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

**FORM 10-Q**

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended: March 31, 2016

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

For the transition period from:

Commission file number **000-55097**

**RIGHTSCORP, INC.**

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of  
incorporation or organization)

**3100 Donald Douglas Loop North  
Santa Monica, CA**

(Address of principal executive offices)

33-1219445

(I.R.S. Employer  
Identification No.)

90405

(Zip Code)

Issuer's telephone number: **(310) 751-7510**

(Former name, former address and former fiscal year, if changed since last report)

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  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 preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
(Do not check if a smaller reporting company)			

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

As of May 16, 2016, the issuer had 117,215,314 shares of its common stock, \$0.001 par value per share, outstanding.

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PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**Rightscorp, Inc.**  
Condensed Consolidated Balance Sheets

	<u>March 31, 2016</u> (Unaudited)	<u>December 31, 2015</u>
<b><u>Assets</u></b>		
<b>Assets</b>		
Cash	\$ 180,344	\$ 193,014
Prepaid expenses	70,894	100,230
<b>Total Current Assets</b>	<u>251,238</u>	<u>293,244</u>
Fixed assets, net	119,704	142,520
<b>Total Assets</b>	<u>\$ 370,942</u>	<u>\$ 435,764</u>
<b><u>Liabilities and Stockholders' Deficit</u></b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 1,440,599	\$ 1,407,864
Derivative liabilities	1,028,483	1,210,430
<b>Total Current Liabilities</b>	<u>2,469,082</u>	<u>2,618,294</u>
<b>Stockholders' Deficit</b>		
Preferred stock, \$.001 par value; 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$.001 par value; 250,000,000 shares authorized; 117,215,314 and 107,215,314 shares issued and outstanding, respectively	117,215	107,215
Additional paid in capital	9,096,769	8,238,199
Accumulated deficit	(11,312,124)	(10,527,944)
Total stockholders' deficit	(2,098,140)	(2,182,530)
<b>Total Liabilities and Stockholders' Deficit</b>	<u>\$ 370,942</u>	<u>\$ 435,764</u>

See accompanying notes

**Rightscorp, Inc.**  
Condensed Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
<b>Revenue</b>	<u>\$ 68,283</u>	<u>\$ 307,904</u>
<b>Operating expenses:</b>		
Copyright holder fees	49,142	153,952
Sales and marketing	1,347	1,497
General and administrative	961,105	1,052,867
Depreciation and amortization	<u>22,816</u>	<u>29,356</u>
Total operating expenses	1,034,410	1,237,672
<b>Loss from operations</b>	(966,127)	(929,768)
<b>Other income (expense):</b>		
Interest expense	-	(298)
Change in fair value of derivative liabilities	181,947	1,052,057
Total other expenses	<u>181,947</u>	<u>1,051,759</u>
<b>Net income (loss)</b>	<u>\$ (784,180)</u>	<u>\$ 121,991</u>
<b>Net income (loss) per share – basic and diluted</b>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>
<b>Weighted average common shares – basic and diluted</b>	<u>113,808,721</u>	<u>89,896,421</u>

See accompanying notes

**Rightscorp, Inc.**Condensed Consolidated Statement of Stockholders' Deficit  
Three Months Ended March 31, 2016  
(Unaudited)

	Common stock		Additional Paid in Capital	Accumulated Deficit	<b>Total Stockholders' Deficit</b>
	Stock	Amount			
<b>Balance at January 1, 2016</b>	<b>107,215,314</b>	<b>\$ 107,215</b>	<b>\$ 8,238,199</b>	<b>\$ (10,527,944)</b>	<b>\$ (2,182,530)</b>
Shares issued for cash	10,000,000	10,000	490,000	-	500,000
Fair value of stock-based compensation	-	-	368,570	-	368,570
Net loss	-	-	-	(784,180)	(784,180)
<b>Balance at March 31, 2016 (Unaudited)</b>	<b><u>117,215,314</u></b>	<b><u>\$ 117,215</u></b>	<b><u>\$ 9,096,769</u></b>	<b><u>\$ (11,312,124)</u></b>	<b><u>\$ (2,098,140)</u></b>

