

Merriman Holdings, Inc  
Form 10-Q  
November 14, 2013

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

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**FORM 10-Q**

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

For the quarterly period ended September 30, 2013

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

For the Transition Period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 1-15831

**MERRIMAN HOLDINGS, INC.**  
(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**11-2936371**  
(I.R.S. Employer  
Identification No.)

**600 California Street, 9th Floor**  
**San Francisco, CA**  
(Address of Principal Executive Offices)

**94108**  
(Zip Code)

**(415) 248-5603**  
(Registrant's Telephone Number, Including Area Code)

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, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company

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

The number of shares of Registrant's common stock outstanding as of November 8, 2013 was 121,276,894.

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**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements (unaudited)**

**MERRIMAN HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Revenues				
Commissions	\$ 1,057,800	\$ 1,716,268	\$ 3,276,160	\$ 4,615,763
Principal transactions	(96,157)	(294,326)	(60,779)	(277,428)
Investment banking	484,650	468,010	1,546,344	4,690,879
Advisory and other	483,041	569,555	1,629,559	1,415,138
 Total revenues	 1,929,334	 2,459,507	 6,391,284	 10,444,352
Operating expenses				
Compensation and benefits	1,531,207	2,279,700	5,530,637	9,660,592
Brokerage and clearing fees	95,218	158,199	297,994	438,782
Professional services	113,329	80,726	260,583	535,112
Occupancy and equipment	358,058	420,746	1,051,354	1,307,823
Communication and technology	194,667	240,808	537,942	815,202
Depreciation and amortization	39,899	5,590	46,900	16,530
Travel and entertainment	60,605	104,304	166,241	306,556
Legal services	303,601	159,544	369,645	495,329
Cost of underwriting capital	-	-	49,600	152,600
Other	328,115	9,971	895,618	901,475
 Total operating expenses	 3,024,699	 3,459,588	 9,206,514	 14,630,001
 Operating loss	 (1,095,365)	 (1,000,081)	 (2,815,230)	 (4,185,649)
Other income	-	-	-	15,000
Interest income	-	-	1,566	1,763
Interest expense	(81,849)	(64,513)	(248,894)	(179,116)
Amortization of debt discount	(35,370)	(30,290)	(109,561)	(87,027)
Loss on early extinguishment of debt	-	-	(293,347)	-
Loss on equity exchange	-	-	-	(1,086,329)
 Net loss before income tax	 (1,212,584)	 (1,094,884)	 (3,465,466)	 (5,521,358)
Income tax expense	(2,737)	-	(11,999)	-
 Net loss	 \$ (1,215,321)	 \$ (1,094,884)	 \$ (3,477,465)	 \$ (5,521,358)
 Basic and diluted net loss per share	 \$ (0.01)	 \$ (0.25)	 \$ (0.04)	 \$ (1.01)

Weighted average number of  
common shares

Basic and diluted	118,957,830	4,307,809	80,554,586	5,459,375
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*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**MERRIMAN HOLDINGS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION**  
**(unaudited)**

	September 30, 2013	December 31, 2012
<b>ASSETS</b>		
Cash and cash equivalents	\$ 507,768	\$ 1,316,990
Securities owned		
Marketable, at fair value	1,226,946	709,333
Not readily marketable, at estimated fair value	761,287	728,312
Restricted cash	891,828	680,028
Due from clearing broker	168,757	127,702
Accounts receivable, net	564,091	533,606
Prepaid expenses and other assets	493,974	504,920
Capital lease assets, net	327,379	-
Equipment and fixtures, net	9,806	17,647
 Total assets	 \$ 4,951,836	 \$ 4,618,538
 <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable	\$ 210,914	\$ 271,412
Commissions and bonus payable	122,715	403,978
Accrued expenses and other	522,702	661,144
Deferred rent	455,113	326,832
Deferred revenue	67,010	140,404
Capital lease obligations	348,841	-
Notes payable, net of debt discount	1,244,038	1,205,281
Notes payable to related parties, net of debt discount	1,904,320	2,075,888
 Total liabilities	 4,875,653	 5,084,939
 <b>Shareholders' equity</b>		
Convertible preferred stock, Series A \$0.0001 par value; 2,000,000 shares authorized; 2,000,000 shares issued and 0 shares outstanding as of September 30, 2013 and December 31, 2012; aggregate liquidation preference of \$0	-	-
Convertible preferred stock, Series B \$0.0001 par value; 12,500,000 shares authorized; 8,750,000 shares issued and 0 shares outstanding as of September 30, 2013 and December 31, 2012; aggregate liquidation preference of \$0	-	-
Convertible preferred stock, Series C \$0.0001 par value; 14,200,000 shares authorized; 11,800,000 shares issued and 0 shares outstanding as of September 30, 2013 and December 31, 2012; aggregate liquidation preference of \$0	-	-
Convertible preferred stock, Series D \$0.0001 par value; 24,000,000 shares authorized, 23,720,916 and 23,720,916 shares issued and 0 and 17,001,579 shares outstanding as of	-	1,701

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September 30, 2013 and December 31, 2012, respectively;  
aggregate liquidation preference of \$0  
Convertible preferred stock, Series E \$0.0001 par value; 7,300,000  
shares authorized, 6,825,433 and 6,825,433 shares issued  
and 0 and 6,303,799 shares outstanding as of  
September 30, 2013 and December 31, 2012, respectively;  
aggregate liquidation preference of \$0