As filed with the Securities and Exchange Commission on May 1, 2014

SEC File No. 333-190080

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

AMENDMENT NO. 5 TO

FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BioSig Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**3845**	**26-4333375**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification No.)*

12424 Wilshire Boulevard, Suite 745
Los Angeles, California 90025
(310) 820-8100
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Kenneth Londoner
Executive Chairman
12424 Wilshire Boulevard, Suite 745
Los Angeles, California 90025
(310) 820-8100
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Rick A. Werner, Esq.
Haynes and Boone, LLP
30 Rockefeller Plaza, 26th Floor
New York, New York 10112
Tel. (212) 659-7300
Fax (212) 884-8234

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
(Check one):

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☒
(Do not check if a smaller reporting company)

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, $0.001 par value per share	8,941	1.50(2)	$ 13,411.50	$ 1.73
Common Stock, $0.001 par value per share, issuable upon conversion of Series C Preferred Stock	1,854,019	$ 1.50(2)	$ 2,781,028.50	$ 358.20
Common Stock underlying Warrants	3,127,511	$ 1.50(2)	$ 4,691,266.50	$ 604.24
Total	4,990,471	$ 1.50(2)	$ 7,485,706.50	$ 964.17(3)

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), the shares of common stock offered hereby also include an indeterminate number of additional shares of common stock as may from time to time become issuable by reason of stock splits, stock dividends or other similar transactions.

(2) The offering price has been estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(o). Our common stock is not traded on any national exchange and in accordance with Rule 457; the offering price was determined by the price of the shares that were sold to our shareholders in a private placement transaction, on an as-converted basis. The price of $1.50 is a fixed price at which the selling security holders may sell their shares until our common stock is quoted on the OTC Bulletin Board at which time the shares may be sold at prevailing market prices or privately negotiated prices. There can be no assurance that a market maker will agree to file the necessary documents with the Financial Industry Regulatory Authority, which operates the OTC Bulletin Board, nor can there be any assurance that such an application for quotation will be approved.

(3) $894.28 of which has been previously paid.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 1, 2014

PRELIMINARY PROSPECTUS

BioSig Technologies, Inc.

Up to 4,981,530 Shares of Common Stock Underlying Series C Preferred Stock and Warrants
Up to 8,941 Shares of Common Stock

This prospectus relates to the resale of up to (i) 4,981,530 shares of our common stock to be offered by the selling stockholders upon the conversion of 2,781 shares of our Series C Preferred Stock, at a conversion price of $1.50 per share, and upon the exercise of outstanding common stock purchase warrants, and (ii) 8,941 shares of our common stock to be offered by the selling stockholders.

Our common stock is presently not listed or quoted on any national securities exchange or quotation system. The selling stockholders will be selling their shares of common stock at a fixed price of $1.50 per share until our common stock is quoted on the OTC Bulletin Board, and thereafter, at prevailing market prices or privately negotiated prices. After the effective date of the registration statement relating to this prospectus, we hope to have a market maker file an application with the Financial Industry Regulatory Authority for our common stock to eligible for trading on the OTC Bulletin Board. There can be no assurance that a market maker will agree to file the necessary documents with the Financial Industry Regulatory Authority, nor can there be any assurance that such an application for quotation will be approved.

We will not receive any of the proceeds from the sale of common stock by the selling stockholders. All expenses of registration incurred in connection with this offering are being borne by us, but all selling and other expenses incurred by the selling stockholders will be borne by the selling stockholders.

We qualify as an "emerging growth company" as defined in the Jumpstart our Business Startups Act of 2012, or JOBS Act. Please read the related disclosure contained on page 13 of this prospectus.

Investing in our common stock is highly speculative and involves a high degree of risk. You should carefully consider the risks and uncertainties in the section entitled "Risk Factors" beginning on page 2 of this prospectus before making a decision to purchase our stock.

We may amend or supplement this prospectus from time to time by filing amendments or supplements as required. You should read the entire prospectus and any amendments or supplements carefully before you make your investment decision.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2014

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. Our business, financial condition, results of operations and prospects may have changed since that date.

Information contained on our website is not part of this prospectus.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It may not contain all the information that may be important to you. You should read this entire prospectus carefully, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our historical financial statements and related notes included elsewhere in this prospectus or any accompanying prospectus supplement before making an investment decision. In this prospectus, unless the context requires otherwise, all references to "we," "our," "us" and the "Company" refer to BioSig Technologies, Inc.

Overview

We are a development stage medical device company that is developing a proprietary technology platform to minimize noise and artifacts from cardiac recordings during electrophysiology studies, where signals that measure electrical activity of the heart, such as electrocardiograms and electrograms, are measured. These signals are also evaluated during ablation, a procedure that involves delivery of energy through the tip of a catheter that scars or destroys heart tissue in order to correct heart rhythm disturbances. Our product under development, the PURE EP System, is a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms required during electrophysiology studies and ablation procedures. The PURE EP System is intended to be used in addition to existing electrophysiology recorders. We believe that data provided by the PURE EP System will increase the workload ability and enhance the capabilities of the typical electrophysiology laboratory.

We were formed as BioSig Technologies, Inc., a Nevada corporation, in February 2009 and in April 2011 we merged with our wholly-owned subsidiary, BioSig Technologies Inc., a Delaware corporation, with the Delaware corporation continuing as the surviving entity. We have not generated any revenue to date and consequently our operations are subject to all risks inherent in the establishment of a new business enterprise.

On January 7, 2014, David Drachman, our former chief executive officer and president, filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us in November 2013. Mr. Drachman alleges, among other things, that (i) we misled him with respect to the status of our technology and required him to perform capital raising duties that had not been previously agreed upon, (ii) he resigned from his positions with us for good reason, as such term was defined in his employment agreement with us, and (iii) he, in his individual capacity, has full rights to the ownership and control of a patent application describing a combined ablation and recording unit directed at the use of electrocardiography sensing for control of radiofrequency renal denervation that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. Mr. Drachman's claims against us include breach of agreement, breach of good faith and fair dealing and unjust enrichment. Mr. Drachman is seeking, among other things, (a) payment of his salary and pro-rated bonus for the time he served in his positions with us and the severance payments due under his employment agreement, which include 12 months of base salary and full bonus payments, with the total sum of payments equaling approximately $612,000, including $58,000 of accrued and unpaid salary, (b) full vesting of stock options equivalent to 10% of our outstanding common stock, and (c) a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. We intend to fully dispute Mr. Drachman's allegations and his relief sought to the fullest extent permitted by the law and believe them to be wholly without merit. On February 21, 2014, we filed an answer to Mr. Drachman's statement of claim that disputed all of Mr. Drachman's claims against us and counter-claimed against Mr. Drachman, seeking declaratory judgment concerning our rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. We believe that the intellectual property included in the patent application does not represent our core proprietary intellectual property but instead represents a different use and application of our proprietary technology.

While we believe that Mr. Drachman did not have good reason to resign and should therefore only be entitled to receive any accrued and unpaid salary and reimbursements and payment for accrued and unused vacation due under his employment agreement, if we receive an adverse outcome in arbitration or if we settle the dispute with Dr. Drachman, we may be obligated to pay or award to him some or all of the monetary relief that he is seeking, which could have a material adverse effect on our business and results of operations. In addition, while we fully dispute his rights to the ownership and control of the aforementioned patent application and related patent(s) and intend to challenge his claim to the fullest extent permitted by law, if we are obligated to transfer the ownership and control of such patent application and related patent(s) to Mr. Drachman, we would lose rights to a portion of our intellectual property, which could impair our ability to develop certain products relating specifically to radiofrequency ablation treatment in the future that are complementary to our core technology.

Our principal executive offices are located at 12424 Wilshire Boulevard, Suite 745, Los Angeles, California 90025. Our telephone number is (310) 820-8100. Our website address is www.biosigtech.com. Information accessed through our website is not incorporated into this prospectus and is not a part of this prospectus.

