Company sold an aggregate of 10,320,000 shares of common stock for $0.10 per share and warrants to purchase 10,320,000 shares of common stock for total proceeds of $1,032,000. The warrants have an exercise price of $0.15 per share and have a term of three years.

- The Company issued 6,450,000 shares of its common stock with a fair value of $759,560 to employees and consultants for services rendered. The shares were valued at market prices, which ranged from $0.09 per share to $0.15 per share, on the date the shares were granted.

- In 2014, the Company recorded shares to be issued valued at $50,000 as a fee for potential introductions to potential foreign customers. During 2015, the transaction was cancelled and the Company reversed the shares to be issued and offset stock-compensation expense for $50,000

During the year ended December 31, 2014, the Company issued an aggregate of 21,099,319 shares of its common stock as follows:

- The Company issued 17,041,270 to various investors at $0.25 to $0.374 per share for total proceeds of $4,681,123.

- The Company issued 2,251,287 shares of its common stock with a fair value of $907,105 to employees and consultants for services rendered and prepaid expenses. The shares were valued at market prices, which ranged from $0.35 per share to $0.73 per share, on the date the shares were granted.

- The Company issued 950,720 shares of common stock upon exercise of warrants at an exercise price of $0.086 per share for total proceeds of $53,148.

- The Company issued 856,042 shares of common stock to note holders in note conversions at $0.127 per share. At the time of conversion, the notes were valued at $109,228 for outstanding principal and interest owed.

**Note 8 – Stock Options and Warrants**

Options

During the year ended December 31, 2015, the Company granted options to purchase 970,000 shares of common stock with exercise prices ranging from $0.15 to $0.25 per share to employees of the Company. The stock options generally vest between two and three years. The fair value of these options was determined to be $194,201 using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate ranging from 180% to 207%, (ii) discount rate ranging from 1.5% to 1.71%, (iii) zero expected dividend yield, and (iv) expected life of 5 to 10 years.

In August 2014, the Company issued options to purchase 290,000 shares of its common stock to employees with an exercise price of $0.38 per share that vest over 3 years and have a term of 10 years. In June 2015, the exercise price was changed to $0.25 and the Company recorded a nominal cost of modification as determined by the difference in fair value of the options immediately before and after the modification.

During the years ended December 31, 2015 and 2014, the Company recorded compensation costs of $84,589 and $28,451, respectively, relating to the vesting of stock options. As of December 31, 2015, the aggregate value of unvested options was $121,690, which will continue to be amortized as compensation cost as the options vest over terms ranging from one to three years, as applicable.

The stock option activity for the year ended December 31, 2015 and 2014 is as follows:

| | Number of Options | | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term |
|---|---|---|---|---|
| Balance outstanding, January 1, 2014 | - | $ | - | - |
| Granted | 360,000 | | 0.38 | 9.64 |
| Exercised | - | | - | - |
| Forfeited/expired | - | | - | - |
| Balance outstanding, December 31, 2014 | 360,000 | | 0.38 | 9.64 |
| Granted | 970,000 | | 0.17 | 5,99 |
| Exercised | - | | - | - |
| Forfeited/expired | (360,000) | | 0.28 | 8.88 |
| Balance outstanding, December 31, 2015 | 970,000 | $ | 0.17 | 6.71 |
| Exercisable, December 31, 2015 | 83,330 | $ | 0.18 | 6.00 |

At December 31, 2015, the Company's outstanding and exercisable options had no intrinsic value.

Warrants

During the year ended December 31, 2015, the Company granted warrants to purchase 4,850,000 shares of common stock with exercise prices ranging from $0.15 to $0.25 per share to employees of the Company and consultants. The warrants generally vest between one and three years. The fair value of these warrants was determined to be $434,501 using the Black-Scholes-Merton option-pricing model based on the following assumptions: (i) volatility rate ranging from 134% to 144%, (ii) discount rate ranging from 1.2% to 1.55%, (iii) zero expected dividend yield, and (iv) expected life of 3 to 5 years.

In September 2015, in conjunction with the issuance of shares of the Company's common stock to accredited investors, the Company issued warrants exercisable into 10,320,000 shares of common stock (see Note 7). The warrants have a term of three years and an exercise price of $0.15 per share.

In September 2014, the Company issued warrants exercisable into 17,892,000 shares of common stock with an exercise price of $0.25 per share subject to adjustment, as defined, based on subsequent financings at a price lower than $0.25 per share. 1,500,000 of these warrants were cancelled in 2014. In September 2015, the Company issued shares of common stock for $0.10 per share and the exercise price of 16,392,000 warrants was changed from $0.25 to $0.01. In November 2015, the Company issued 548,893 shares of its common stock upon the cashless exercise of 600,000 of these warrants at an exercise price of $0.01 per share.

