

Prism Technologies Group, Inc.  
Form 10-K/A  
October 30, 2017  
**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC. 20549**

**FORM 10-K/A**

**(Mark One)**

**Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2016**

**or**

**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 001-35359**

**PRISM TECHNOLOGIES GROUP, INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE 94-3220749**

(State or other jurisdiction of (I.R.S. Employer

Incorporation or organization) Identification No.)

**101 Parkshore Drive. Suite 100**

**Folsom, California 95630**

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(Address of principal executive offices and zip code)

**(916) 932-2860**

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| <b>Title of each class</b> | <b>Name of Exchange on which registered</b> |
|----------------------------|---|
| Common Stock               | OTCQB tier of the OTC Markets               |

Securities registered pursuant to Section 12(g) of the Act:

**None**

(Title of Class)

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES    NO

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. YES    NO

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 during the preceding 12 months (or such shorter period that the registrants was required to submit and post such files). YES  
NO

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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.

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. (Check one):

Large Accelerated Filer   Accelerated Filer

Non-Accelerated Filer   Smaller Reporting Company

Emerging Growth Company

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.

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Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).  
YES      NO

The aggregate market value of registrant's voting and non-voting common equity held by non-affiliates of registrant, based upon the closing sale price of the common stock as of the last business day of registrant's most recently completed second fiscal quarter (June 30, 2017), as reported on the Nasdaq Capital Market, was approximately \$2,503,000. Registrant is a smaller reporting company as defined in Regulation S-K. Shares of common stock held by each officer, director and holder of 5% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

Outstanding shares of registrant's common stock, \$0.001 par value, as of October 30, 2017: 10,073,688

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Explanatory Note

Unless otherwise indicated or required by the context, as used in this Annual Report on Form 10-K/A, the terms "we," "our", "us", "the Company", and "Prism Group" refers to Prism Technologies Group, Inc. and its subsidiaries that are consolidated in conformity with accounting principles generally accepted in the United States.

On March 31, 2017, Prism Group filed its Annual Report on Form 10-K for the year ended December 31, 2016 (the "Original Filing"), with the Securities and Exchange Commission (the "SEC"). The Original Filing intended to incorporate Part III of Form 10-K by reference to the Company's definitive proxy statement (to be subsequently filed). This Amendment No. 1 amends information in the Original Filing with respect to:

Part III, Item 10 (Executive Officers, Directors and Corporate Governance), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters), Item 13 (Certain Relationships and Related Transactions, and Director Independence), Item 14 (Principal Accountant Fees and Services); and  
Part IV, Item 15. (Exhibits, Financial Statements Schedules).

Except for the foregoing amended and restated information, this Amendment does not amend, update or change any other information presented in the Original Filing. In addition, as required by Rule 12b-15 of the Securities Exchange Act of 1934, this Form 10-K/A contains new certifications by our principal executive officer and principal financial and accounting officer, filed as an exhibit hereto.

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**PRISM TECHNOLOGIES GROUP, INC.**

**Annual Report on Form 10-K**

**Amendment 1**

**For the Fiscal Year Ended December 31, 2016**

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**PART III**

**Item 10. Executive Officers, Directors and Corporate Governance.**

**Management**

*Executive Officers of Prism Group.*

As of October 24, 2017, Prism Group's executive officers were as follows:

| <b>Name</b>                   | <b>Position With Prism Group</b>                     | <b>Age</b> |
|-------------------------------|--|------------|
| Hussein A. Enan               | Chairman of the Board and Chief Executive Officer    | 72         |
| Gregory J. Duman <sup>1</sup> | President, Prism Technologies, LLC                   | 62         |
| L. Eric Loewe                 | SVP, General Counsel and Secretary                   | 60         |
| Steven J. Yasuda              | Chief Financial Officer and Chief Accounting Officer | 50         |

<sup>1</sup> Mr. Duman became an executive officer on March 26, 2015 in connection with the acquisition of Prism Technologies, LLC.

**Hussein A. Enan** co-founded Prism Group in February 1995 and has served as its Chairman of the Board since its inception. Mr. Enan served as Prism Group's Chief Executive Officer from February 1995 to June 2002 and was reinstated to that position in August 2004. From October 2011 through June 2012, Mr. Enan also served as the Company's interim Chief Financial Officer. Mr. Enan also served as Prism Group's President from May 1999 to June 2000. From March 1992 to November 1994, Mr. Enan was a general partner at E.W. Blanch, a reinsurance intermediary that merged with his own wholly owned company, Enan & Company, a reinsurance intermediary, in March 1992. Mr. Enan founded Enan & Company in February 1979. The fact that Mr. Enan is a founder of Prism Group, brings historic knowledge and continuity to the Board, and his position as its largest stockholder led the board to conclude that he should serve as a director.

**Gregory J. Duman** has been the President, Chief Financial Officer and a director of Prism Technologies, LLC since its inception in August 2003 and he continues to serve in that role following the merger with Prism Technologies Group Inc. in March 2015. Prior to joining Prism, Mr. Duman was Chief Financial Officer and Executive Vice President of Transgenomic, Inc., a publicly traded company in the bio-tech industry from 2001 to 2004. Mr. Duman also served on the board of directors of Transgenomic 2000 to 2009. From 2000 to 2001, Mr. Duman was Chief

Financial Officer and Executive Vice President of Artios, Inc., a privately held provider of electronic transaction exchange between businesses. From 1983 to 2000, Mr. Duman was with Applied Communications/ Transaction Systems Architects, Inc. (“TSA”), a publicly traded software company, and served in a variety of capacities including Controller, Chief Financial Officer, and Executive Vice President. Mr. Duman was also a member of TSA’s board of directors and served as Chairman of the board in 2001. Prior to joining TSA, Mr. Duman spent four years in public accounting as a CPA with Arthur Andersen & Co. Mr. Duman earned a Bachelor of Science in Business Administration with a major in Accounting from the University of Nebraska at Omaha in 1979. Mr. Duman was appointed to Prism Group’s board of directors immediately following the consummation of the Merger.