The Offering

Common stock offered by the selling stockholders:	Up to 4,981,530 shares of our common stock to be offered by the selling stockholders upon the conversion of shares of Series C Convertible Preferred Stock and the exercise of outstanding common stock purchase warrants and up to 8,941 shares of our common stock to be offered by the selling stockholders.
Common stock outstanding prior to the offering:	8,749,569
Common stock outstanding after this offering:	14,803,855 (1)
Use of proceeds:	We will not receive any proceeds from the sale of the common stock offered by the selling stockholders.
Offering price:	The selling stockholders will be selling their shares of common stock at a fixed price of $1.50 per share until our common stock is quoted on the OTC Bulletin Board, and thereafter, at prevailing market prices or privately negotiated prices.
Market for the common stock:	There has been no market for our securities and a public market may not develop, or, if any market does develop, it may not be sustained. Our common stock is not listed on any exchange or quoted on the OTC Bulletin Board. After the effective date of the registration statement relating to this prospectus, we hope to have a market maker file an application with the Financial Industry Regulatory Authority, for our common stock to eligible for trading on the OTC Bulletin Board. We do not yet have a market maker who has agreed to file such application.
Risk factors:	You should carefully consider the information set forth in this prospectus and, in particular, the specific factors set forth in the "Risk Factors" section beginning on page 2 of this prospectus before deciding whether or not to invest in shares of our common stock.

(1) The number of shares of common stock outstanding after the offering is based upon 9,822,455 shares outstanding as of April 30, 2014, including the automatic conversion of all shares of our Series A Preferred Stock and our Series B Preferred Stock and dividends accrued on thereon that will be paid in kind and automatically converted, which will occur immediately upon us becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act, as amended, and assumes the conversion of all shares of Series C Preferred Stock and the exercise of all warrants with respect to those shares being registered for resale pursuant to the registration statement of which this prospectus forms a part.

The number of shares of common stock outstanding after this offering excludes:

- 2,990,977 shares of common stock issuable upon the exercise of currently outstanding options at a weighted average exercise price of $2.09 per share; and
- 3,015,146 shares of common stock available for future issuance under the BioSig Technologies, Inc. 2012 Equity Incentive Plan.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following factors and other information in this prospectus or any accompanying prospectus supplement before making a decision to invest in our common stock. If any of the risks actually occur, our business, financial conditions and operating results may be materially and adversely affected. In that event, the trading price of our common stock may decline, and you could lose all or part of your investment.

Risks Related to Our Business and Industry

Because our condition as a going concern is in doubt, we will be forced to cease our business operations unless we can raise sufficient funds to satisfy our working capital needs.

As shown in the accompanying financial statements during years ended December 31, 2013 and 2012, we incurred net losses attributable to common stockholders of $10,101,846 and $2,477,002, respectively and used $1,762,459 in cash for operating activities for the year ended December 31, 2013. As of April 30, 2014, we had cash on hand of approximately $ 294,864 . These factors, among others, raise substantial doubt that we will be able to continue as a going concern for a reasonable period of time.

Our existence is dependent upon management's ability to develop profitable operations. Our management is devoting substantially all of its efforts to developing its products and services and there can be no assurance that our efforts will be successful. There is no assurance that can be given that management's actions will result in our profitable operations or the resolution of our liquidity problems.

Because we are an early development stage company with no products near commercialization, we expect to incur significant additional operating losses.

We are an early development stage company and we expect to incur substantial additional operating expenses over the next several years as our research, development, pre-clinical testing, regulatory approval and clinical trial activities increase. The amount of our future losses and when, if ever, we will achieve profitability are uncertain. We have no products that have generated any commercial revenue and do not expect to generate revenues from the commercial sale of our products in the near future, if ever. Our ability to generate revenue and achieve profitability will depend on, among other things, the following:

- successful completion of the preclinical and clinical development of our products;
- obtaining necessary regulatory approvals from the U.S. Food and Drug Administration or other regulatory authorities;
- establishing manufacturing, sales, and marketing arrangements, either alone or with third parties; and
- raising sufficient funds to finance our activities.

We might not succeed at all, or at any, of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

Our product candidates are at an early stage of development and may not be successfully developed or commercialized.

Our main product candidate, the PURE EP System, is in the early stage of development and will require substantial further capital expenditures, development, testing, and regulatory clearances prior to commercialization, especially given that we have not yet completed pre-clinical testing on this product. The development and regulatory approval process takes several years and it is not likely that the PURE EP System, even if successfully developed and approved by the U.S. Food and Drug Administration, may not be commercially available for a number of years. In addition, due to budgetary constraints, we recently have not been able to devote the level of resources that we desired to our research and development efforts. The continued development of our product candidates is dependent upon our ability to obtain sufficient financing. However, even if we are able to obtain the requisite financing to fund our development program, we cannot assure you that our product candidates will be successfully developed or commercialized. Our failure to develop, manufacture or receive regulatory approval for or successfully commercialize any of our product candidates could result in the failure of our business and a loss of all of your investment in our company.

Our former chief executive officer and president filed a statement of claims against us with the American Arbitration Association and we may owe material obligations to our former chief executive officer and president related to such arbitration.

David Drachman, our former chief executive officer and president, resigned from his positions with us in November 2013. On January 7, 2014, Mr. Drachman filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us. Mr. Drachman alleges, among other things, that (i) we misled him with respect to the status of our technology and required him to perform capital raising duties that had not been previously agreed upon, (ii) he resigned from his positions with us for good reason, as such term was defined in his employment agreement with us, and (iii) he, in his individual capacity, has full rights to the ownership and control of a patent application describing a combined ablation and recording unit directed at the use of electrocardiography sensing for control of radiofrequency renal denervation that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. Mr. Drachman is seeking, among other things, (a) payment of his salary and pro-rated bonus for the time he served in his positions with us and his severance payments that he would be due under his employment agreement, which include 12 months of base salary and full bonus payments, with the total sum of payments equaling approximately $612,000, including $58,000 of accrued and unpaid salary, (b) full vesting of stock options equivalent to 10% of our outstanding common stock, and (c) a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. On February 21, 2014, we filed an answer to Mr. Drachman's statement of claim that disputed all of Mr. Drachman's claims against us and counter-claimed against Mr. Drachman, seeking declaratory judgment concerning our rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us.

While we believe that Mr. Drachman did not have good reason to resign and should therefore only be entitled to receive any accrued and unpaid salary and reimbursements and payment for accrued and unused vacation due under his employment agreement, if we receive an adverse outcome in arbitration or if we settle the dispute with Dr. Drachman, we may be obligated to pay or award to him some or all of the monetary relief that he is seeking, which could have a material adverse effect on our business and results of operations. In addition, while we fully dispute his rights to the ownership and control of the aforementioned patent application and related patent(s) and have challenged his claim to the fullest extent permitted by law, if we are obligated to transfer the ownership and control of such patent application and related patent(s) to Mr. Drachman, we would lose rights to a portion of our intellectual property, which could impair our ability to develop certain products relating specifically to radiofrequency ablation treatment in the future that are complementary to our core technology. Additionally, if we are subject to an arbitration award of greater than $100,000 as a result of Mr. Drachman's claims against us, the holder of our Series C Preferred Stock may be entitled to, among other things, redeem their shares of Series C Preferred Stock at any time for greater than their stated value or increase the dividend rate on their shares of Series C Preferred Stock to 18%, pursuant to the terms of our Series C Preferred Stock, which could have a material adverse effect on our business and results of operations.

We expect to derive our revenue from sales of our PURE EP System and other products we may develop. If we fail to generate revenue from these sources, our results of operations and the value of our business will be materially and adversely affected.

We expect our revenue to be generated from sales of our PURE EP System and other products we may develop. Future sales of these products, if any, will be subject to, among other things, the receipt of regulatory approvals and commercial and market uncertainties that may be outside our control. If we fail to generate our intended revenues from these products, our results of operations and the value of our business and securities would be materially and adversely affected.

We may need to finance our future cash needs through public or private equity offerings, debt financings or corporate collaboration and licensing arrangements. Any additional funds that we obtain may not be on terms favorable to us or our stockholders and may require us to relinquish valuable rights.