In January, 2014, the Company issued warrants to purchase 50,000 shares of its common stock to an employee with an exercise price of $0.61 per share that vested immediately and has a term of 5 years. In June 2015, the exercise price was changed to $0.25 and the Company recorded a nominal cost of modification as determined by the difference in fair value of the warrants immediately before and after the modification.

During the years ended December 31, 2015 and 2014, the Company recorded compensation costs of $349,110 and $2,419,087, respectively, relating to the vesting of stock warrants. As of December 31, 2015, the aggregate value of unvested warrants was $85,212, which will continue to be amortized as compensation cost as the warrants vest over two years.

A summary of the Company's warrant activity during the year ended December 31, 2015 is presented below:

| | Number of Warrants | | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term |
|---|---|---|---|---|
| Balance outstanding, January 1, 2014 | 7,022,703 | $ | 0.65 | 4.80 |
| Granted | 17,942,000 | | 0.25 | |
| Exercised | (1,014,563) | | 0.09 | |
| Expired | (1,500,000) | | 0.25 | |
| Balance outstanding, December 31, 2014 | 22,450,140 | | 0.26 | 4.03 |
| Granted | 15,170,000 | | 0.17 | 3.07 |
| Exercised | (600,000) | | 0.01 | - |
| Expired | (1,710,000) | | 0.75 | - |
| Balance outstanding, December 31, 2015 | 35,310,140 (1) | $ | 0.09 | 3.21 |
| Exercisable, December 31, 2015 | 33,810,140 | $ | 0.08 | 3.16 |

At December 31, 2015, the Company's outstanding and exercisable warrants had an intrinsic value of $1,088,000.

(1) At December 31, 2015, 15,792,000 warrants have an exercise of $0.01 per share that is subject to be adjusted if the Company issues securities at a price lower than exercise price of these warrants in the future.

**Note 9 - Income Taxes**

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets as of December 31, 2015 and 2014 are summarized below.

| | 2015 | 2014 |
|---|---|---|
| Net operating loss carryforward | $ 3,300,000 | $ 2,290,800 |
| Stock-based compensation | 417,000 | - |
| Accrued expense and other | - | 121,100 |
| Total deferred tax assets | 3,717,000 | 2,411,900 |
| Valuation allowance | (3,717,000) | (2,411,900) |
| Net deferred tax asset | $ - | $ - |

In assessing the potential realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the Company attaining future taxable income during the periods in which those temporary differences become deductible. As of December 31, 2015 and 2014, management was unable to determine if it is more likely than not that the Company's deferred tax assets will be realized, and has therefore recorded an appropriate valuation allowance against deferred tax assets at such dates.

No federal tax provision has been provided for the years ended December 31, 2015 and 2014 due to the losses incurred during such periods. Reconciled below is the difference between the income tax rate computed by applying the U.S. federal statutory rate and the effective tax rate for the years ended December 31, 2015 and 2014.

| | 2015 | 2014 |
|---|---|---|
| U.S federal statutory income tax | (34.00)% | (34.00)% |
| State tax, net of federal tax benefit | (5.80)% | (5.80)% |
| Stock-based compensation | 12.5% | - |
| Change in valuation allowance | 27.3% | 39.8% |
| Effective tax rate | —% | —% |

At December 31, 2015, the Company has available net operating loss carryforwards for federal and state income tax purposes of approximately $8.3 million and $5.1 million, respectively, which, if not utilized earlier, expire through 2035.

**Note 10 – Commitments & Contingencies**

At December 31, 2015, the Company is in the following legal proceedings.

*John Blaha v. Rightscorp, Inc.*, C.D. Cal. (Original Complaint Filed November 21, 2014; First Amended Complaint Filed March 9, 2015).

Nature of Matter: This matter seeks relief for alleged violations of the Telephone Consumer Protection Act (47 U.S.C. § 227). The action is brought on behalf of the individual named plaintiff as well as on behalf of a putative nationwide classes.

Progress of Matter to Date: This matter was previously captioned with Karen J. Reif and Isaac Nesmith as lead plaintiffs. On March 9, 2015, plaintiff filed a First Amended Complaint replacing the lead plaintiffs, dropping their second and third causes of action for Violations of the Fair Debt Collection Practices Act (15 U.S.C. § 1692, et seq.) and Violations of the Rosenthal Fair Debt Collection Practices Act (Cal. Civ. Code § 1788 et seq.) (and dropping associated putative class claims), and naming BMG Rights Management (US) LLC and Warner Bros. Entertainment Inc. as additional defendants.