**L. Eric Loewe** joined Prism Group in October 1998 as Corporate Counsel, Legal and Regulatory, responsible for all regulatory compliance issues, and has served as Senior Vice President and General Counsel since September 2000 and as Secretary since July 2001. Mr. Loewe held various positions with the National Association of Independent Insurers (the “NAII”) from January 1980 to September 1998. As Senior Counsel for the NAII, Mr. Loewe was responsible for legislation and regulations affecting its 570 member companies. Mr. Loewe is a member of the Illinois and California bars.

**Steven J. Yasuda** joined Prism Group in December 1999 as Manager, Budget and Reporting and has been the Corporate Controller since September 2001. On September 2004, he was promoted to Vice President, Corporate Controller. On April 16, 2007, Mr. Yasuda took on the additional role of Chief Accounting Officer and in June 2012 was appointed as the Company’s Chief Financial Officer. Mr. Yasuda is responsible for all accounting and finance related functions of the Company. From 1997 to 1999, Mr. Yasuda worked in the operations accounting department of Electronic Arts. Mr. Yasuda has been licensed as a CPA since August 1994, but has an inactive status, as permitted by the California Board of Accountancy.

None of Prism Group’s executive officers have been involved in a legal proceeding described in Item 401 of Regulation S-K within the last ten years.



Table of Contents***Directors of Prism Group.***

Prism Group's Board of Directors is as follows:

| <b>Name</b>   | <b>Position with Prism Group</b> | <b>Age</b> | <b>Director Since</b> |
|---|----------------------------------|------------|-----------------------|
| <i>Class I director whose term expires at the 2018 Annual Meeting of Stockholders:</i>    |                                  |            |                       |
| Hussein A. Enan   | Chairman of the Board            | 72         | 1995                  |
| <i>Class II directors whose term expires at the 2016 Annual Meeting of Stockholders:</i>  |                                  |            |                       |
| James M. Corroon <sup>(1)(2)(3)</sup>   | Vice Chairman of the Board       | 78         | 1996                  |
| <i>Class III directors whose term expires at the 2017 Annual Meeting of Stockholders:</i> |                                  |            |                       |
| Dennis H. Chookaszian <sup>(1)(2)(3)</sup>  | Director                         | 74         | 2003                  |
| Gregory J. Duman  | Director                         | 62         | 2015                  |

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Nominating Committee.

A description of Mr. Enan's and Mr. Duman's background and experience can be found in the section titled "Executive Officers"

**James M. Corroon** has been a director of Prism Group since August 1996 and has served as Vice Chairman of the Board since May 1999. Since September 2004, Mr. Corroon has served as Vice Chairman of Fort Point Insurance Services, Inc., an insurance brokerage firm. From July 1999 to December 2000, he was a full-time employee of Prism Group and a member of the senior management team. Mr. Corroon has been a director of Willis Corroon of California, an insurance services firm, since January 1996. From October 1966 to December 1995, Mr. Corroon held various management positions with Willis Corroon and its predecessor entity, Corroon & Black Corporation. The Board of Directors concluded that Mr. Corroon provides the Board of Directors with a valuable perspective gained from his long-term service as an executive officer and as a director.

**Dennis H. Chookaszian** has been a director of Prism Group since April 2003. From November 1999 until he retired in February 2001, Mr. Chookaszian was Chairman and Chief Executive Officer of mPower Advisors, L.L.C., a financial advice provider focused on the online management of 401(k) plans. From September 1992 to February 1999, Mr. Chookaszian served as Chairman and Chief Executive Officer of the CNA insurance company, and prior to that held the positions of President and Chief Operating Officer (1990-1992) and Chief Financial Officer (1975-1990), respectively, of that company. Mr. Chookaszian serves on the boards of the Chicago Mercantile Exchange, and Career Education Corporation, a postsecondary education provider. Mr. Chookaszian served as chairman of the Financial Accounting Standards Advisory Council from January 2007 to December 2011. Mr. Chookaszian's experience as a director of other public companies, combined with his knowledge of financial reporting, led the Board to conclude that he should serve as a director.

The Board of Directors has determined that, other than Mr. Enan and Mr. Duman, each of the members of the Board is an independent director for purposes of the Nasdaq Marketplace Rules. None of Prism Group's directors have been involved in a legal proceeding described in Item 401 of Regulation S-K within the last ten years.

### ***Available Information***

You may obtain free copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports, as well as other Corporate Governance Materials on our website at [rdgir.com/prism-technologies-group-inc](http://rdgir.com/prism-technologies-group-inc), or by contacting our corporate office by calling (916) 932-2860, or by sending an e-mail message to [info@przmgroup.com](mailto:info@przmgroup.com).

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We electronically file our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K with the Securities and Exchange Commission (“SEC”) pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. Any materials we file with the SEC are accessible to the public at the SEC’s Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may also utilize the SEC’s Internet website, which contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC website is <http://www.sec.gov>.