Until and unless we receive approval from the U.S. Food and Drug Administration and other regulatory authorities for our products, we will not generate revenues from our products. Therefore, for the foreseeable future, we will have to fund all of our operations and capital expenditures from cash on hand, public or private equity offerings, debt financings, bank credit facilities or corporate collaboration and licensing arrangements. We believe that our existing cash on hand will be sufficient to enable us to fund our projected operating requirements for approximately the next five months. However, we may need to raise additional funds more quickly if one or more of our assumptions prove to be incorrect or if we choose to expand our product development efforts more rapidly than we presently anticipate. We also may decide to raise additional funds before we require them if we are presented with favorable terms for raising capital.

If we seek to sell additional equity or debt securities, obtain a bank credit facility or enter into a corporate collaboration or licensing arrangement, we may not obtain favorable terms for us and/or our stockholders or be able to raise any capital at all, all of which could result in a material adverse effect on our business and results of operations. The sale of additional equity or debt securities, if convertible, could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also result in covenants that would restrict our operations. Raising additional funds through collaboration or licensing arrangements with third parties may require us to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or to grant licenses on terms that may not be favorable to us or our stockholders. In addition, we could be forced to discontinue product development, reduce or forego sales and marketing efforts and forego attractive business opportunities, all of which could have an adverse impact on our business and results of operations.

We may be unable to develop our existing or future technology.

Our product, the PURE EP System, may not deliver the levels of accuracy and reliability needed to make it a successful product in the market place. Additionally, the development of such accuracy and reliability may be indefinitely delayed or may never be achieved. In the fourth quarter of 2013, the development of our PURE EP System product was delayed due to decisions made by our former chief executive officer and president, who terminated most of our engineering team and sought to develop a different technology, as opposed to the PURE EP System, with a different engineering team. After the resignation of our former chief executive officer and president from his positions with us in November 2013, we decided to continue the development of our PURE EP System product, as opposed to the different technology pursued by our former chief executive officer and president, and therefore re-hired our original engineering team. The change in development strategy with respect to our products resulted in delays in the timing of the achievement of our anticipated milestones for our PURE EP System product. While we do not believe delays will be caused by similar changes in the future, we may experience additional delays in the development of our technology for other reasons, including failure to obtain necessary funding and failure to obtain regulatory approvals. Failure to develop this or other technology could have an adverse material effect on our business, financial condition, results of operations and future prospects.

The results of clinical studies may not support the usefulness of our technology.

Conducting clinical trials is a long, expensive and uncertain process that is subject to delays and failure at any stage. Clinical trials can take months or years. The commencement or completion of any of our clinical trials may be delayed or halted for numerous reasons, including:

- the U.S. Food and Drug Administration may not approve a clinical trial protocol or a clinical trial, or may place a clinical trial on hold;
- subjects may not enroll in clinical trials at the rate we expect or we may not follow up on subjects at the rate we expect;
- subjects may experience events unrelated to our products;
- third-party clinical investigators may not perform our clinical trials consistent with our anticipated schedule or the clinical trial protocol and good clinical practices, or other third-party organizations may not perform data collection and analysis in a timely or accurate manner;
- interim results of any of our clinical trials may be inconclusive or negative;
- regulatory inspections of our clinical trials may require us to undertake corrective action or suspend or terminate the clinical trials if investigators find us not to be in compliance with regulatory requirements; or
- governmental regulations or administrative actions may change and impose new requirements, particularly with respect to reimbursement.

Results of pre-clinical studies do not necessarily predict future clinical trial results and previous clinical trial results may not be repeated in subsequent medical trials. We may experience delays, cost overruns and project terminations despite achieving promising results in pre-clinical testing or early clinical testing. In addition, the data obtained from clinical trials may be inadequate to support approval or clearance of a submission. The U.S. Food and Drug Administration may disagree with our interpretation of the data from our clinical trials, or may find the clinical trial design, conduct or results inadequate to demonstrate the safety and effectiveness of the product candidate. The U.S. Food and Drug Administration may also require us to conduct additional pre-clinical studies or clinical trials that could further delay approval of our products. If we are unsuccessful in receiving U.S. Food and Drug Administration approval of a product, we would not be able to commercialize the product in the U.S., which could seriously harm our business. Moreover, we face similar risks in other jurisdictions in which we may sell or propose to sell our products.

The medical device industry is subject to stringent regulation and failure to obtain regulatory approval will prevent commercialization of our products.

Medical devices are subject to extensive and rigorous regulation by the U.S. Food and Drug Administration pursuant to the Federal Food, Drug, and Cosmetic Act, by comparable agencies in foreign countries and by other regulatory agencies and governing bodies. Under the Federal Food, Drug, and Cosmetic Act and associated regulations, manufacturers of medical devices must comply with certain regulations that cover the composition, labeling, testing, clinical study, manufacturing, packaging and distribution of medical devices. In addition, medical devices must receive U.S. Food and Drug Administration clearance or approval before they can be commercially marketed in the U.S., and the U.S. Food and Drug Administration may require testing and surveillance programs to monitor the effects of approved products that have been commercialized and can prevent or limit further marketing of a product based on the results of these post-market evaluation programs. The process of obtaining marketing clearance from the U.S. Food and Drug Administration for new products could take a significant period of time, require the expenditure of substantial resources, involve rigorous pre-clinical and clinical testing, require changes to the products and result in limitations on the indicated uses of the product. In addition, if we seek regulatory approval in non-U.S. markets, we will be subject to further regulatory approvals, that will require additional costs and resources. There is no assurance that we will obtain necessary regulatory approvals in a timely manner, or at all.

Our product, the PURE EP System, will need to receive 510(k) marketing clearance from the U.S. Food and Drug Administration in order permit us to market this product in the U.S. In addition, if we intend to market our product for additional medical uses or indications, we will need to submit additional 510(k) applications to the U.S. Food and Drug Administration that are supported by satisfactory clinical trial results specifically for the additional indication. The results of our initial clinical trials may not provide sufficient evidence to allow the U.S. Food and Drug Administration to grant us such additional marketing clearances and even additional trials requested by the U.S. Food and Drug Administration may not result in our obtaining 510(k) marketing clearance for our product. The failure to obtain U.S. Food and Drug Administration marketing clearance for the PURE EP System, any additional indications for the PURE EP System or any other of our future products would have a material adverse effect on our business.

Even if regulatory approval is obtained, our products will be subject to extensive post-approval regulation.

Once a product is approved by the relevant regulatory body for our targeted commercialization market, numerous post-approval requirements apply, including but not limited to requirements relating to manufacturing, labeling, packaging, advertising and record keeping. Even if regulatory approval of a product is obtained, the approval may be subject to limitations on the uses for which the product may be marketed, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Any such post-approval requirement could reduce our revenues, increase our expenses and render the approved product candidate not commercially viable. If we fail to comply with the regulatory requirements of the applicable regulatory authorities, or if previously unknown problems with any approved commercial products, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions or other negative consequences, including:

- restrictions on our products, manufacturers or manufacturing processes;
- warning letters and untitled letters;
- civil penalties and criminal prosecutions and penalties;
- fines;
- injunctions;
- product seizures or detentions;
- import or export bans or restrictions;
- voluntary or mandatory product recalls and related publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production; and
- refusal to approve pending applications for marketing approval of new products or of supplements to approved applications.

Regulations are constantly changing, and in the future our business may be subject to additional regulations that increase our compliance costs.

We believe that we understand the current laws and regulations to which our products will be subject in the future. However, federal, state and foreign laws and regulations relating to the sale of our products are subject to future changes, as are administrative interpretations of regulatory agencies. If we fail to comply with such federal, state or foreign laws or regulations, we may fail to obtain regulatory approval for our products and, if we have already obtained regulatory approval, we could be subject to enforcement actions, including injunctions preventing us from conducting our business, withdrawal of clearances or approvals and civil and criminal penalties. In the event that federal, state, and foreign laws and regulations change, we may need to incur additional costs to seek government approvals, in addition to the clearance we intend to seek from the U.S. Food and Drug Administration in order to sell or market our products. If we are slow or unable to adapt to changes in existing regulatory requirements or the promulgation of new regulatory requirements or policies, we or our licensees may lose marketing approval for our products which will impact our ability to conduct business in the future.

The market for our technology and revenue generation avenues for our products may be slow to develop, if at all.