The First Amended Complaint also contained a cause of action for Abuse of Process. In response to the Abuse of Process claim, defendants brought a special motion to strike the claim under California's anti-SLAPP statute. Defendants' anti-SLAPP motion was granted on May 8, 2015. Pursuant to the Court's May 8, 2015 Order, the Abuse of Process claim (and associated putative class claim) was stricken from the case and plaintiff was ordered to pay defendants' attorney's fees incurred in bringing the anti-SLAPP motion.

Following the dismissal of Plaintiff's Abuse of Process claim, the parties agreed to mediate the dispute and reached a settlement in principal. Plaintiff's Motion for Preliminary Approval of Class Action Settlement was heard on February 8, 2016, before the Hon. Dale S. Fischer. The Court reviewed the proposed settlement and offered the parties its comments regarding the submitted documents. The Parties are now in the process of meeting and conferring to implement the Court's suggested revisions and will notify the Court when the materials are ready to be resubmitted. Once the motion is resubmitted, a new hearing date convenient for the Court will be selected, at which time Rightscorp anticipates the Court will rule on the motion.

*Melissa Brown and Ben Jenkins v. Rightscorp, Inc.,* Federal District Court, M.D. Ga. (Complaint Filed February 17, 2015).

Nature of Matter: In this case the plaintiffs asserted claims for (1) Violations of the Telephone Consumer Protection Act (47 U.S.C. § 227, et seq.) and (2) Knowing and Willful Violations of the Telephone Consumer Protection Act (47 U.S.C. § 227, et seq.). Defendant Rightscorp, Inc. disputed the plaintiffs' claims and denied any violation of the Telephone Consumer Protection Act (47 U.S.C. § 227, et seq.) or any other right of plaintiffs.

Progress of Matter to Date: After discovery, the parties agreed to settle the case in December 2015 and formally entered into a written settlement agreement on January 28, 2016 that fully resolved all claims in the case, with prejudice. Defendants paid the settlement amount and on February 29, 2016 a Stipulation of Dismissal was filed with the court and the matter was closed.

Evaluation: The case has been settled.

*Lease*

The Company leases its office space on a month-to-month basis at a fixed rent of $2,600 per month.

**Note 11 – Subsequent Event**

On February 22, 2016, the Company sold to accredited investors an aggregate of 10,000,000 shares of its common stock at $0.05 per share and warrants to purchase 10,000,000 shares of its common stock for total proceeds of $500,000. The warrants have a term of three years and an exercise price of $0.10.

**ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.**

None

**ITEM 9A. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures.**

We are required to maintain "disclosure controls and procedures" as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934. Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and our Chief Financial Officer, have concluded that our disclosure controls and procedures were not effective to ensure that the information relating to our company, required to be disclosed in our Securities and Exchange Commission reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure as a result of material weaknesses in our internal control over financial reporting.

**Management's Report on Internal Control over Financial Reporting**.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of the inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework (2013). Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of these controls. Based on this assessment, our management has concluded that as of December 31, 2015, our internal control over financial reporting was not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles as a result of material weaknesses.

We have identified the following factors that have led management to determine that material weaknesses exist in our internal control over financial reporting as of December 31, 2015:

1. We do not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act. Management evaluated the impact of our failure to have written documentation of our internal controls and procedures on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

2. We do not have sufficient segregation of duties within accounting functions, which is a basic internal control. Due to our size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of our failure to have segregation of duties on our assessment of our disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness.

3. We do not have sufficient procedures in place to ensure that accounts are reconciled correctly in a timely manner. This includes the consideration of complex accounting issues such as derivative valuations. Management has evaluated the impact of our failure to have the accounts reconciled correctly and has concluded that this represents a material weakness.

These factors represent material weaknesses in our internal controls over financial reporting. Although we believe the possibility of errors in our financial statements is remote, and expect to continue to use a third party accountant to address shortfalls in staffing and to assist us with accounting and financial reporting responsibilities in an effort to mitigate the lack of segregation of duties, until such time as we hire a full time principal financial officer and expand our staff with qualified personnel, we expect to continue to report material weaknesses in our internal control over financial reporting.

**Changes in Internal Control over Financial Reporting.**

There have been no changes in our internal control over financial reporting during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 9B. Other Information.**

None.