## ***Results of 2017 Annual Meeting***

We will announce preliminary voting results at the annual meeting and will publish final results in a Current Report on Form 8-K that we expect to file with the SEC within four business days after the 2017 annual meeting. If final voting results are not available to us in time to file a Form 8-K with the SEC within four business days after the 2017 annual meeting, we intend to file a Form 8-K to disclose preliminary voting results and, within four business days after the final results are known, we will file an additional Form 8-K with the SEC to disclose the final voting results.

## ***Related Person Transactions***

The Audit Committee is provided authority under its charter to review and approve any related-party transactions, after reviewing each such transaction for potential conflicts of interests and other improprieties. On December 29, 2016, the Audit Committee and Board of Directors of the Company approved a transaction by which Mr. Enan provided the Company with \$250,000 in cash. In exchange, Mr. Enan is entitled to receive \$625,000 when the Company’s cumulative Net Cash Flow (“NCF”) exceeds \$7.5 million. NCF is measured as the cumulative cash received from revenue sources less all cumulative cash operating expenses incurred. The cash contribution is unsecured and non-convertible to equity. There were no related-party transactions in the year ended December 31, 2015.

## ***Board Structure and Role***

By resolution adopted by the Company’s Board of Directors on October 26, 2016, the size of the Company’s board was immediately increased and fixed at four, with one Class I director, one Class II director and two Class III directors.

Mr. Hussein A. Enan serves as Chief Executive Officer and Chairman of the Board of Directors. At this stage of development of our patent licensing business, the Board believes that Prism Group is best served by a Chairman who is involved with the Company’s operations on a full-time basis and is therefore able to bring great depth of knowledge about the Company to this role. In addition, Mr. Gregory J. Duman serves as a Director of Prism Group and also is

President of Prism Technologies, LLC, a wholly owned operating subsidiary that was acquired in March 2015. The Board does not have a designated lead independent director.

The Board of Directors and its committees have an active role in overseeing the management of the Company's operations. At each regularly scheduled board meeting, management presents to the Board of Directors relevant information regarding our current operations and risks. In addition, each of the committees considers the risks within its areas of responsibility. The Board and the Audit Committee each receive regular reports on the status of the Company's internal controls and each reviews key operational risks periodically. The Audit Committee regularly meets in executive session without the executive officers. The Compensation Committee and the Board periodically reviews senior executive officer compensation arrangements and the compensation policies and practices for non-executive employees and analyze the compensation incentives, potential risks, and factors to mitigate such potential risks. The Compensation Committee and the Board have determined that our executive compensation program, as well as our compensation policies and practices for non-executive employees, do not encourage senior executives or non-executive employees to take unnecessary and excessive risks that threaten the value of the Company. Based on this review, the Compensation Committee and the Board concluded that the Company's programs, policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

#### ***Board Meetings and Committees***

During the year ended December 31, 2016, the Board of Directors held ten meetings. During that period, the Audit Committee of the Board held four meetings, the Compensation Committee of the Board held two meetings, and the Nominating Committee of the Board held one meeting. All directors attended or participated in more than 75% of the total number of meetings of the Board and any of the committees of the Board on which such director served during that period.

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***Audit Committee.*** The current members of the Audit Committee are Messrs. Corroon and Chookaszian and Duman. Thomas Orr served as chairman of the committee and was the audit committee financial expert under the rules of the SEC until his death in October 2016. Mr. Duman has served as the chairman of the Audit Committee since April 27, 2017 and is an “audit committee financial expert” as defined by SEC rules. The Board of Directors has determined that Messrs. Corroon and Chookaszian are independent. More information about each member of the Audit Committee can be found below in the section titled “*Directors of Prism Group.*”

The functions of the Audit Committee include overseeing the quality of our financial reports and other financial information, retention of the independent registered public accounting firm, reviewing and approving the planned scope, proposed fee arrangements and results of Prism Group’s annual audit, reviewing our critical accounting policies and the adequacy of our accounting and financial controls, and reviewing the independence of Prism Group’s independent registered public accounting firm.

***Compensation Committee.*** The current members of the Compensation Committee are Messrs. Chookaszian and Corroon. Mr. Orr was a member of the Compensation Committee until his death in October 2016. Mr. Chookaszian is chairman of the committee. The Compensation Committee reviews and determines the salary and bonus criteria of and stock option grants to all executive officers. The Board of Directors has determined that all members of the Compensation Committee are independent. More information about each member of the Compensation Committee can be found below in the section titled “*Directors of Prism Group.*”

For additional information about the functions of the Compensation Committee, see “Executive and Director Compensation” below.

***Nominating Committee.*** The current members of the Nominating Committee are Messrs. Corroon and Chookaszian. Mr. Orr was a member of the Nominating Committee until his death in October 2016. The Board of Directors has determined that all members of the Nominating Committee are independent. Mr. Corroon currently is chairman of the committee. More information about each member of the Nominating Committee can be found below in the section titled “*Directors of Prism Group.*”

The functions of the Nominating Committee include selecting, evaluating and recommending to the Board of Directors qualified candidates for election or appointment to the Board of Directors, and recommending corporate governance principles, codes of conduct and compliance mechanisms applicable to Prism Group.