The market for our products may be slower to develop or smaller than estimated or it may be more difficult to build the market than anticipated. The medical community may resist our products or be slower to accept them than we anticipate. Revenues from our products may be delayed or costs may be higher than anticipated which may result in our need for additional funding. We anticipate that our principal route to market will be through commercial distribution partners. These arrangements are generally non-exclusive and have no guaranteed sales volumes or commitments. The partners may be slower to sell our products than anticipated. Any financial, operational or regulatory risks that affect our partners could also affect the sales of our products. In the current economic environment, hospitals and clinical purchasing budgets may exercise greater restraint with respect to purchases, which may result in purchasing decisions being delayed or denied. If any of these situations were to occur this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

If we seek to market our products in foreign jurisdictions, we may need to obtain regulatory approval in these jurisdictions.

In order to market our products in the European Union and many other foreign jurisdictions, we may need to obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. Approval procedures vary among countries (except with respect to the countries that are part of the European Economic Area) and can involve additional clinical testing. The time required to obtain approval may differ from that required to obtain U.S. Food and Drug Administration approval. Should we decide to market our products abroad, we may fail to obtain foreign regulatory approvals on a timely basis, if at all. Approval by the U.S. Food and Drug Administration does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority, including obtaining CE Mark approval, does not ensure approval by regulatory authorities in other foreign countries or by the U.S. Food and Drug Administration. We may be unable to file for, and may not receive, necessary regulatory approvals to commercialize our products in any foreign market, which could adversely affect our business prospects.

If we fail to obtain an adequate level of reimbursement for our system by third-party payors, there may be no commercially viable markets for our system or the markets may be much smaller than expected.

The availability and levels of reimbursement by governmental and other third-party payors significantly affect the market for our system. Reimbursement by third-party payors in the U.S. typically is based on the device's perceived benefit and whether it is deemed medically reasonable and necessary. Reimbursement levels of third-party payors in the U.S. are also based on established payment formulas that take into account part or all of the cost associated with these devices and the related procedures performed. We cannot assure you the level of reimbursement we might obtain in the U.S., if any, for our system. If we do not obtain adequate levels of reimbursement for our system by third-party payors in the U.S., which we believe is largest potential market for our system, our financial condition, results of operations and prospects would be harmed.

Reimbursement and health care payment systems in international markets vary significantly by country, and include both government-sponsored health care and private insurance. To obtain reimbursement or pricing approval in some countries, we may be required to produce additional clinical data, which may involve one or more additional clinical trials, that compares the cost-effectiveness of our system to other available therapies. We may not obtain international reimbursement or pricing approvals in a timely manner, if at all. Our failure to receive international reimbursement or pricing approvals would negatively impact market acceptance of our system in the international markets in which those approvals are sought.

We believe that future reimbursement may be subject to increased restrictions both in the U.S. and in international markets. Future legislation, regulation or reimbursement policies of third-party payors may adversely affect the demand for the PURE EP System or any of our other future products and limit our ability to sell the PURE EP System or any of our other future products on a profitable basis. In addition, third-party payors continually attempt to contain or reduce the costs of health care by challenging the prices charged for health care products and services. If reimbursement for our system is unavailable in any market or limited in scope or amount, or if pricing is set at unsatisfactory levels, market acceptance of our system would be significantly impaired and our future revenues, if any, would be significantly harmed.

The electrophysiology market is highly competitive.

There are a number of groups and organizations, such as healthcare, medical device and software companies in the electrophysiology market that may develop a competitive offering to our products, especially given that we have not yet filed for patent protection for any of our intellectual property. The largest companies in the electrophysiology market are GE, Johnson & Johnson, C.R. Bard, Inc., Siemens and St. Jude Medical. All of these companies have significantly greater resources, experience and name recognition than we possess. There is no assurance that they will not attempt to develop similar or superior products, that they will not be successful in developing such products or that any products they may develop will not have a competitive advantage over our products. If we experience delayed regulatory approvals or disputed clinical claims, we may not have a commercial or clinical advantage over competitors' products that we believe we currently possess. Should a superior offering come to market, this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

We rely on key officers, consultants and scientific and medical advisors, and their knowledge of our business and technical expertise would be difficult to replace.

We are highly dependent on our officers, consultants and scientific and medical advisors because of their expertise and experience in medical device development. We do not have "key person" life insurance policies for any of our officers. Our former chief executive officer and president relieved most of our employees and consultants of their duties in October 2013 and, after the resignation of our former chief executive officer and president in November 2013, we rehired such employees and consultants. Due to our funding constraints, we made irregular payments to such employees and consultants until January 2014, at which time we compensated them in full for their accrued but unpaid service. If we are unable to obtain additional funding, we will be unable to meet our current and future compensation obligations to such employees and consultants. In light of the foregoing, we are at risk that one or more of our consultants or employees may leave our company for other opportunities where there is no concern about such employers fulfilling their compensation obligations, or for other reasons. The loss of the technical knowledge and management and industry expertise of any of our key personnel could result in delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect our results of operations.

We may fail to attract and retain qualified personnel.

We expect to rapidly expand our operations and grow our sales, research and development and administrative operations. This expansion is expected to place a significant strain on our management and will require hiring a significant number of qualified personnel. Accordingly, recruiting and retaining such personnel in the future will be critical to our success. There is intense competition from other companies, research and academic institutions, government entities and other organizations for qualified personnel in the areas of our activities. Many of these companies, institutions and organizations have greater resources than we do, along with more prestige associated with their names. If we fail to identify, attract, retain and motivate these highly skilled personnel, we may be unable to continue our marketing and development activities, and this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

If we do not effectively manage changes in our business, these changes could place a significant strain on our management and operations.

Our ability to grow successfully requires an effective planning and management process. The expansion and growth of our business could place a significant strain on our management systems, infrastructure and other resources. To manage our growth successfully, we must continue to improve and expand our systems and infrastructure in a timely and efficient manner. Our controls, systems, procedures and resources may not be adequate to support a changing and growing company. If our management fails to respond effectively to changes and growth in our business, including acquisitions, there could be a material adverse effect on our business, financial condition, results of operations and future prospects.

Our strategic business plan may not produce the intended growth in revenue and operating income.

Our strategies ultimately include making significant investments in sales and marketing programs to achieve revenue growth and margin improvement targets. If we do not achieve the expected benefits from these investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting and our results of operations may be adversely affected. We may also fail to secure the capital necessary to make these investments, which will hinder our growth.

In addition, as part of our strategy for growth, we may make acquisitions and enter into strategic alliances such as joint ventures and joint development agreements. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully, and our strategic alliances may not prove to be successful. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. Although we will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will properly ascertain all such risks. In addition, acquisitions could result in the incurrence of substantial additional indebtedness and other expenses or in potentially dilutive issuances of equity securities. There can be no assurance that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

We currently have no sales, marketing or distribution operations and will need to expand our expertise in these areas.

We currently have no sales, marketing or distribution operations and, in connection with the expected commercialization of our system, will need to expand our expertise in these areas. To increase internal sales, distribution and marketing expertise and be able to conduct these operations, we would have to invest significant amounts of financial and management resources. In developing these functions ourselves, we could face a number of risks, including:

- we may not be able to attract and build an effective marketing or sales force;
- the cost of establishing, training and providing regulatory oversight for a marketing or sales force may be substantial; and
- there are significant legal and regulatory risks in medical device marketing and sales that we have never faced, and any failure to comply with applicable legal and regulatory requirements for sales, marketing and distribution could result in an enforcement action by the U.S. Food and Drug Administration, European regulators or other authorities that could jeopardize our ability to market the system or could subject us to substantial liability.

The liability of our directors and officers is limited.

The applicable provisions of the Delaware General Corporation Law and our Amended and Restated Certificate of Incorporation and By-laws limit the liability of our directors to us and our stockholders for monetary damages for breaches of their fiduciary duties, with certain exceptions, and for other specified acts or omissions of such persons. In addition, the applicable provisions of the Delaware General Corporation Law and of our Amended and Restated Certificate of Incorporation and Bylaws provide for indemnification of such persons under certain circumstances. In the event we are required to indemnify any of our directors or any other person, our financial strength may be harmed.