## Part III

### ITEM 10. Directors, Executive Officers and Corporate Governance.

**Directors and Executive Officers**

Our directors and executive officers, their ages, positions held, and duration of such, are as follows:

| Name | Age | Title |
|---|---|---|
| Christopher Sabec | 50 | Chief Executive Officer and Director |
| Robert Steele | 49 | President, Chief Operating Officer, and Director |
| Cecil Bond Kyte | 44 | Chairman of the Board of Directors |
| Robert Michael Reveley | 54 | Chief Financial Officer |

*Business Experience*

The following is a brief account of the education and business experience of each director and executive officer during at least the past five years, indicating each person's principal occupation during the period, and the name and principal business of the organization by which he was employed.

**Christopher Sabec**

Mr. Sabec is a cofounder of Rightscorp Delaware and has served as its Chief Executive Officer since January 2011 (inception). From November of 2009 through December 2010, he served as a consultant for Pay Artists. From February to August of 2009, Mr. Sabec was the CEO of Plushy Feely Corp. In addition, he managed multiplatinum Hanson, helped launch Dave Matthews Band and licensed major label catalogues for online distribution. Mr. Sabec's experience as Rightscorp Delaware's founder and chief executive officer qualifies him to serve on our board of directors. Mr. Sabec is an experienced entertainment industry executive, entrepreneur and attorney with more than 26 years of business management experience, 22 years of global entertainment industry experience, and 16 years digital media experience.

Mr. Sabec has lectured at Stanford University and UC Berkeley Law Schools. Mr. Sabec has participated in 7 South by Southwest Music Conferences, 10 MIDEM Publishing Conferences, 3 Sundance Film Festivals, and 2 Cannes Film Festivals. In 1992, he received a Juris Doctor (cum laude) from University of Georgia School of Law and in 1988, received a Bachelor of Science in Foreign Service from Georgetown University School of Foreign Service. Mr. Sabec is a member of the California Bar Association.

**Robert Steele**

Mr. Steele is a cofounder of Rightscorp Delaware and has served as our Chief Technology Officer since January 2011 (inception) and as our President since August 18, 2014. Mr. Steele has more than twenty years of experience as a technology entrepreneur. He designed and managed the development of our technology. He has seven years of experience as the CEO of two technology companies in the mobile and digital imaging space. From March 2007 to December 2010, Mr. Steele was President and CEO of Steele Consulting where he provided consulting services to various public and private companies in the media, entertainment, business process outsourcing and green technology space.

Mr. Steele received a Bachelor of Science in Electronic and Computer Engineering from George Mason University in 1988. Mr. Steele's experience as our cofounder, President, Chief Financial Officer, Chief Operating Officer and Chief Technology Officer qualifies him to serve on our board of directors.

**Cecil Bond Kyte**

Mr. Kyte has served as Chairman since December 2015 and previously served as the Company's Chief Financial Officer from May 2015 to December 21, 2015. Previously, from 2007 to 2013, he was Chief Executive Officer and Chairman of Save The World Air, Inc. ("STWA"), a publicly traded energy technology company. Initially a shareholder for over 14 years, he eventually spearheaded the restructuring and rebuilding of STWA. Mr. Kyte resigned as CEO in 2013 to pursue more challenging projects. Mr. Kyte has also been an owner of petroleum exploration and production assets in North America for two decades. Mr. Kyte's management and executive experience qualify him to serve on the Company's board of directors.

**Robert Michael Reveley**

Mr. Reveley has served as our Chief Financial Officer since December 2015 and served as a consultant to the Company from September 2015 to December 2015. Mr. Reveley has been Chief Financial Officer, Chief Operating Officer and a member of the Board of Directors of Structural Monitoring Systems, a technology company specializing in health monitoring systems for aviation, since 2013. From 1997 to December 2015, Mr. Reveley was Managing Director and Chief Compliance Officer of Govdesk, LLC, a FINRA licensed broker dealer. From 2009 to May 2011, Mr. Reveley was Chief Executive Officer and Chief Investment Officer of SEAL Capital.

**Board Leadership Structure and Role in Risk Oversight**

Our board of directors is primarily responsible for overseeing our risk management processes. The board of directors receives and reviews periodic reports from management, auditors, legal counsel, and others, as considered appropriate regarding our company's assessment of risks. The board of directors focuses on the most significant risks facing our company and our company's general risk management strategy, and also ensures that risks undertaken by our company are consistent with the board's appetite for risk. While the board oversees our company's risk management, management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our company and that our board leadership structure supports this approach. We have not adopted a policy on whether the Chief Executive Officer and Chairman positions should be separate. Currently, Mr. Sabec serves as our Chief Executive Officer and Mr. Kyte serves as our Chairman.

**Terms of Office**

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws and the provisions of the Nevada Revised Statutes.