***Director Nominations***

The Nominating Committee also is responsible for the selection, and recommendation to the Board of Directors, of nominees for election as director. When considering the nomination of directors for election at an annual meeting, the Nominating Committee reviews the needs of the Board of Directors for various skills, background, experience and expected contributions and the qualification standards established from time to time by the Nominating Committee, and considers nominations in light of those needs. When reviewing potential nominees, including incumbents, the Nominating Committee also considers the candidate's relevant background, experience and skills and expected contributions to the Board of Directors. The Nominating Committee evaluates its selection criteria and evaluation process periodically, and may in the future include additional qualifications, such as the diversity of backgrounds of candidates. The Nominating Committee also seeks appropriate input from the Chief Executive Officer from time to time in assessing the needs of the Board of Directors for relevant background, experience and skills of its members.

The Nominating Committee's goal is to assemble a Board of Directors that brings to Prism Group a diversity of experience at policy-making levels in business and technology, and in areas that are relevant to Prism Group's activities. Directors should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of our stockholders. They must have an inquisitive and objective outlook and mature judgment. They must also have experience in positions with a high degree of responsibility and be leaders in the companies or institutions with which they are and have been affiliated. Director candidates must have sufficient time available in the judgment of the Nominating Committee to perform all Board and committee responsibilities that will be expected of them. Members of the Board of Directors are expected to rigorously prepare for, attend and participate in all meetings of the Board of Directors and applicable committees. Other than the foregoing, there are no specific minimum criteria for director nominees, although the Nominating Committee believes that it is preferable that at least one member of the Board of Directors should meet the criteria for an "audit committee financial expert" as defined by SEC rules. The Nominating Committee also believes it appropriate for one or more key members of Prism Group's management, including the Chief Executive Officer, to serve on the Board of Directors.

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The Nominating Committee will consider candidates for director proposed by directors or management, and will evaluate any such candidates against the criteria and pursuant to the policies and procedures set forth above. If the Nominating Committee believes that the Board of Directors requires additional candidates for nomination, the Nominating Committee may engage, as appropriate, a third party search firm to assist in identifying qualified candidates. All incumbent directors and nominees will be required to submit a completed directors' and officers' questionnaire as part of the nominating process. The process may also include interviews and additional background and reference checks for non-incumbent nominees, at the discretion of the Nominating Committee.

The Nominating Committee will also consider candidates for director recommended by a stockholder, provided that any such recommendation is sent in writing to General Counsel, Prism Technologies Group, Inc., 101 Parkshore Dr., Folsom CA 95630 at least 120 days prior to the anniversary of the date definitive proxy materials were mailed to stockholders in connection with the prior year's annual meeting of stockholders and contains the following information:

the candidate's name, age, contact information and present principal occupation or employment; and a description of the candidate's qualifications, skills, background and business experience during at least the last five years, including his or her principal occupation and employment and the name and principal business of any company or other organization where the candidate has been employed or has served as a director.

The Nominating Committee will evaluate any candidates recommended by stockholders against the same criteria and pursuant to the same policies and procedures applicable to the evaluation of candidates proposed by directors or management.

In addition, stockholders may make direct nominations of directors for election at an annual meeting, provided the advance notice requirements set forth in our Bylaws have been met. Under our Bylaws, written notice of any such nomination, including certain information and representations specified in the Bylaws, must be delivered to our principal executive offices, addressed to the General Counsel, at least 120 days prior to the anniversary of the date definitive proxy materials were mailed to stockholders in connection with the prior year's annual meeting of stockholders, except that if no annual meeting was held in the previous year or the date of the annual meeting has been advanced by more than 30 days from the date contemplated at the time of the previous year's proxy statement, such notice must be received not later than the close of business on the tenth day following the day on which the public announcement of the date of such meeting is first made.

***Stockholder Communications with Directors; Director Attendance at Annual Meetings***

Stockholders may communicate with any and all members of our Board of Directors by transmitting correspondence by mail or facsimile addressed to one or more directors by name (or to the Chairman, for a communication addressed

to the entire Board) at the following address and phone number:

Name of the Director(s)

c/o Corporate Secretary

Prism Technologies Group, Inc.

101 Parkshore Dr., Suite 100

Folsom, CA 95630

916-932-2860

Communications from our stockholders received as indicated above will be forwarded to the indicated director or directors unless the communication is primarily commercial in nature or relates to an improper or irrelevant topic.

We do not have a policy regarding directors' attendance at annual meetings. All directors attended the 2016 Annual Meeting.



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***Committee Charters and Other Corporate Governance Materials***

The Board has adopted a Code of Business Conduct and Ethics that applies to all of our employees and officers and members of the Board of Directors. A copy of the Code of Business Conduct and Ethics is available on the Company's website at <http://ir.przmgroup.com>.

The Board has also adopted a written charter for each of the Audit Committee, Compensation Committee and Nominating Committee. Each charter is available on the Company's website at <http://ir.przmgroup.com>.

***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires 's executive officers, directors and persons who beneficially own more than 10% of Prism Group's common stock to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulations to furnish Prism Group with copies of all Section 16(a) forms filed by such persons. Based on a review of reports furnished to Prism Group and representations from certain reporting persons, Prism Group believes that all reports required under Section 16(a) during the year ended December 31, 2016 were timely filed.