See accompanying notes

**Rightscorp, Inc.**  
Condensed Consolidated Statements of Cash Flows  
(Unaudited)

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ (784,180)	\$ 121,991
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	22,816	29,356
Fair value of stock-based compensation	368,570	21,354
Change in fair value of derivative liabilities	(181,947)	(1,052,057)
Changes in operating assets and liabilities:		
Prepaid expenses	29,336	81,455
Accounts payable and accrued liabilities	32,735	(20,819)
Net cash used in operating activities	<u>(512,670)</u>	<u>(818,720)</u>
<b>Cash Flows from Investing Activities</b>		
	-	-
<b>Cash Flows from Financing Activities</b>		
Repayment of convertible notes	-	(10,000)
Payments on note payable	-	(14,663)
Proceeds from issuance of common stock	500,000	-
Net cash provided by (used in ) financing activities	<u>500,000</u>	<u>(24,663)</u>
Net decrease in cash	(12,670)	(843,383)
Cash, beginning of period	<u>193,014</u>	<u>1,666,914</u>
<b>Cash, end of period</b>	<u>\$ 180,344</u>	<u>\$ 823,531</u>
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the period for income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes

**Rightscorp, Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**Three months ended March 31, 2016 and 2015**  
**(Unaudited)**

**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**

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 2016 are not necessarily indicative of the results that may be expected for the year ended December 31, 2016.

The condensed consolidated balance sheet at December 31, 2015, has been derived from the audited consolidated financial statements of that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in Rightscorp, Inc.’s annual report on Form 10-K for the year ended December 31, 2015.

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 three months ended March 31, 2016, the Company incurred a net loss of \$784,180, used cash in operations of \$512,670, and at March 31, 2016, the Company had a stockholders’ deficiency of \$2,098,140. These factors raise substantial doubt about the Company’s ability to continue as a going concern. In addition, the Company’s independent registered public accounting firm, in its report on the Company’s December 31, 2015 financial statements, has raised 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 March 31, 2016, the Company had cash on hand in the amount of \$180,344. 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 6). 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 the Company will need to raise at least another \$1,000,000 in 2016 to fund operations. 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 share-based instruments issued for services, and derivative liabilities. Actual results could differ from those estimates.

### Revenue

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 waiver of the infringement. 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 is 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.

### 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 March 31, 2016, the amounts reported for cash, accrued liabilities and accrued interest approximated fair value because of their short-term maturities.

Derivative liabilities of \$1,028,483 and \$1,210,430 were valued using Level 2 inputs as of March 31, 2016 and December 31, 2015, respectively.

### 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. Potential common shares are excluded from the computation when their effect is anti-dilutive.

At March 31, 2016 and 2015, the dilutive impact of outstanding stock options for 970,000 and 360,000 shares, respectively, and outstanding warrants for 53,310,140 and 22,450,140 shares, respectively, have been excluded because their impact on the loss per share is anti-dilutive.



## 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 only in annual reporting periods beginning after December 15, 2016, including interim periods therein. Entities will be able to transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Company is in the process of evaluating the impact of ASU 2014-09 on the Company's financial statements and disclosures.

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 currently evaluating the expected impact that the standard could have on its financial statements and related 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**

As of March 31, 2016 and December 31, 2015, fixed assets consisted of the following:

	<u>March 31, 2016</u> <u>(Unaudited)</u>	<u>December 31, 2015</u>
Computer equipment and fixtures	\$ 312,756	\$ 312,756
Accumulated depreciation	(193,052)	(170,236)
<b>Fixed assets, net</b>	<b>\$ 119,704</b>	<b>\$ 142,520</b>

Depreciation and amortization expense for the three months ended March 31, 2016 and March 31, 2015 was \$22,816 and \$29,356, respectively.

