

ZOI MIKE
Form 4
January 10, 2011

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
ZOI MIKE

2. Issuer Name and Ticker or Trading Symbol
Net Element, Inc. [TOTY]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)

Director 10% Owner
 Officer (give title below) Other (specify below)

1450 SOUTH MIAMI AVENUE

12/14/2010

CEO, President

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

MIAMI, FL US 33130

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | |
| Common Stock \$0.001 par value | 12/14/2010 | | A | | 75,000,000 (1) | A | \$ 0.01 387,459,118 | I (Enerfund, LLC and MZ Capital, LLC) |
| Common Stock \$0.001 par value | 12/31/2010 | | A | | 288,810,385 | A | \$ 0.01 676,269,503 | I (TGR Energy, LLC through Enerfund, LLC) (2) (3) (4) |

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------|--------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount |
| Warrants to purchase common stock | \$ 0.05 | 12/31/2010 | | A | 144,404,693 | 12/31/2010 12/31/2015 | Common Stock | 14 | |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-------------------|-------|
| | Director | 10% Owner | Officer | Other |
| ZOI MIKE 1450 SOUTH MIAMI AVENUE MIAMI, FL US 33130 | X | X | CEO, President | |
| Enerfund, LLC 1450 SOUTH MIAMI AVENUE MIAMI, FL US 33130 | X | X | CEO, President | |

Signatures

/s/Mike Zoi (individually and as Managing Member of Enerfund, LLC and TGR Energy, LLC)

01/10/2011

**Signature of Reporting Person

Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Reflects 45,937,500 shares received by Enerfund, LLC (a company controlled by Mike Zoi) and 29,062,500 shares received by MZ

(1) Capital, LLC (a company controlled by Mike Zoi) in exchange for ownership interest in Openfilm, LLC upon acquisition of Openfilm, LLC by the Company effective December 14, 2010.

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(2) Pursuant to a Purchase Agreement dated December 17, 2007, TGR Capital, LLC (which changed its name to Enerfund, LLC in September 2008), a Florida limited liability company ("Enerfund"), which is wholly-owned by Mike Zoi, acquired all of the membership interests in Splinx LLC, thereby giving Enerfund control of Splinx LLC. Under an Exchange Agreement dated December 18, 2007, Net Element, Inc. (formerly TOT Energy, Inc.) ("the Company") issued 113,500,000 shares of the Company to Splinx LLC of which 8,500,000 shares were issued to Bzinfon S.A., a British Virgin Islands limited liability company. In June 2008 Splinx LLC changed its name to TGR Energy, LLC ("TGR").

(3) Pursuant to a Subscription Agreement dated August 7, 2008, as amended on December 6, 2009, between TGR and the Company (the "Subscription Agreement"), for the quarter ended December 31, 2010, TGR was issued 88,810,385 shares of common stock of the Company and fully vested warrants to purchase 44,404,693 shares of common stock of the Company exercisable at \$0.05 per share in exchange for funding of \$1,776,208 provided during the quarter under the terms of the Subscription Agreement. The funding commitment of the Subscription Agreement has been fulfilled.

(4) Pursuant to a Subscription Agreement dated December 31, 2010 between Enerfund, LLC and the Company (the "Enerfund Subscription Agreement"), for the quarter ended December 31, 2010, Enerfund, LLC was issued 200,000,000 shares of common stock of the Company and fully vested warrants to purchase 100,000,000 shares of common stock of the Company exercisable at \$0.05 per share in exchange for funding of \$2,000,000 on December 31, 2010 under the terms of the Enerfund Subscription Agreement. As of December 31, 2010, the Company did not have a sufficient number shares authorized. Accordingly, 112,000,000 shares were issued and accordingly, fully vested warrants to purchase 56,000,000 shares of common stock of the Company exercisable at \$0.05 were issued on December 31, 2010. The balance of 88,000,000 shares and warrants to purchase 44,000,000 shares will be issued upon completion on an increase in the total number of shares authorized which is expected to occur in February 2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.