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**Item 11. Executive Compensation.**

The Compensation Committee is authorized by the Board of Directors to review and approve annual performance objectives and goals relevant to compensation for the Chief Executive Officer and evaluate the performance of the Chief Executive Officer in light of these goals and objectives. In setting such objectives, the Compensation Committee is directed to consider the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the Company's Chief Executive Officer in past years. The Compensation Committee is also directed to periodically review and advise the Board concerning both regional and industry wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company's compensation programs for the CEO, other executive officers and directors relative to comparable companies in the Company's industry. Neither management nor the Compensation Committee engaged the services of a compensation consultant during the years ended December 31, 2016 and December 31, 2015.

**Summary Compensation Information**

The following table presents certain summary information concerning compensation paid or accrued by Prism Group for services rendered in all capacities during the years ended December 31, 2016 and December 31, 2015 for the Chief Executive Officer, the Senior Vice President, General Counsel and Secretary and the Chief Financial Officer and Chief Accounting Officer (the "Named Executive Officers").

Mr. Loewe, Prism Group's General Counsel and Secretary, is a participant in the Prism Group Executive Retention and Severance Plan approved by the Board of Directors on June 14, 2004 and revised on December 22, 2008. Mr. Loewe would be entitled to receive cash severance payments and health and medical benefits in the event his employment is terminated by Prism Group without cause or by Mr. Loewe for good reason. No severance payments or benefits are provided for Mr. Loewe in the event of death or disability.

As previously disclosed, on September 1, 2016, the Compensation Committee (the "Compensation Committee") our Board of Directors approved an Incentive Compensation Plan ("Plan") for the Company's executive officers, directors and employees. The purpose of the Plan is to incent employees to generate operations-related cash flow for the Company as quickly as possible by pursuing strategic revenue opportunities and prudent expense reductions. The Plan in general is effective September 1, 2016; however, individual Participants may opt in at any time beginning after the Plan effective date.

A payout under the Plan is contingent on the Company attaining cumulative Net Cash Flow (NCF) of at least \$5 million beginning September 1, 2016. NCF is the cumulative difference between (i) cash received from revenue sources, and (ii) cash operating expenses. The amount of incentive compensation available to any Participant is equal to 1.5 times the amount of his cumulative compensation reduction measured between the date of participation through the payout date. Plan payouts will be made only when the NCF target is 100% achieved; there are no intermediate or partial payouts.

The Company's four executive officers agreed to participate in the Plan, effective September 2, 2016, and their new cash compensation is shown in the following table:

| <u>Name</u>                                       | <u>Previous Salary</u> | <u>New Salary</u> |
|---|------------------------|-------------------|
| Hussein A. Enan, CEO                              | \$300,000              | \$0               |
| Gregory J. Duman, President – Prism LLC           | \$200,000              | \$0               |
| Steven J. Yasuda, CFO and CAO                     | \$175,000              | \$0               |
| L. Eric Loewe, SVP, General Counsel and Secretary | \$240,000              | \$0               |

In addition, each of the Company's non-employee directors has elected to participate in the plan and reduce their annual retainers for service on the Board to zero.

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| Name and Principal Position                                 | Year | Salary    | Bonus | Option    | All other       | Total     |
|---|------|-----------|-------|-----------|-----------------|-----------|
|   |      |           |       | Awards(1) | Compensation(2) |           |
| Hussein A. Enan   | 2016 | \$185,826 | \$ —  | \$ 9,074  | \$ 3,881        | \$198,781 |
| <i>Chairman of the Board, Chief Executive Officer</i>       | 2015 | \$300,000 | \$ —  | \$ 8,811  | \$ 15,524       | \$324,335 |
| Gregory J. Duman (3)  | 2016 | \$123,077 | \$ —  | \$ 13,084 | \$ —            | \$136,161 |
| <i>President</i>  | 2015 | \$153,077 |       | \$ 14,661 | \$ 8,978        | \$176,716 |
| L. Eric Loewe   | 2016 | \$148,666 | \$ —  | \$ 6,049  | \$ 3,457        | \$158,172 |
| <i>Senior Vice President, Secretary and General Counsel</i> | 2015 | \$232,380 | \$ —  | \$ 42,544 | \$ 3,457        | \$278,381 |
| Steven J. Yasuda  | 2016 | \$108,465 | \$ —  | \$ 2,420  | \$ 1,206        | \$112,091 |
| <i>Chief Financial Officer and Chief Accounting Officer</i> | 2015 | \$175,000 | \$ —  | \$ 17,018 | \$ 1,206        | \$193,224 |

Valuation based on the dollar amount of option grants (see “Grant of Plan-Based Awards” below) recognized for reporting the aggregate fair value of the award computed in accordance with ASC 718 with respect to the 2016 (1) plan year. The assumptions used by the Company with respect to the valuation of option grants are set forth in “Consolidated Financial Statements—Notes to Financial Statements—Note 4—Share Based Payments,” which appear in Prism Group’s Annual Report on Form 10-K.

(2) Represents Prism Group health and term life benefits.

(3) Represents compensation as of March 26, 2015, in connection with the acquisition of Prism Technologies, LLC.

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The following table summarizes the number of securities underlying outstanding option plan awards for each of the named executive officers at the fiscal year-end as of December 31, 2016.