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

As of March 31, 2016 and December 31, 2015, accounts payable and accrued liabilities consisted of the following:

	<u>March 31, 2016</u> <u>(Unaudited)</u>	<u>December 31, 2015</u>
Accounts payable	\$ 710,251	\$ 683,488
Due to copyright holders	441,451	414,688
Accrued settlement	200,000	200,000
Accrued payroll	62,908	62,908
Insurance premium financing payable	25,989	46,780
<b>Total</b>	<b>\$ 1,440,599</b>	<b>\$ 1,407,864</b>

In November 2014, the Company was named as defendant in a class action complaint (see *John Blaha v. Rightscorp, Inc* in Note 8). In August 2015 the Company reached a preliminary settlement in the matter and at December 31, 2015 and March 31, 2016, has accrued a settlement of \$200,000 related to this, which is net of expected insurance proceeds of \$250,000.

### **Note 5 – Derivative Liabilities**

In September 2014, the Company issued warrants exercisable into 17,892,000 shares of common stock 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 March 31, 2016, 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, 2015, the fair value of the derivative liabilities was \$1,210,430. During the three months ended March 31, 2016, the fair value of the derivative liabilities decreased by \$181,947, and at March 31, 2016, the fair value of the derivative liabilities was \$1,028,483.

At March 31, 2016, the fair value of the derivative liabilities was determined through use of a probability-weighted Black-Scholes-Merton valuation model. At March 31, 2015, the fair value of the derivative liabilities was determined through use of a Black-Scholes-Merton option pricing model. The fair values were based on the following assumptions:

	March 31, 2016	March 31, 2015
Expected volatility	124%	274%
Risk-free interest rate	1.5%	1.0%
Expected dividend yield	0%	0%
Expected life	3.5 years	4.5 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 6 – Common stock

During the three months ended March 31, 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 gross proceeds of \$500,000. The warrants have a term of three years and an exercise price of \$0.10 per share.

#### Note 7 – Stock Options and Warrants

##### Options

During the three months ended March 31, 2016 and 2015, the Company recorded compensation costs of \$11,942 and \$9,444, respectively, relating to the vesting of stock options. As of March 31, 2016, the aggregate value of unvested options was \$77,774, which will continue to be amortized as compensation cost as the options vest over terms ranging from one to three years, as applicable.

For the three months ending March 31, 2016, the Company had no stock options requiring an assessment of value. For the three months ending March 31, 2015, the fair value of stock option awards was estimated using the Black-Scholes-Merton option-pricing model with the following assumptions:

	March 31, 2015
Expected volatility	116%
Risk-free interest rate	0%
Expected dividend yield	0%
Expected life	9.3 years

The risk-free interest rate was based on rates established by the Federal Reserve Bank. The expected life of the options was based on the remaining term of the options. 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.

The stock option activity for the three months ended March 31, 2016 is as follows:

	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Weighted Average Remaining Contractual Term</u>
Balance outstanding, December 31, 2015	970,000	\$ 0.17	6.71
Granted	-	-	-
Exercised	-	-	-
Forfeited/expired	-	-	-
Balance outstanding, March 31, 2016	<u>970,000</u>	<u>\$ 0.17</u>	<u>5.65</u>
Exercisable, March 31, 2016	<u>106,663</u>	<u>\$ 0.25</u>	<u>8.66</u>

At March 31, 2016, the Company's outstanding and exercisable options had no intrinsic value.

## Warrants

During the three months ended March 31, 2016, the Company issued warrants exercisable into 10,000,000 shares of common stock to accredited investors (see Note 6). In addition, the Company issued warrants to purchase 8,000,000 shares of common stock with an exercise price of \$0.15 per share for services. The fair value of the 8,000,000 warrants issued for services was determined to be \$330,218. The Company recorded the full \$330,218 in general and administrative expense since it determined that the award is a certainty and the service performance and its future benefit are not assured in this arrangement. In addition, during the three months ended March 31, 2016 and 2015, the Company recorded compensation costs of \$26,410 and \$11,910, respectively, relating to the vesting of stock warrants.