Our product development program depends upon third-party researchers who are outside our control and whose negative performance could materially hinder or delay our pre-clinical testing or clinical trials

We do not have the ability to conduct all aspects of pre-clinical testing or clinical trials ourselves. We depend upon independent investigators and collaborators, such as commercial third-parties, government, universities and medical institutions, to conduct our preclinical and clinical trials under agreements with us. These collaborators are not our employees and we cannot control the amount or timing of resources that they devote to our programs. These investigators may not assign as great a priority to our programs or pursue them as diligently as we would if we were undertaking such programs ourselves. The failure of any of these outside collaborators to perform in an acceptable and timely manner in the future, including in accordance with any applicable regulatory requirements, such as good clinical and laboratory practices, or pre-clinical testing or clinical trial protocols, could cause a delay or otherwise adversely affect our pre-clinical testing or clinical trials, our success in obtaining regulatory approvals and, ultimately, the timely advancement of our development programs. In addition, these collaborators may also have relationships with other commercial entities, some of whom may compete with us. If our collaborators assist our competitors at our expense, our competitive position would be harmed.

Negative publicity or unfavorable media coverage could damage our reputation and harm our operations.

In the event that the marketplace perceives our products as not offering the benefits which we believe they offer, we may receive negative publicity. This publicity may result in litigation and increased regulation and governmental review. If we were to receive such negative publicity or unfavorable media attention, whether warranted or unwarranted, our ability to market our products would be adversely affected. We may be required to change our products and services and become subject to increased regulatory burdens, and we may be required to pay large judgments or fines and incur significant legal expenses. Any combination of these factors could further increase our cost of doing business and adversely affect our financial position, results of operations and cash flows.

We may face risks associated with future litigation and claims.

In addition to the existing arbitration with our former chief executive officer and president, we may, in the future, be involved in one or more lawsuits, claims or other proceedings. These suits could concern issues including contract disputes, employment actions, employee benefits, taxes, environmental, health and safety, personal injury and product liability matters. Due to the uncertainties of litigation, we can give no assurance that we will prevail on any claims made against us in any such lawsuit. Also, we can give no assurance that any other lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results.

Specifically, we believe we will be subject to product liability claims or product recalls, particularly in the event of false positive or false negative reports, because we plan to develop and manufacture medical diagnostic products. We intend to obtain appropriate insurance coverage once we reach a manufacturing stage. A product recall or a successful product liability claim or claims that exceed our planned insurance coverage could have a material adverse effect on us. In addition, product liability insurance is expensive. In the future we may not be able to obtain coverage on acceptable terms, if at all. Moreover, our insurance coverage may not adequately protect us from liability that we incur in connection with clinical trials or sales of our products. In the event of an award against us during a time when we have no available insurance or insufficient insurance, we may sustain significant losses of our operating capital. In addition, any products liability litigation, regardless of outcome or strength of claims, may divert time and resources away from the day-to-day operation of our business and product development efforts. Any of these outcomes could adversely impact our business and results of operations, as well as impair our reputation in the medical and investment communities.

Recent global economic trends could adversely affect our business, liquidity and financial results.

Recent global economic conditions, including disruption of financial markets, could adversely affect us, primarily through limiting our access to capital and disrupting our potential clients' businesses. In addition, continuation or worsening of general market conditions in economies important to our businesses may adversely affect our potential customers' level of spending and ability to obtain financing, leading to us being unable to generate the levels of sales that we anticipate. Continued disruption of financial markets could have a material adverse effect on our business, financial condition, results of operations and future prospects.

We may be subject, directly or indirectly, to U.S. federal and state health care fraud and abuse and false claims laws and regulations. Prosecutions under such laws have increased in recent years and we may become subject to such litigation. If we are unable to, or have not fully complied with such laws, we could face substantial penalties.

If we are successful in achieving regulatory approval to market our PURE EP System, our operations will be directly, or indirectly through our customers and health care professionals, subject to various U.S. federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute, federal False Claims Act, and federal Foreign Corrupt Practices Act. These laws may impact, among other things, our proposed sales, and marketing and education programs.

The federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a federal health care program such as the Medicare and Medicaid programs. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal health care covered business, the statute has been violated. The Anti-Kickback Statute is broad and, despite a series of narrow safe harbors, prohibits many arrangements and practices that are lawful in businesses outside of the health care industry. Penalties for violations of the federal Anti-Kickback Statute include criminal penalties and civil and administrative sanctions such as fines, imprisonment and possible exclusion from Medicare, Medicaid and other federal health care programs. An alleged violation of the Anti-Kickback Statute may be used as a predicate offense to establish liability pursuant to other federal laws and regulations such as the federal False Claims Act. Many states have also adopted laws similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for health care items or services reimbursed by any source, not only the Medicare and Medicaid programs.

The federal False Claims Act prohibits persons from knowingly filing, or causing to be filed, a false claim to, or the knowing use of false statements to obtain payment from, the federal government. Suits filed under the False Claims Act, known as "qui tam" actions, can be brought by any individual on behalf of the government and such individuals, commonly known as "relators" or "whistleblowers," may share in any amounts paid by the entity to the government in fines or settlement. The frequency of filing qui tam actions has increased significantly in recent years, causing greater numbers of medical device and health care companies to have to defend a False Claim Act action. The federal Patient Protection and Affordable Care Act includes provisions expanding the ability of certain relators to bring actions that would have been previously dismissed under prior law. When an entity is determined to have violated the federal False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties for each separate false claim. The Deficit Reduction Act of 2005 encouraged states to enact or modify their state false claims act to be at least as effective as the federal False Claims Act by granting states a portion of any federal Medicaid funds recovered through Medicaid-related actions. Most states have enacted state false claims laws, and many of those states included laws including qui tam provisions. States have until March 31, 2013 to enact or amend their false claims laws modeled after the federal False Claims Act for review and approval to receive a greater portion of any recovery.

The federal Patient Protection and Affordable Care Act includes provisions known as the Physician Payments Sunshine Act, which requires manufacturers of drugs, biologics, devices and medical supplies covered under Medicare and Medicaid starting in 2012 to record any transfers of value to physicians and teaching hospitals and to report this data beginning in 2013 to the Centers for Medicare and Medicaid Services for subsequent public disclosure. Manufacturers must also disclose investment interests held by physicians and their family members. Failure to submit the required information may result in civil monetary penalties of up to $1 million per year for knowing violations and may result in liability under other federal laws or regulations. Similar reporting requirements have also been enacted on the state level in the U.S., and an increasing number of countries worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals. In addition, some states such as Massachusetts and Vermont impose an outright ban on certain gifts to physicians. If we receive U.S. Food and Drug Administration clearance to market our system in the U.S., these laws could affect our promotional activities by limiting the kinds of interactions we could have with hospitals, physicians or other potential purchasers or users of our system. Both the disclosure laws and gift bans will impose administrative, cost and compliance burdens on us.

We are unable to predict whether we could be subject to actions under any of these laws, or the impact of such actions. If we are found to be in violation of any of the laws described above and other applicable state and federal fraud and abuse laws, we may be subject to penalties, including civil and criminal penalties, damages, fines, or an administrative action of suspension or exclusion from government health care reimbursement programs and the curtailment or restructuring of our operations.

In addition, to the extent we commence commercial operations overseas, we will be subject to the Foreign Corrupt Practices Act and other countries' anti-corruption/anti-bribery regimes, such as the U.K. Bribery Act. The Foreign Corrupt Practices Act prohibits improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. Safeguards we implement to discourage improper payments or offers of payments by our employees, consultants, sales agents or distributors may be ineffective, and violations of the Foreign Corrupt Practices Act and similar laws may result in severe criminal or civil sanctions, or other liabilities or proceedings against us, any of which would likely harm our reputation, business, financial condition and results of operations.

Risks Related to Our Intellectual Property

If we do not obtain protection for our intellectual property rights, our competitors may be able to take advantage of our research and development efforts to develop competing products.

We intend to rely on a combination of patents, trade secrets, and nondisclosure and non-competition agreements to protect our proprietary intellectual property. We have filed two patent applications in the U.S. and plan to file additional patent applications in the U.S. and in other countries, as we deem appropriate for our products. Our applications have and will include claims intended to provide market exclusivity for certain commercial aspects of the products, including the methods of production, the methods of usage and the commercial packaging of the products. However, we cannot predict:

- the degree and range of protection any patents will afford us against competitors, including whether third parties will find ways to invalidate or otherwise circumvent our patents;
- if and when such patents will be issued, and, if granted, whether patents will be challenged and held invalid or unenforceable;
- whether or not others will obtain patents claiming aspects similar to those covered by our patents and patent applications; or
- whether we will need to initiate litigation or administrative proceedings which may be costly regardless of outcome.