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

| Name             | Option Awards<br>Number<br>of |               | Number of  |            |
|------------------|-------------------------------|---------------|------------|------------|
|                  | Securities                    | Securities    | Option     | Option     |
|                  | Underlying                    | Underlying    | Exercise   | Expiration |
|                  | Options<br>(#)                | Options (#)   | Price (\$) | Date       |
|                  | Exercisable                   | Unexercisable |            |            |
| Hussein A. Enan  | 25,000                        | 50,000        | \$ 2.76    | 6/11/2020  |
| Gregory J. Duman | 42,189                        | 70,312        | \$ 2.68    | 3/26/2020  |
| L. Eric Loewe    | 66,668                        | 33,332        | \$ 2.76    | 6/11/2020  |
| Steven J. Yasuda | 26,668                        | 13,332        | \$ 2.76    | 6/11/2020  |

(1) Options granted under the above plans are priced at the common stock's fair market value on the date of grant and generally vest immediately, cliff vest or ratably over the requisite service period. A portion of the option awards granted in 2015 were also subject to performance conditions for the 2015, 2016 and 2017 plan years with fair market values of \$54,400, \$48,400, \$59,800 and \$23,900 for Hussein A. Enan, Gregory J. Duman, L. Eric Loewe and Steven J. Yasuda respectively. The option performance awards relating to the 2015 plan year met certain performance criteria and therefore 50% of these option awards were vested.

Table of Contents**Director Compensation**

The following table presents the compensation paid to each member of the Board of Directors during the year ended December 31, 2016:

| Name                  | Fees      |           |              |   | Total    |
|-----------------------|-----------|-----------|--------------|---|----------|
|                       | Earned or | Option    | All other    |   |          |
|                       | Paid in   | Awards(1) | Compensation |   |          |
|                       | Cash      |           |              |   |          |
| Dennis H. Chookaszian | \$20,000  | \$ 1,273  | \$           | — | \$21,273 |
| James M. Corroon      | \$20,000  | \$ 1,273  | \$           | — | \$21,273 |
| Thomas W. Orr         | \$24,575  | \$ 1,273  | \$           | — | \$25,848 |

(1) Valuation based on the dollar amount of option grants recognized for reporting the aggregate fair value of the award computed in accordance with ASC 718 with respect to fiscal year 2016. The assumptions used by us with respect to the valuation of option grants are set forth in “Consolidated Financial Statements—Notes to Financial Statements—Note 4—Share-Based Payments” in Prism Group’s Annual Report on Form 10-K.

**Additional Information Regarding Director Compensation**

Each non-employee director receives an annual cash retainer of \$20,000 relating to the period from January 1 to December 31. Mr. Orr, as Chair of the Audit Committee prior to his death in October 2016, received an additional cash retainer of \$2,500 for each regularly scheduled Audit Committee meeting attended. In addition, Prism Group’s 2008 Stock Option Plan grants each non-employee director an annual option grant to purchase 5,000 shares, with the date of grant being on or about July 1 of each year that they serve. These options are fully vested. Directors are also reimbursed for their reasonable expenses incurred in connection with attending Board of Directors or Committee meetings.

**Equity Compensation Plan Information**

Prism Group currently maintains two equity compensation plans that provide for the issuance of common stock to employees, officers, directors, independent contractors and consultants of Prism Group and its subsidiaries. These

consist of the Prism Group 2008 Stock Option Plan and the 1999 Employee Stock Purchase Plan, each of which have been approved by the stockholders. The following table sets forth information regarding outstanding options and shares reserved for future issuance under the foregoing plans as of December 31, 2016:

| Plan Category  | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted average exercise price of outstanding options, warrants and rights(b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(c) |
|--|--|--|--|
|  |  |  |  |
| Equity compensation plans approved by security holders     | 360,000  | \$ 2.68  | 1,384,000  |
| Equity compensation plans not approved by security holders | —  | —  | —  |

Table of Contents**Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.****Stock Ownership of Certain Beneficial Owners and Management**

The following table sets forth, as of October 24, 2017, certain information with respect to the beneficial ownership of Prism Group's common stock by (i) each stockholder known by us to be the beneficial owner of more than 5% of Prism Group's common stock, (ii) each director of Prism Group, (iii) the executive officers of Prism Group, and (iv) all current directors and executive officers of Prism Group as a group.

| Name of Beneficial Owner(1)  | Number of<br>Shares<br>Beneficially<br>Owned | Percent of<br>Common Stock<br>Outstanding(2) |   |
|--|--|--|---|
| <b>5% Stockholders</b>   |  |  |   |
| Prism Resources(3)   | 615,387                                      | 6.0  | % |
| <b>Directors and Executive Officers</b>                                    |  |  |   |
| Hussein A. Enan(4)   | 1,942,072                                    | 18.8   | % |
| James M. Corroon(5)  | 33,521                                       | *  | % |
| Dennis H. Chookaszian(6)   | 479,288                                      | 4.6  | % |
| Gregory J. Duman(7)  | 318,562                                      | 3.1  | % |
| L. Eric Loewe(8)   | 189,436                                      | 1.8  | % |
| Steven J. Yasuda(9)  | 63,733                                       | 1.0  | % |
| <b>Current directors and executive officers as a group (6 persons)(10)</b> | 3,026,612                                    | 29.3   | % |

\*Less than one percent

The persons named in the table above have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and to the information contained in the footnotes to this table. The address of all officers and directors is c/o Prism Technologies Group, Inc., 101 Parkshore Dr., Suite 100, Folsom, CA 95630.

(2)



Percent of Common Stock Outstanding is calculated utilizing 10,325,566 shares outstanding, which is the sum of the number of the Company's outstanding shares as of October 24, 2017 and the number of options held by the named beneficial owners that become exercisable within 60 days thereafter.