For the three months ending March 31, 2016 and 2015, the fair value of warrant awards was estimated using the Black-Scholes-Merton option-pricing model with the following assumptions:

	March 31, 2016	March 31, 2015
Expected volatility	121%	254%
Risk-free interest rate	1.08%	1.5%
Expected dividend yield	0%	0%
Expected life	3 years	5 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.

As of March 31, 2016, the aggregate value of unvested warrants was \$356,442, 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 three months ended March 31, 2016 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Balance outstanding, December 31, 2015	35,310,140	\$ 0.09	3.21
Granted	18,000,000	0.12	2.90
Exercised	-	-	-
Forfeited/expired	-	-	-
Balance outstanding, March 31, 2016	53,310,140	\$ 0.10	2.94
Exercisable, March 31, 2016	51,810,140	\$ 0.10	5.85

At March 31, 2016, the Company's outstanding warrants had an intrinsic value of \$1,245,989.

## **Note 8 – Commitments & Contingencies**

### Legal proceeding

*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. The Company has recorded a reserve for the estimated settlement of \$200,000 related to this, which is net of expected insurance proceeds of \$250,000.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of the results of operations and financial condition of Rightscorp, Inc. (the "Company", "we", "us" or "our") should be read in conjunction with the financial statements of Rightscorp, Inc., and the notes to those financial statements that are included elsewhere in this Form 10-Q. This discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. Actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth under the Risk Factors and Business sections in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Securities and Exchange Commission on March 30, 2016. Words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions are used to identify 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 \$0.10 per share.

### Three months ended March 31, 2016 compared to three months ended March 31, 2015

#### *Revenue*

We generated revenues of \$68,283 during the three months ended March 31, 2016, a decrease of \$239,621 or 78% as compared to \$307,904 for the three months ended March 31, 2015. 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 three months ended March 31, 2016 we accrued \$49,142 due to copyright holders. For the three months ended March 31, 2015 we accrued \$153,952 to copyright holders.

##### *Sales and Marketing*

Sales and marketing expenses consist primarily of advertising and marketing and consulting expenses. Sales and marketing costs were \$1,347 for the three months ended March 31, 2016 compared to \$1,497 for the three months ended March 31, 2015, a decrease of \$150.

### *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 \$127,617 for the three months ended March 31, 2016, compared to \$182,543 for the three months ended March 31, 2015. Total wage and related expenses for the three months ended March 31, 2016 were \$303,561, of which \$38,360 were non-cash charges related to the issuance and vesting of options and warrants issued for services. The total decrease in general and administrative expenses was \$91,762 over the three months ended March 31, 2015. Our total general and administrative expenses for the three months ended March 31, 2016 was \$961,105.

### *Depreciation and Amortization*

Depreciation and amortization expenses were \$22,816 during the three months ended March 31, 2016, a decrease of \$6,540, as compared to \$29,356 for the three months ended March 31, 2015.

### *Interest*

Interest expense totaled \$0 during the three months ended March 31, 2016, compared to \$298 in the three months ended March 31, 2015.

### *Change in fair value of Derivative*

We had a change in the fair value of derivative liabilities income of \$181,947 during the three months ended March 31, 2016, compared to \$1,052,057 for the three months ended March 31, 2015.

### *Net loss*

As a result of the foregoing, during the three months ended March 31, 2016, we recorded a net loss of \$784,180 compared to net income of \$121,991 for the three months ended March 31, 2015.

## **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 three months ended March 31, 2016, the Company incurred a net loss of \$784,180, used cash in operations of \$512,670, and at March 31, 2016, the Company had a stockholders' deficiency of \$2,098,140. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. In addition, the Company's independent registered public accounting firm, in its report on the Company's December 31, 2015 financial statements, has raised 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 March 31, 2016, the Company had cash on hand of \$180,344. 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 the Company will need to raise at least \$1,000,000 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 three months ended March 31, 2016, we used \$512,670 of cash in operating activities. Non-cash adjustments included \$22,816 related to depreciation and amortization, \$368,570 for stock compensation expense, \$181,947 related change in fair value of derivative liabilities, and net changes in operating assets and liabilities of \$47,071.