Our officers are appointed by our board of directors and serve at its pleasure.

**Involvement in Certain Legal Proceedings**

Our directors and executive officers have not been involved in any of the following events during the past ten years:

1. any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;

2. any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses);

3. being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining him from or otherwise limiting his involvement in any type of business, securities or banking activities or to be associated with any person practicing in banking or securities activities;

4. being found by a court of competent jurisdiction in a civil action, the SEC or the Commodity Futures Trading Commission to have violated a Federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;

5. being subject of, or a party to, any Federal or state judicial or administrative order, judgment decree, or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any Federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or

6. being subject of or party to any sanction or order, not subsequently reversed, suspended, or vacated, of any self-regulatory organization, any registered entity or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

**Board Committees**

The board of directors acts as the Audit Committee and has no separate committees. We do not have an audit committee financial expert at this time because we have not been able to hire a qualified candidate.

**Nominations to the Board of Directors**

Our directors take a critical role in guiding our strategic direction and oversee the management of our company. Board candidates are considered based upon various criteria, such as their broad-based business and professional skills and experiences, a global business and social perspective, concern for the long-term interests of the shareholders, diversity, and personal integrity and judgment.

In addition, directors must have time available to devote to Board activities and to enhance their knowledge of our business. Accordingly, we seek to attract and retain highly qualified directors who have sufficient time to attend to their substantial duties and responsibilities to our company.

**Section 16 Compliance**

Section 16(a) of the Exchange Act requires our executive officers and directors and person who own more than 10% of our common stock to file reports regarding ownership of and any transactions in our securities with the Securities and Exchange Commission and to provide us with copies of those filings. To our knowledge, based solely upon our review of the copies of such reports furnished to us, during the fiscal year ended December 31, 2015, all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with.

**ITEM 11. Executive Compensation.**

The following table sets forth all compensation paid in respect of our principal executive officer and principal financial officer for the years ended December 31, 2015 and 2014. No other officer of the Company or Rightscorp Delaware received compensation in excess of $100,000 for either of the Company's or Rightscorp Delaware's last two completed fiscal years.

**EXECUTIVE COMPENSATION**

| Name & Position | Fiscal Year | Salary ($) | Bonus ($) | Stock Awards ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| **Christopher Sabec** | 2015 | 156,250(3) | - | - | - | - | - | 156,250 |
| **Chief Executive Officer** | 2014 | 261,875(1) | - | - | - | - | - | 261,875 |
| **Robert Michael Reveley** | 2015 | 19,692 | - | 22,500(5) | 63,791(7) | - | - | 105,983 |
| **Chief Financial Officer** | 2014 | - | - | - | - | - | - | - |
| **Cecil Kyte** | 2015 | 49,053 | 2,040 | 236,000(6) | 352,198(8) | - | - | 639,291 |
| **Former Chief Financial Officer** | 2014 | - | - | - | - | - | - | - |
| **Robert Steele** | 2015 | 157,140(4) | - | - | - | - | - | 157,140 |
| **Former Chief Financial Officer** | 2014 | 242,500(2) | - | - | - | - | - | 242,500 |

(1) Includes annual salary of $150,000, repayment of accrued salary of $43,125, and advance for 2015 of $68,750.

(2) Includes annual salary of $150,000, repayment of accrued salary of $30,000, and advance for 2015 of $62,500.

(3) Includes annual salary of $150,000, repayment of accrued salary of $6,250.

(4) Includes annual salary of $150,000, repayment of accrued salary of $7,140.

(5) Includes 250,000 shares of common stock granted on December 21, 2015.

(6) Includes 2,000,000 shares of common stock granted on June 1, 2015.

(7) Includes 750,000 shares of option granted on December 21, 2015.

(8) Includes 3,000,000 warrants granted on June 1, 2015.

**Employment Agreements**

We are not party to any employment agreements.

**Potential Payments upon Termination or Change-in-Control**

SEC regulations state that we must disclose information regarding agreements, plans or arrangements that provide for payments or benefits to our executive officers in connection with any termination of employment or change in control of our company. We currently have no employment agreements nor any compensatory plans or arrangements with any of our executive officers that may result from the resignation, retirement or any other termination of any of our executive officers, from a change-in-control, or from a change in any executive officer's responsibilities following a change-in-control.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth outstanding equity awards to our named executive officers as of December 31, 2015.

| | Option awards | | | | |
|---|---|---|---|---|---|
| Name | Number of securities underlying unexercised options (#) Exercisable | Number of securities underlying unexercised options (#) unexercisable | Equity incentive plan awards: number of securities underlying unexercised unearned options (#) | Option exercise price (US$) | Option expiration date |
| Robert Michael Reveley | 250,000 | 500,000 | - | $ 0.15 | 12/21/2020 |