(3) The address of Prism Resources, Inc. is 21441 Skyridge Road, Elkhorn, NE 68022.

Includes 1,904,572 shares held by the Enan Family Trust, a revocable trust. Mr. Enan and Mr. Enan's spouse are (4) co-trustees of the Enan Family trust. Also includes 37,500 shares subject to options exercisable within 60 days following October 24, 2017.

(5) Includes 25,000 shares subject to options exercisable within 60 days following October 24, 2017.

(6) Includes 416 shares held by Mr. Chookaszian's spouse, which he disclaims beneficial ownership of. Also includes 25,000 shares subject to options exercisable within 60 days following October 24, 2017.

(7) Includes 59,376 shares subject to options exercisable within 60 days following October 24, 2017.

(8) Includes 75,001 shares subject to options exercisable within 60 days following October 24, 2017.

(9) Includes 30,001 shares subject to options exercisable within 60 days following October 24, 2017.

(10) Includes 251,878 shares subject to options exercisable within 60 days following October 24, 2017.

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

***Related Person Transaction Review Policies***

The Audit Committee is provided authority under its charter to review and approve any related-party transactions, after reviewing each such transaction for potential conflicts of interests and other improprieties. On December 29, 2016, the Audit Committee and Board of Directors of the Company approved a transaction by which Mr. Enan provided the Company with \$250,000 in cash. In exchange, Mr. Enan is entitled to receive \$625,000 when the Company's cumulative Net Cash Flow ("NCF") exceeds \$7.5 million. NCF is measured as the cumulative cash received from revenue sources less all cumulative cash operating expenses incurred. The cash contribution is unsecured and non-convertible to equity. There were no related-party transactions in the year ended December 31, 2015.

The Board of Directors has determined that, other than Mr. Enan and Mr. Duman, each of the members of the Board is an independent director for purposes of the Nasdaq Marketplace Rules. None of Prism Group's directors have been involved in a legal proceeding described in Item 401 of Regulation S-K within the last ten years.

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**Item 14. Principal Accountant Fees and Services.**

**INDEPENDENT AUDITOR FEE INFORMATION**

The following table sets forth the aggregate fees billed to Prism Group for the years ended December 31, 2016 and 2015 by Prism Group's principal accounting firm, Ernst & Young LLP:

|                       | <b>2016</b>      | <b>2015</b>      |
|-----------------------|------------------|------------------|
| Audit Fees(1)         | \$248,500        | \$275,200        |
| Audit-Related Fees(2) | —                | —                |
| Tax Fees(3)           | 38,000           | 60,000           |
| All Other Fees        | —                | —                |
|                       | <b>\$286,500</b> | <b>\$335,200</b> |

(1) Audit fees consist of fees billed for services related to the audit of Prism Group's consolidated financial statements (including required quarterly reviews) and accounting consultations.

Audit-related fees consist of fees billed for services related to assurance and related services that are reasonably (2)related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the independent registered public accounting firm.

(3) Tax fees consist of fees billed for services related to tax return preparation, tax compliance, tax planning and tax advice.

The Audit Committee considered the role of Ernst & Young LLP in providing non-audit services to Prism Group and has concluded that such services are compatible with Ernst & Young's independence as Prism Group's independent registered public accounting firm.

**Pre-Approval Policies and Procedures**

The Audit Committee has adopted a policy that requires advance approval of all audit, audit-related, tax services, and other services performed by the independent registered public accounting firm. The policy provides for pre-approval by the Audit Committee of specifically defined audit and non-audit services. Unless the specific service has been pre-approved with respect to that year, the Audit Committee must approve the permitted service before the

independent registered public accounting firm is engaged to perform it. The Audit Committee has delegated to the chair of the Audit Committee the authority to approve permitted services, provided that the chair reports any decisions to the Audit Committee at its next scheduled meeting. The Audit Committee pre-approved all services provided to the Company by Ernst & Young in 2016.

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**PART IV**

**Item 15. Exhibits and Financial Statement Schedules.**

3. Exhibits:

See Index to Exhibits. The Exhibits listed in the accompanying Index are filed as part of this report.

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**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, on October 30, 2017.

PRISM TECHNOLOGIES GROUP, INC.

By: /s/ HUSSEIN A. ENAN  
Hussein A. Enan

*Chairman of the Board and Chief Executive Officer*

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

| <b>Signature</b>                                      | <b>Title</b>  | <b>Date</b>         |
|---|---|---------------------|
| /s/ HUSSEIN A. ENAN<br>Hussein A. Enan                | Chairman of the Board and Chief Executive Officer                                   | October 30,<br>2017 |
| /s/ STEVEN J. YASUDA<br>Steven J. Yasuda              | Chief Financial Officer and Chief Accounting Officer (Principal Accounting Officer) | October 30,<br>2017 |
| /s/ JAMES M. CORROON<br>James M. Corroon              | Vice Chairman of the Board  | October 30,<br>2017 |
| /s/ DENNIS H.<br>CHOOKASZIAN<br>Dennis H. Chookaszian | Director  | October 30,<br>2017 |
| /s/ GREGORY J. DUMAN<br>Gregory J. Duman              | Director  | October 30,<br>2017 |



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**PRISM TECHNOLOGIES GROUP, INC.**