Our success also depends upon the skills, knowledge and experience of our scientific and technical personnel, our consultants and advisors as well as our licensors and contractors. To help protect our proprietary know-how and our inventions for which patents may be unobtainable or difficult to obtain, we rely on trade secret protection and confidentiality agreements. To this end, it is our policy to require all of our employees, consultants, advisors and contractors to enter into agreements which prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions important to our business. These agreements may not provide adequate protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure or the lawful development by others of such information. If any of our trade secrets, know-how or other proprietary information is disclosed, the value of our trade secrets, know-how and other proprietary rights would be significantly impaired and our business and competitive position would suffer.

Given the fact that we may pose a competitive threat, competitors, especially large and well-capitalized companies that own or control patents relating to electrophysiology recording systems, may successfully challenge our patent applications, produce similar products or products that do not infringe our patents, or produce products in countries where we have not applied for patent protection or that do not respect our patents.

If any of these events occurs, or we otherwise lose protection for our trade secrets or proprietary know-how, the value of our intellectual property may be greatly reduced. Patent protection and other intellectual property protection are important to the success of our business and prospects, and there is a substantial risk that such protections will prove inadequate.

Our former chief executive officer and president has filed a statement of claims against us with the American Arbitration Association that challenges the ownership of one of our patent applications with the U.S. Patent and Trademark Office.

David Drachman, our former chief executive officer and president, filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us in November 2013, pursuant to which Mr. Drachman is seeking, among other things, a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application related to a combined ablation and recording unit directed at the use of electrocardiography sensing for control of radiofrequency renal denervation that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. We fully dispute his rights to the ownership and control of such patent application and related patent(s) and intend to challenge his claim to the fullest extent permitted by law. However, if we are obligated to transfer the ownership and control of such patent application and related patent(s) to Mr. Drachman, we would lose rights to a portion of our intellectual property, which could impair our ability to develop certain products relating specifically to radiofrequency ablation treatment in the future that are complementary to our core technology.

If we infringe upon the rights of third parties, we could be prevented from selling products and forced to pay damages and defend against litigation.

If our products, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and we may be required to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing product candidate;
- redesign our product candidates or processes to avoid infringement;
- cease usage of the subject matter claimed in the patents held by others;
- pay damages; and/or
- defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of our financial and management resources.

Any of these events could substantially harm our earnings, financial condition and operations.

Risks Related to our Common Stock

There is no current trading market for our common stock, and there is no assurance of an established public trading market, which would adversely affect the ability of our investors to sell their securities in the public market.

Our common stock is not currently listed or quoted for trading on any national securities exchange or national quotation system. We believe that our common stock will be quoted on the OTC Bulletin Board. The OTC Bulletin Board is an inter-dealer, over-the-counter market that provides significantly less liquidity than the NASDAQ Global Market and NYSE MKT. Quotes for stocks included on the OTC Bulletin Board are not listed in the financial sections of newspapers as are those for the NASDAQ Stock Market and NYSE MKT. Therefore, prices for securities traded solely on the OTC Bulletin Board may be difficult to obtain and holders of common stock may be unable to resell their securities at or near their original offering price or at any price.

If our common stock is quoted on the OTC Bulletin Board, we could face significant consequences, including:

- a limited availability for market quotations for our shares of common stock;
- reduced liquidity with respect to our shares of common stock;
- a determination that our shares of common stock is a "penny stock," which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stock; and
- limited amount of news and analyst coverage.

Our common stock will not be registered under the Securities Exchange Act of 1934, as amended, and as a result we will have limited reporting duties which could make our common stock less attractive to investors.

We do not intend to register our common stock under the Securities Exchange Act of 1934, as amended, for the foreseeable future, provided that, we will register our common stock under the Exchange Act if we have, after the last day of our fiscal year, more than either (i) 2,000 shareholders of record; or (ii) 500 shareholders of record who are not accredited investors, in accordance with Section 12(g) of the Securities Exchange Act of 1934, as amended. As a result, although, upon the effectiveness of the registration statement of which this prospectus forms a part, we will be required to file annual, quarterly, and current reports pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended, so long as our common stock is not registered under the Securities Exchange Act of 1934, as amended, we will not be subject to Section 14 of the Securities Exchange Act of 1934, as amended, which, among other things, prohibits companies that have securities registered under the Securities Exchange Act of 1934, as amended, from soliciting proxies or consents from shareholders without furnishing to shareholders and filing with the Securities and Exchange Commission a proxy statement and form of proxy complying with the proxy rules. In addition, so long as our common stock is not registered under the Securities Exchange Act of 1934, as amended, our directors and executive officers and beneficial holders of 10% or more of our outstanding shares of common stock will not be subject to Section 16 of the Securities Exchange Act of 1934, as amended. Section 16(a) of the Securities Exchange Act of 1934, as amended, requires executive officers and directs, and persons who beneficially own more than 10% of a registered class of equity securities to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of common stock and other equity securities, on Forms 3, 4 and 5, respectively. Such information about our directors, executive officers, and beneficial holders will only be available through this (and any subsequent) registration statement, and periodic reports we file thereunder. Furthermore, so long as our common stock is not registered under the Securities Exchange Act of 1934, as amended, our obligation to file reports under Section 15(d) of the Securities Exchange Act of 1934, as amended, will be automatically suspended if, on the first day of any fiscal year (other than a fiscal year in which a registration statement under the Securities Act of 1933, as amended, has gone effective), we have fewer than 300 shareholders of record. This suspension is automatic and does not require any filing with the Securities and Exchange Commission. In such an event, we may cease providing periodic reports and current or periodic information, including operational and financial information, may not be available with respect to our results of operations. Our limited reporting duties, as compared to issuers with common stock registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, may make our common stock less attractive to the investing public.

Unless we are required to register our securities under Section 12(g) of the Securities Exchange Act of 1934, as amended, we do not intend to voluntarily comply with the registration requirements of Section 12(g) of the Securities Exchange Act of 1934, as amended.

Since we believe that that our securities will be listed on the OTC Bulletin Board, our securities holders may face significant restrictions on the resale of our securities due to state "Blue Sky" laws.

Each state has its own securities laws, often called "blue sky" laws, which (i) limit sales of securities to a state's residents unless the securities are registered in that state or qualify for an exemption from registration, and (ii) govern the reporting requirements for broker-dealers doing business directly or indirectly in the state. Before a security is sold in a state, there must be a registration in place to cover the transaction, or the transaction must be exempt from registration. The applicable broker must be registered in that state. We do not know whether our common stock will be registered or exempt from registration under the laws of any state. Since we believe that our common stock will be listed on the OTC Bulletin Board, a determination regarding registration will be made by those broker-dealers, if any, who agree to serve as the market-makers for our common stock. There may be significant state blue sky law restrictions on the ability of investors to sell, and on purchasers to buy, our common stock. The resale market for our common stock may be limited, as holders may be unable to resell their shares of common stock without the significant expense of state registration or qualification.

The market price and trading volume of shares of our common stock may be volatile.

When and if a market develops for our securities, the market price of our common stock could fluctuate significantly for many reasons, including reasons unrelated to our specific performance, such as limited liquidity for our stock, reports by industry analysts, investor perceptions, or announcements by our competitors regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within our industry experience declines in their share price, our share price may decline as well. Fluctuations in operating results or the failure of operating results to meet the expectations of public market analysts and investors may negatively impact the price of our securities. Quarterly operating results may fluctuate in the future due to a variety of factors that could negatively affect revenues or expenses in any particular quarter, including vulnerability of our business to a general economic downturn, changes in the laws that affect our products or operations, competition, compensation related expenses, application of accounting standards and our ability to obtain and maintain all necessary government certifications and/or licenses to conduct our business. In addition, when the market price of a company's shares drops significantly, stockholders could institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

The interests of our controlling stockholders may not coincide with yours and such controlling stockholder may make decisions with which you may disagree.