**Director Compensation**

The following table sets forth director compensation for the fiscal year ended December 31, 2015 (excluding compensation to the Company's executive officers set forth in the summary compensation table above) paid by the Company.

| Name | Fees Earned or Paid in Cash ($) | Stock Awards ($) | Option Awards ($) | Non-Equity Incentive Plan Compensation ($) | Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Brett Johnson (1) | 30,000 | - | 7,493(2) | - | - | - | 37,493 |
| Cecil Kyte (1) | - | - | - | - | - | - | - |

(1) Brett Johnson resigned as a director and Cecil Kyte was appointed as a director on December 21, 2015.

(2) Includes 100,000 warrants granted on December 21, 2015.

**Risk Management**

We do not believe risks arising from our compensation policies and practices for our employees are reasonably likely to have a material adverse effect on us.

**Indemnification**

Under our Bylaws, we may indemnify an officer or director who is made a party to any proceeding, including a lawsuit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in our best interest. We may advance expenses incurred in defending a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which he is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Nevada.

Regarding indemnification for liabilities arising under the Securities Act of 1933, which may be permitted to directors or officers under Nevada law, we are informed that, in the opinion of the Securities and Exchange Commission, indemnification is against public policy, as expressed in the Act and is, therefore, unenforceable.

**ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The following table sets forth certain information concerning the number of shares of our common stock beneficially owned based on 117,215,314 issued and outstanding shares of common stock filing as of the filing of this Annual Report on Form 10-K by: (i) each of our directors; (ii) each of our named executive officers; and (iii) each person or group known by us to beneficially own more than 5% of our outstanding shares of common stock.

Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. Other than as described in the notes to the table, we believe that all persons named in the table have sole voting and investment power with respect to shares beneficially owned by them. All share ownership figures include shares issuable upon exercise of options or warrants exercisable within 60 days of the date of this filing of this Annual Report on Form 10-K, which are deemed outstanding and beneficially owned by such person for purposes of computing his or her percentage ownership, but not for purposes of computing the percentage ownership of any other person. Unless otherwise indicated below, beneficial ownership is calculated based on the 117,215,314 shares of common stock issued and outstanding stock as of the date of the filing of this Annual Report on Form 10-K.

| Name and address | Shares of Common Stock | Percentage of Common Stock |
|---|---|---|
| **Directors and Officers (1):** | | |
| Christopher Sabec (2) | 10,875,000 | 9.3% |
| Robert Steele | 10,875,000 | 9. 3% |
| Cecil Bond Kyte (3) | 5,000,000 | 4.2% |
| Robert Michael Reveley (4) | 250,000 | * |
| All Officers and Directors as a Group ( 4 persons) | 27,000,000 | 22.4% |
| | | |
| **5% or Greater Beneficial Owners** | | |
| AIGH Investment Partners, L. P. (5) | 9,000,000 | 7.3% |
| Orin Hirschman (5 )(6) | 10,248,125 | 8.4% |
| Drake Private Investments LLC | 28,000,000 | 21.3% |

* Less than one percent.

(1) The address for each of the officer and directors is c/o Rightscorp, Inc., at 3100 Donald Douglas Loop North, Santa Monica, CA 90405.

(2) Represents shares held by Christopher Sabec Revocable Trust dated February 17, 2011.

(3) Includes 3,000,000 shares issuable upon exercise of warrants.

(4) Represents shares issuable upon exercise of options.

(5) As set forth in a Schedule 13G/A filed February 12, 2016, includes 5,400,000 shares of our common stock currently issuable upon the exercise of warrants. Mr. Orin Hirschman is the Managing Member of AIGH Investment Partners, L. P.

(6) As set forth in a Schedule 13G/A filed February 12, 2016, includes 3,600,000 shares of common stock and 5,148,126 warrants to purchase common stock held by AIGH Investment Partners, L.P. and 1,500,000 shares of common stock held by AIGH investment Partners, LLC. Excludes 2,501,874 warrants to purchase common stock not exercisable at the present time because they would increase the reporting person's beneficial ownership above 9.99%.

(7) Includes 14,000,000 shares of common stock and 14,000,000 warrants to purchase common stock.

**ITEM 13. Certain Relationships and Related Transactions, and Director Independence.**

**Certain Relationships and Related Transactions**

None.