**EXHIBITS TO FORM 10-K ANNUAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2016**

| <b>Exhibit Number</b> | <b>Description of Document</b>  | <b>Method of Filing</b>   |
|-----------------------|---|---|
| 2.1                   | <u>Asset Purchase Agreement between the Company and Bankrate, Inc. dated as of October 10, 2011.</u>  | Filed as Exhibit 2.1 to registrant's Form 8-K filed on October 12, 2011.                            |
| 2.2                   | <u>Agreement of Plan of Merger among the Company, Strategic Concepts Acquisition Corp., Prism Technologies, LLC, and Gregory J. Duman, dated as of November 11, 2014.</u>   | Filed as Annex A to registrant's Registration Statement on Form S-4 filed on December 30, 2014.     |
| 3.1                   | <u>Restated Certificate of Incorporation of the Company, as amended by (a) the Certificate of Amendment of Certificate of Incorporation of the Company, dated December 18, 2001, (b) the Certificate of Designation of Series A Junior Participating Preferred Stock of the Company, dated November 23, 2011, (c) the Certificate of Amendment of Restated Certificate of Incorporation of the Company, dated December 21, 2011, (d) the first Certificate of Amendment of Restated Certificate of Incorporation of the Company dated March 12, 2013, and (e) the second Certificate of Amendment of Restated Certificate of Incorporation of the Company dated March 12, 2013.</u> | Filed as Exhibit 3.1 to registrant's Registration Statement on Form S-4 filed on December 30, 2014. |
| 3.3                   | <u>Bylaws of the Company.</u>   | Filed as Exhibit 3.2 to registrant's Registration Statement on Form S-1 filed on May 7, 1999.       |
| 3.4                   | <u>Amendment to Article X of the Bylaws of the Company, adopted by the Board of Directors on February 2, 2011.</u>  | Filed as Exhibit 3.1 to registrant's Form 8-K filed on February 7, 2011.                            |



|       |  |   |
|-------|--|---|
| 4.1   | <u>Section 382 Rights Agreement, dated as of November 23, 2011, between the Company and American Stock Transfer &amp; Trust Company, LLC, as rights agent.</u> | Filed as Exhibit 4.1 to registrant's Form 8-A filed on November 25, 2011.                       |
| 10.1* | <u>Form of Indemnity Agreement between the Company and the Company's directors and officers.</u>   | Filed as Exhibit 10.1 to registrant's Form S-1/A filed on July 21, 1999.                        |
| 10.2* | <u>1997 Stock Option Plan</u>  | Filed as Exhibit 10.2 to registrant's Form S-1/A filed on July 21, 1999.                        |
| 10.3* | <u>1999 Employee Stock Purchase Plan.</u>  | Filed as Exhibit 10.3 to registrant's Form S-1 filed on May 7, 1999.                            |
| 10.4* | <u>2008 Stock Option Plan.</u>   | Included in registrant's definitive proxy statement on Schedule 14A filed on February 15, 2008. |
| 10.5* | <u>Executive Retention and Severance Plan Amended and Restated as of December 22, 2008.</u>  | Filed as Exhibit 10.16 to registrant's Form 10-K filed on March 31, 2009.                       |

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|       |  |  |
|-------|--|--|
| 10.6  | <u>Office Lease between MSCP Capital Center Investors, LLC, as Landlord, and the Company, as Tenant, dated as of December 10, 2010.</u>          | Filed as Exhibit 99.1 to registrant's Form 8-K filed on December 28, 2010.   |
| 10.7  | <u>First Lease Amendment between MSCP Capital Center Investors, LLC, as Landlord, and the Company, as Tenant, dated as of December 22, 2011.</u> | Filed as Exhibit 10.26 to registrant's Form 8-K filed on December 28, 2011.  |
| 10.8  | <u>Employment Agreement between the Company and Gregory J. Duman dated March 20, 2015.</u>   | Filed as Exhibit 10.1 to registrant's Form 8-K filed on March 30, 2015.      |
| 10.9  | <u>Non-competition agreement between the Company and Gregory J. Duman dated March 20, 2015.</u>  | Filed as Exhibit 10.1 to registrant's Form 8-K filed on March 30, 2015.      |
| 10.10 | <u>Litigation Funding Agreement dated December 15, 2016.</u>   | Filed as Exhibit 10.10 to registrant's Form 8-K/A filed on February 27, 2017 |
| 10.11 | <u>Asset Purchase Agreement between the Company and Amorphous Technologies International, Inc. dated October 19, 2017</u>                        | Filed as Exhibit 10.11 to registrant's Form 8-K on October 20, 2017          |
| 14.1  | <u>The Company's Code of Business Conduct and Ethics.</u>  | Filed as Exhibit 14.1 to registrant's Form 10-K filed on March 29, 2004.     |
| 21.1  | <u>Subsidiaries of Company.</u>  | Filed as Exhibit 21.1 to registrant's Form 10-K filed on March 31, 2017      |
| 23.1  | <u>Consent of Independent Registered Public Accounting Firm.</u>   | Filed as Exhibit 23.1 to registrant's Form 10-K filed on March 31, 2017      |
| 31.1  | <u>Certification of Chief Executive Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.</u>       | Filed herewith.  |
| 31.2  | <u>Certification of Chief Financial Officer, pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.</u>       | Filed herewith.  |
| 32.1  | <u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.</u>                                  | Filed herewith.  |

101 Extensible Business Reporting Language (XBRL)\*\*

\* Constitutes a management contract or a compensatory plan or arrangement.

\*\* XBRL (Extensible Business Reporting Language) information is furnished and not filed as a part of a registration statement or prospectus for purposes of Section 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