As of April 30, 2014, two of our stockholders beneficially owned over 80 % of our common stock. As a result, our controlling stockholders control substantially all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our company and make some future transactions more difficult or impossible without the support of our controlling stockholders. The interests of our controlling stockholders may not coincide with our interests or the interests of other stockholders.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have research coverage by securities and industry analysts and you should not invest in our common stock in anticipation that we will obtain such coverage. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

Upon becoming a publicly-reporting company, we will be obligated to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may have one or more material weaknesses, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that will need to be evaluated frequently. Section 404 of the Sarbanes-Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls and attestations of the effectiveness of internal controls by independent auditors. Upon becoming a publicly-reporting company, we will be required to perform an annual review and evaluation of our internal controls no later than for the fiscal year ending December 31, 2015.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to evaluate and correct a material weakness in internal controls needed to comply with Section 404 of the Sarbanes-Oxley Act. The material weakness relates to our being a small company with a limited number of employees which limits our ability to assert the controls related to the segregation of duties. During the evaluation and testing process, if we identify one or more additional material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

While we currently qualify as an "emerging growth company" under the Jumpstart of Business Startups Act of 2012, or the JOBS Act, when we lose that status the costs and demands placed upon our management will increase.

Once we become a publicly reporting company, we will continue to be deemed an emerging growth company until the earliest of (i) the last day of the fiscal year during which we had total annual gross revenues of $1 billion (as indexed for inflation); (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of common stock under this registration statement; (iii) the date on which we have, during the previous 3-year period, issued more than $1 billion in non-convertible debt; or (iv) the date on which we are deemed to be a "large accelerated filer, " as defined by the Securities and Exchange Commission, which would generally occur upon our attaining a public float of at least $700 million. Once we lose emerging growth company status, we expect the costs and demands placed upon our management to increase, as we would have to comply with additional disclosure and accounting requirements, particularly if we would also no qualify as a smaller reporting company.

We are an "emerging growth company" and we cannot be certain that the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

The JOBS Act permits "emerging growth companies" like us, upon becoming a publicly-reporting company, to rely on some of the reduced disclosure requirements that are already available to smaller reporting companies. As long as we qualify as an emerging growth company or a smaller reporting company, we would be permitted to omit the auditor's attestation on internal control over financial reporting that would otherwise be required by the Sarbanes-Oxley Act, as described above, and are also exempt from the requirement to submit "say-on-pay", "say-on-pay frequency" and "say-on-parachute" votes to our stockholders and may avail ourselves of reduced executive compensation disclosure that is already available to smaller reporting companies.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We will cease to be an emerging growth company at such time as described in the risk factor immediately above. Until such time, however, we cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile and could cause our stock price to decline.

Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Our board of directors is authorized to issue shares of preferred stock in one or more series and to fix the voting powers, preferences and other rights and limitations of the preferred stock. Accordingly, we may issue shares of preferred stock with a preference over our common stock with respect to dividends or distributions on liquidation or dissolution, or that may otherwise adversely affect the voting or other rights of the holders of common stock. Issuances of preferred stock, depending upon the rights, preferences and designations of the preferred stock, may have the effect of delaying, deterring or preventing a change of control, even if that change of control might benefit our stockholders. In addition, we are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (ii) the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 could delay or prohibit mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

The terms of our Series C Preferred Stock prohibit us from paying dividends in the future. As a result, any return on investment may be limited to the value of our common stock.

The terms of our Series C Preferred Stock prohibit us from paying dividends in the future on our common stock, absent consent from the holders representing a super-majority of the outstanding shares of our Series C Preferred Stock and a certain investor. Because we will likely not pay dividends, our common stock may be less valuable because a return on an investment in our common stock will only occur if our stock price appreciates.

Risks Related to our Series C Preferred Stock

Our Series C Preferred Stock contains covenants that could limit our financing options and liquidity position, which would limit our ability to grow our business.

Covenants in the certificate of designation for our Series C Preferred Stock impose operating and financial restrictions on us. These restrictions prohibit or limit our ability to, among other things:

- incur additional indebtedness;
- permit liens on assets;
- repay, repurchase or otherwise acquire more than a de minimis number of shares of common stock, Series A Preferred Stock or Series B Preferred Stock;
- pay cash dividends to our stockholders; and
- engage in transactions with affiliates.

These restrictions may limit our ability to obtain financing, withstand downturns in our business or take advantage of business opportunities. Moreover, debt financing we may seek may contain terms that include more restrictive covenants, may require repayment on an accelerated schedule or may impose other obligations that limit our ability to grow our business, acquire needed assets, or take other actions we might otherwise consider appropriate or desirable.

In addition, the certificate of designation for our Series C Preferred Stock requires us to redeem shares of our Series C Preferred Stock, at each holder's option and for an amount greater than their stated value, upon the occurrence of certain events, including our being subject to a judgment of greater than $100,000 or our initiation of bankruptcy proceedings. Pursuant to an amendment to the terms of our Series C Preferred Stock, because we failed to complete a financing or series of related financings by February 12, 2014 that resulted in gross proceeds to us of at least $3 million at a valuation of at least $30 million and because we failed to maintain the listing of our common stock on a trading market for more than five trading days in any twelve month period after February 12, 2014, the conversion price of our Series C Preferred Stock was reduced to $1.50 per share.

The holders of our Series C Preferred Stock are entitled to receive a dividend, which may be increased if we do not comply with certain covenants, and are also entitled to receive a make-whole payment if the Series C Preferred Stock is converted into common stock prior to February 12, 2016.

The holders of the Series C Preferred Stock are entitled to a 9% annual dividend on the $1,000 per share stated value of our Series C Preferred Stock, which is payable in cash or, subject to the satisfaction of certain conditions, in pay-in-kind shares. The dividend may be increased to a 18% annual dividend if we fail to comply with certain covenants, including our being subject to a judgment of greater than $100,000 or our initiation of bankruptcy proceedings. In addition, if a holder of the Series C Preferred Stock converts its shares of Series C Preferred Stock into shares of common stock any time prior to February 12, 2016, the holder will be deemed to have earned a make whole amount equal to the amount that would have been due if such shares of Series C Preferred Stock had been outstanding until such date, which may be paid in cash or pay-in-kind shares, depending upon the availability of funds to us to make such payments and the fulfillment of certain conditions relating to our company and our common stock. As a result of the payment of dividends and the make whole amounts related to our Series C Preferred Stock, we may be obligated to pay significant sums of money or issue significantly more shares of common stock than our Series C Preferred Stock would otherwise be convertible into, which could negatively affect our operations or result in the dilution of the holders of our common stock, respectively.

Our Series C Preferred Stock and our warrants contain anti-dilution provisions that may result in the reduction of their conversion prices or exercise prices in the future.

Our Series C Preferred Stock and our warrants contain anti-dilution provisions, which provisions require the lowering of the conversion price or exercise price, as applicable, to the purchase price of future offerings. Furthermore, with respect to our warrants, if we complete an offering below the exercise price of such warrants, the number of shares issuable under such warrants will be proportionately increased such that the aggregate exercise price payable after taking into account the decrease in the exercise price, shall be equal to the aggregate exercise price prior to such adjustment. If in the future we issue securities for less than the conversion or exercise price of our Series C Preferred Stock and our warrants, respectively, we will be required to further reduce the relevant conversion or exercise prices, and the number of shares underlying the warrants will be increased. We may find it more difficult to raise additional equity capital while our Series C Preferred Stock and our warrants are outstanding.

In addition, in connection with the sale and issuance of our Series C Preferred Stock, we amended the terms of our Series A Preferred Stock and Series B Preferred Stock to reduce each preferred stock's conversion price. Although we do not intend to reduce the conversion or exercise prices of our outstanding securities in the future, if we do so, the holders of our common stock may experience greater dilution upon the conversion or exercise of our outstanding securities convertible or exercisable into our common stock.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements," which include information relating to future events, future financial performance, strategies, expectations, competitive environment and regulation. Words such as "may," "should," "could," "would," "predict," "potential," "continue," "expect," "anticipate," "future," "intend," "plan," "believe," "estimate," and similar expressions, as well as statements in future tense, identify forward-looking statements. Forward-looking statements should not be read as a guarantee of the occurrence or the expected timing of future performance or results. Forward-looking statements are based on information we have when those statements are made or our management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

- inability to manufacture our product candidates on a commercial scale on our own, or in collaboration with third parties;
- difficulties in obtaining financing on commercially reasonable terms;
- changes in the size and nature of our competition;
- loss of one or more key executives or scientists; and
- changes in general, national or regional economic conditions.