**Review, Approval or Ratification of Transactions with Related Persons**

As we have not adopted a Code of Ethics, we rely on our board to review related party transactions on an ongoing basis to prevent conflicts of interest. Our board reviews a transaction in light of the affiliations of the director, officer or employee and the affiliations of such person's immediate family. Transactions are presented to our board for approval before they are entered into or, if this is not possible, for ratification after the transaction has occurred. If our board finds that a conflict of interest exists, then it will determine the appropriate remedial action, if any. Our board approves or ratifies a transaction if it determines that the transaction is consistent with our best interests.

**Family Relationships**

There are no family relationships between any of our former directors or executive officers and new directors or new executive officers.

**Director Independence**

We do not currently have any independent directors. We evaluate independence by the standards for director independence established by Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc.

Subject to some exceptions, this standard generally provides that a director will not be independent if (a) the director is, or in the past three years has been, an employee of ours; (b) a member of the director's immediate family is, or in the past three years has been, an executive officer of ours; (c) the director or a member of the director's immediate family has received more than $120,000 per year in direct compensation from us other than for service as a director (or for a family member, as a non-executive employee); (d) the director or a member of the director's immediate family is, or in the past three years has been, employed in a professional capacity by our independent public accountants, or has worked for such firm in any capacity on our audit; (e) the director or a member of the director's immediate family is, or in the past three years has been, employed as an executive officer of a company where one of our executive officers serves on the compensation committee; or (f) the director or a member of the director's immediate family is an executive officer of a company that makes payments to, or receives payments from, us in an amount which, in any twelve-month period during the past three years, exceeds the greater of $1,000,000 or two percent of that other company's consolidated gross revenues.

**ITEM 14. Principal Accounting Fees and Services.**

**Audit Fees**

On January 7, 2016, HJ Associates & Consultants, LLP resigned as the independent registered public accounting firm for the Company. On January 11, 2016, the Company engaged Haynie & Company as its new independent registered public accounting firm. Effective February 3, 2016, the Company dismissed Haynie & Company as its independent registered accounting firm and engaged Weinberg & Company, P.A. to serve as its independent registered accounting firm.

The aggregate fees billed for the two most recently completed fiscal years ended December 31, 2015 and December 31, 2014 for professional services rendered by Haynie & Company and Weinberg & Company, P.A., for the audit of our annual consolidated financial statements, quarterly reviews of our interim consolidated financial statements and services normally provided by the independent accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

| | Year Ended December 31, 2015 | Year Ended December 31, 2014 |
|---|---|---|
| Audit Fees and Audit Related Fees | $ 77,000 (1) | $ 57,700 |
| Tax Fees | 3,500 | - |
| All Other Fees | - | - |
| **Total** | **$ 80,500** | **$ 57,700** |

(1) Includes $28,000 for audit services for HJ Associates & Consultants, LLP, $4,000 for Haynie & Company, and $45,000 for Weinberg & Company, P.A.

(2) Includes $3,500 for tax services for HJ Associates & Consultants, LLP.

In the above table, "audit fees" are fees billed by our company's external auditor for services provided in auditing our company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of our company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

Part IV

**ITEM 15. Exhibits, Financial Statement Schedules.**

| Exhibit No. | Description |
|---|---|
| 2.1 | Agreement and Plan of Merger, dated October 25, 2013, among Rightscorp, Inc., Rightscorp Merger Acquisition Sub, Inc. and Rightscorp Delaware, Inc. (Incorporated by reference from the Annual Report on Form 10-K filed with the SEC on October 28, 2013) |
| 3.1 | Amended and Restated Articles of Incorporation of the Company (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on September 20, 2013) |
| 3.2 | Bylaws of the Company (incorporated by reference to the Company's S-1 Registration Statement filed on December 30, 2010) |
| 4.1 | Form of Warrant (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on October 28, 2013) |
| 4.2 | Form of Promissory Note (Rightscorp Delaware) (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on October 28, 2013) |
| 4.3 | Form of Warrant under the Unit Purchase Agreement dated September 24, 2014 (Incorporated by reference from Current Report on Form 8-K filed with the SEC on September 30, 2014) |
| 10.1 | Promissory Note by and between the Company and Rightscorp Delaware., dated June 18, 2013 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on July 2, 2013) |
| 10.2 | Financing Agreement by and between the Company and Hartford Equity Inc., a Delaware corporation, dated June 18, 2013 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on July 2, 2013) |
| 10.3 | Form of Note Amendment (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on October 28, 2013) |
| 10.4 | Purchase Agreement by and between the Company and Seaside 88, LP dated March 7, 2014 (Incorporated by reference from the Current Report on Form 8-K filed with the SEC on March 10, 2014) |
| 10.5 | Unit Purchase Agreement dated September 24, 2014 (Incorporated by reference from Current Report on Form 8-K filed with the SEC on September 30, 2014) |
| 10.6 | Form of Representation Agreement (Incorporated by reference from the Registration Statement on Form S-1/A filed with the SEC on February 16, 2016) |
| 10.7 | Representation Agreement by and between the Company and BMG Rights Management (US) LLC dated as of December 1, 2011 (Incorporated by reference from the Registration Statement on Form S-1/A filed with the SEC on February 16, 2016) |
| 10.8 | Representation Agreement by and between the Company and Warner Bros. Entertainment Inc. dated as of March 18, 2013 (Incorporated by reference from the Registration Statement on Form S-1/A filed with the SEC on February 16, 2016) |
| 10.9 | Form of Securities Purchase Agreement (incorporated by reference to 8-K filed with the SEC on October 7, 2015) |
| 10.10 | Form of Warrant (incorporated by reference to 8-K filed with the SEC on October 7, 2015) |
| 10.11 | First Amendment to Representation Agreement between the Company and BMG Rights Management (US) LLC (Incorporated by reference from the Registration Statement on Form S-1/A filed with the SEC on February 16, 2016) |

