

Marathon Patent Group, Inc.
Form 10-Q
August 14, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

or

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

For the transition period from _____ to _____

MARATHON PATENT GROUP, INC.

(Exact Name of Registrant as Specified in Charter)

Nevada
(State or other jurisdiction
of incorporation)

001-36555
(Commission File Number)

01-0949984
(IRS Employer Identification No.)

11100 Santa Monica Blvd., Ste. 380
Los Angeles, CA

90025

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: 703-232-1701

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act. X

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 smaller reporting company)		Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 24,257,472 shares of common stock are issued and outstanding as of August 9, 2017.

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OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, Marathon Patent Group, Inc., we, us, our and similar terms refer to Marathon Patent Group, Inc., a Nevada corporation, and its subsidiaries.

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MARATHON PATENT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash	\$ 1,095,721	\$ 4,998,314
Accounts receivable - net of allowance for bad debt of \$387,976 as of June 30, 2017 and December 31, 2016	116,336	95,069
Bonds posted with courts	375,603	-
Note receivable	588,864	225,982
Prepaid expenses and other current assets, net of discounts of \$2,659 for June 30, 2017 and \$3,724 for December 31, 2016	128,718	202,067
Total current assets	2,305,242	5,521,432
Other assets:		
Property and equipment, net of accumulated depreciation of \$128,718 and \$108,407 for June 30, 2017 and December 31, 2016	12,213	28,329
Intangible assets, net of accumulated amortization of \$12,691,608 and \$11,323,185 for June 30, 2017 and December 31, 2016	11,358,722	12,314,628
Other non current assets, net of discounts of \$0 for June 30, 2017 and \$797 for December 31, 2016	200,000	201,203
Goodwill	224,353	222,843
Total other assets	11,795,288	12,767,003
Total Assets	\$ 14,100,530	\$ 18,288,435
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 5,294,616	\$ 7,217,078
Clouding IP earn out - current portion	81,930	81,930
Notes payable, net of discounts of \$503,572 for June 30, 2017 and \$852,404 for December 31, 2016	5,622,173	13,162,007
	10,998,719	20,461,015
Long-term liabilities		
Notes Payable, net of discount of \$1,302,129 for June 30, 2017 and \$57,763 for December 31, 2016	11,499,723	4,670,502
Clouding IP earn out	1,386,203	1,400,082
Revenue share liability	1,225,000	1,000,000
Other long term liability	39,853	43,978
Total long-term liabilities	14,150,779	7,114,562

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Total liabilities	25,149,498	27,575,577
Stockholders Deficit:		
Preferred stock Series B, \$.0001 par value, 100,000,000 shares authorized: 782,004 issued and outstanding at June 30, 2017 and December 31, 2016	78	78
Common stock, \$.0001 par value; 200,000,000 shares authorized; 23,257,472 at June 30, 2017 and 18,552,472 at December 31, 2016	2,326	1,856
Additional paid-in capital	53,950,993	49,877,710
Accumulated other comprehensive (loss)	(933,245)	(1,060,390)
Accumulated deficit	(63,749,987)	(57,942,548)
Total Marathon Patent Group Stockholders Deficit	(10,729,834)	(9,123,294)
Non-controlling Interests	(319,134)	(163,848)
Total Equity	(11,048,968)	(9,287,142)
Total liabilities and stockholders equity	\$ 14,100,530	\$ 18,288,435

The accompanying notes are an integral part to these unaudited consolidated condensed financial statements.

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MARATHON PATENT GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(Unaudited)

	For The Three Months Ended June 30, 2017	For The Three Months Ended June 30, 2016	For The Six Months Ended June 30, 2017	For The Six Months Ended June 30, 2016
Revenues	\$ 368,800	\$ 34,349,762	\$ 446,937	\$ 36,409,438
Expenses				
Cost of revenues	1,024,078	15,467,763	1,479,486	18,107,740
Amortization of patents and website	639,887	1,961,411		