During the three months ended March 31, 2015, we used \$818,720 of cash in operating activities. Non-cash adjustments included \$29,356 related to depreciation and amortization, \$21,354 for options and warrants issued for services, \$1,052,257 related to gain on derivative liabilities, and net changes in operating assets and liabilities of \$60,636.

## **Financing Activities**

During the three months ended March 31, 2016, we received \$500,000 in proceeds from common stock and warrants issued for cash.

During the three months ended March 31, 2015, we used \$24,663 of cash in financing activities. We used \$10,000 to repay convertible notes, and \$14,663 in payments on note payable.

## **Critical Accounting Policies and Estimates**

The Company prepared its condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management periodically evaluates the estimates and judgments made. Management bases its estimates and judgments on historical experience and on various factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates as a result of different assumptions or conditions.

The following critical accounting policies affect the more significant judgments and estimates used in the preparation of the Company's condensed consolidated financial statements.

### **Revenue**

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 waiver of the infringement. 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 is 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

As a smaller reporting company, the Company is not required to provide this disclosure.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Securities Exchange Act of 1934, as amended (the "Exchange Act") reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Our disclosure controls and procedures were designed to provide reasonable assurance that the controls and procedures would meet their objectives.

As required by Rule 13a-15(b) under the Exchange Act, our management carried out an evaluation, with the participation of our Chief Executive and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded

that our disclosure controls and procedures were not effective as of the end of the period covered by this report.

**Changes in Internal Controls**

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.



## PART II: OTHER INFORMATION

### ITEM 1 - LEGAL PROCEEDINGS

We are involved in the following legal proceeding.

*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.

### ITEM 1A. RISK FACTORS.

Not required for a smaller reporting company.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

None.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS

<u>No.</u>	<u>Description</u>
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 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: May 16, 2016

By: /s/ Christopher Sabec

Name: Christopher Sabec

Title: Chief Executive Officer (principal executive officer)

Dated: May 16, 2016

By: /s/ Robert Michael Reveley

Name: Robert Michael Reveley

Title: Chief Financial Officer (principal financial and accounting officer)



**CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Christopher Sabec, certify that:

1. I have reviewed this report on Form 10-Q of Rightscorp, Inc. for the period ending March 31, 2016;
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 Exchange Act Rules 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 financial statements for external purposes in accordance with generally accepted accounting procedures;

(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 control 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 control over financial reporting.

Date: May 16, 2016

*/s/ Christopher Sabec*

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Christopher Sabec

Chief Executive Officer (principal executive officer)

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**CERTIFICATION PURSUANT TO RULE 13A-14(a) OR 15D-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Robert Michael Reveley, certify that:

1. I have reviewed this report on Form 10-Q of Rightscorp, Inc. for the period ending March 31, 2016;
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 Exchange Act Rules 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 financial statements for external purposes in accordance with generally accepted accounting procedures;

(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 control 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 control over financial reporting.

Date: May 16, 2016

/s/ Robert Michael Reveley

Robert Michael Reveley  
Chief Financial Officer (principal financial officer)

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Rightscorp, Inc. (the "Company") for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Christopher Sabec, Chief Executive Officer of the Company, certify, 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 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Christopher Sabec*

\_\_\_\_\_  
Christopher Sabec

Chief Executive Officer (principal executive officer)

Date: May 16, 2016

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**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Rightscorp, Inc. (the "Company") for the period ended March 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert Michael Reveley, Chief Financial Officer of the Company, certify, 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 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

*/s/ Robert Michael Reveley*

\_\_\_\_\_  
Robert Michael Reveley  
Chief Financial Officer (principal financial officer)

Date: May 16, 2016

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