| | |
|---|---|
| 10.12 | Representation Agreement, dated June 18, 2013, between the Company and Warner Bros. Entertainment (Incorporated by reference from the Registration Statement on Form S-1/A filed with the SEC on February 16, 2016) |
| 10.13 | Form of Securities Purchase Agreement (incorporated by reference from 8-K filed with the SEC on February 26, 2016) |
| 10.14 | Form of Warrant (incorporated by reference from 8-K filed with the SEC on February 26, 2016) |
| 21.1 | Subsidiaries of Rightscorp, Inc. (Incorporated by reference from the Registration Statement on Form S-1 filed with the SEC on November 7, 2014) |
| 31.1* | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2* | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1* | Certification of Chief Executive Officer pursuant to Section 906 Certifications under Sarbanes-Oxley Act of 2002 |
| 32.2* | Certification of Chief Financial Officer pursuant to Section 906 Certifications under Sarbanes-Oxley Act of 2002 |
| 101.INS* | XBRL Instance Document |
| 101.SCH* | XBRL Taxonomy Extension Schema |
| 101.CAL* | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF* | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB* | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE* | XBRL Taxonomy Extension Presentation Linkbase |

* Filed herewith.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**RIGHTSCORP, INC.**

| | |
|---|---|
| Dated: March 30, 2016 | By: */s/ Christopher Sabec*<br>Name: Christopher Sabec<br>Title: Chief Executive Officer (Principal Executive Officer) |
| Dated: March 30, 2016 | By: */s/ Robert Michael Reveley*<br>Name: Robert Michael Reveley<br>Title: Chief Financial Officer (Principal Financial and Accounting Officer) |

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| Signature | Title(s) | Date |
|---|---|---|
| */s/ Christopher Sabec*<br>Christopher Sabec | Chief Executive Officer and Director<br>(Principal Executive Officer) | March 30, 2016 |
| */s/ Robert Michael Reveley*<br>Robert Michael Reveley | Chief Financial Officer<br>(Principal Financial and Accounting Officer) | March 30, 2016 |
| */s/ Robert Steele*<br>Robert Steele | President and Director | March 30, 2016 |
| */s/ Cecil Bond Kyte*<br>Cecil Bond Kyte | Chairman of the Board of Directors | March 30, 2016 |

Exhibit 31.1

**CERTIFICATIONS**

I, Christopher Sabec, certify that:

1. I have reviewed this Annual Report on Form 10-K of Rightscorp, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financials statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

March 30, 2016

*/s/ Christopher Sabec*
Christopher Sabec
Chief Executive Officer

Exhibit 31.2

**CERTIFICATIONS**

I, Robert Michael Reveley, certify that:

1. I have reviewed this Annual Report on Form 10-K of Rightscorp, Inc.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in the Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financials statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

March 30, 2016

*/s/ Robert Michael Reveley*
Robert Michael Reveley
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Christopher Sabec, Chief Executive Officer of Rightscorp, Inc. (the "Company") hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report on Form 10-K of the Company for the year ended December 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 30, 2016

By: */s/ Christopher Sabec*
Name: Christopher Sabec
Title: Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Robert Michael Reveley, Chief Financial Officer of Rightscorp, Inc. (the "Company") hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report on Form 10-K of the Company for the year ended December 31, 2015 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 30, 2016

By: */s/ Robert Michael Reveley*
Name: Robert Michael Reveley
Title: Chief Financial Officer