You should review carefully the section entitled "Risk Factors" beginning on page 2 of this prospectus for a discussion of these and other risks that relate to our business and investing in shares of our common stock. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

All shares of our common stock offered by this prospectus are being registered for the accounts of the selling stockholders and we will not receive any proceeds from the sale of these shares.

DETERMINATION OF OFFERING PRICE

Because our common stock is not listed or quoted on any exchange or quotation system, the offering price of the shares of common stock was determined by the price of the common stock, on an as-converted basis, that was sold to our security holders pursuant to an exemption under Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 of Regulation D promulgated under the Securities Act of 1933, as amended.

The offering price of the shares of our common stock does not necessarily bear any relationship to our book value, assets, past operating results, financial condition or any other established criteria of value. The facts considered in determining the offering price were our financial condition and prospects, our limited operating history and the general condition of the securities market.

Although our common stock is not listed on a public exchange, we will be filing to obtain a quotation on the OTC Bulletin Board with the filing of this prospectus. In order to be quoted on the OTC Bulletin Board, a market maker must file an application on our behalf in order to make a market for our common stock. There can be no assurance that a market maker will agree to file the necessary documents with the Financial Industry Regulatory Authority, which operates the OTC Bulletin Board, nor can there be any assurance that such an application for quotation will be approved.

In addition, there is no assurance that our common stock will trade at market prices in excess of the initial offering price as prices for the common stock in any public market which may develop will be determined in the marketplace and may be influenced by many factors, including the depth and liquidity.

Our net tangible book value was negative $ 0.59 per share as of December 31, 2013.

DIVIDEND POLICY

In the past, we have not declared or paid cash dividends on our common stock. In addition, the terms of our Series C Preferred Stock prohibit us from paying dividends in the future on our common stock, absent consent from both the holders representing a super-majority of the outstanding shares of our Series C Preferred Stock and a certain holder of our Series C Preferred Stock. The prohibition on paying dividends will remain in effect so long as at least 15% of the originally issued shares of our Series C Preferred Stock remain outstanding. We will retain future earnings, if any, to fund the operation and expansion of our business and for general corporate purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our financial statements and the related notes thereto that are included in this prospectus. In addition to historical information, the following discussion and analysis includes forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this prospectus, particularly in the section entitled "Risk Factors." See "Special Note Regarding Forward-Looking Statements."

Our Business

We are a development stage medical device company that is developing a proprietary technology platform to minimize noise and artifacts from cardiac recordings during electrophysiology studies and ablation. Our product under development, the PURE EP System, is a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms required during electrophysiology studies and ablation procedures.

We have not generated any revenue to date and consequently our operations are subject to all risks inherent in the establishment of a new business enterprise.

Critical Accounting Policies and Estimates

The following discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with generally accepted accounting principles in the U.S. The preparation of financial statements in accordance with generally accepted accounting principles in the U.S. requires us to make estimates and assumptions that affect the amounts reported in our financial statements. The financial statements include estimates based on currently available information and our judgment as to the outcome of future conditions and circumstances. Significant estimates in these financial statements include allowance for doubtful accounts and accruals for inventory claims. Changes in the status of certain facts or circumstances could result in material changes to the estimates used in the preparation of the financial statements and actual results could differ from the estimates and assumptions.

Among the significant judgments made by management in the preparation of our financial statements are the following:

Research and Development.

We account for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred.

Stock Based Compensation.

All stock-based payments to employees and to nonemployee directors for their services as directors consisted of grants of restricted stock and stock options, which are measured at fair value on the grant date and recognized in the statements of operations as compensation expense over the relevant vesting period. Restricted stock payments and stock-based payments to nonemployees are recognized as an expense over the period of performance. Such payments are measured at fair value at the earlier of the date a performance commitment is reached or the date performance is completed. In addition, for awards that vest immediately and are non-forfeitable, the measurement date is the date the award is issued.

Because there is no viable market for our common stock in order to determine its fair value, we are required to estimate the fair value to be utilized in the determining stock based compensation costs. In estimating the fair value, we consider recent sales of our common stock or common stock equivalents to independent qualified investors, our placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from our estimates.

Income Taxes.

Deferred income tax assets and liabilities are determined based on the estimated future tax effects of net operating loss and credit carryforwards and temporary differences between the tax basis of assets and liabilities and their respective financial reporting amounts measured at the current enacted tax rates. We record an estimated valuation allowance on our deferred income tax assets if it is not more likely than not that these deferred income tax assets will be realized. We recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Results of Operations

We anticipate that our results of operations will fluctuate for the foreseeable future due to several factors, such as the progress of our research and development efforts and the timing and outcome of regulatory submissions. Due to these uncertainties, accurate predictions of future operations are difficult or impossible to make.

Twelve Months Ended December 31, 2013 Compared to Twelve Months Ended December 31, 2012

Revenues and Cost of Goods Sold. We had no revenues or cost of goods sold during the twelve months ended December 31, 2013 and 2012.

Research and Development Expenses. Research and development expenses for the twelve months ended December 31, 2013 were $992,207, an increase of $103,259, or 12%, from $888,948 for the twelve months ended December 31, 2012. This increase is primarily due to increases in both personnel and research and development consulting services expenses as we develop our proprietary technology platform. Research and development expenses were comprised of $632,881 of personnel costs and $359,326 consulting services for the twelve months ended December 31, 2013 as compared to $586,593 and $302,355 for the same period last year, respectively. This increase is primarily due to increases in both personnel and research and development consulting services expenses, including accounting for payments to our scientists as personnel costs,as we develop our proprietary technology platform.

General and Administrative Expenses. General and administrative expenses for the twelve months ended December 31, 2013 were $5,229,252, an increase of $3,866,245, or 284%, from $1,363,007 incurred in the twelve months ended December 31, 2012. This increase is primarily due to increases in payroll related expenses and professional services and, to a lesser extent, due to increases in consulting fees and travel, meals and entertainment costs.

Payroll related expenses increased to $3,465,680 in the twelve months ended December 31, 2013 from $439,625 for the twelve months ended December 31, 2012, an increase of $3,026,055, or 688%. This increase is due to the value of the stock based compensation increasing to $3,247,187 in 2013, as a result of the vesting of stock and stock options issued to board members, officers and employees, as compared to $185,323 of stock based compensation in 2012.

Professional services for the twelve months ended December 31, 2013 totaled $552,481, an increase of $354,790, or 179%, over the $197,691 recognized for the twelve months ended December 31, 2012. Of professional services, legal fees totaled $309,193 for the twelve months ended December 31, 2013, an increase of $198,748, or 180%, from $110,445 incurred for the twelve months ended December 31, 2012. Accounting fees incurred in the twelve months ended December 31, 2012 amounted to $93,558, an increase of $18,608, or 25%, from $74,950 incurred for the same period in 2012. The increase in professional fees was primarily related to an increase in auditing, compensation programs and plans and other legal requirements as we continue to develop our operations, including legal fees associated with our capital raising transactions and the filing of our initial registration statement.

Consulting fees totaled $855,656 for the twelve months ended December 31, 2013, an increase of $658,363 or 334%, from $197,293 for the twelve months ended December 31, 2012. The consulting fees for the year ended December 31, 2013 included $800,823 in stock based compensation for investment and finance consultants to assist in our fund raising and investor relations efforts to support our increased efforts in market research and potential investor identification.

Travel, meals and entertainment costs for the twelve months ended December 31, 2013 were $90,779, a decrease of $69,013, or 43%, from $159,792 incurred during the twelve months ended December 31, 2012. During 2013, less travel was required than in 2012. Rent for the twelve months ended December 31, 2013 totaled $74,005, an increase of $1,597, or 2%, from $72,408 incurred during the same period in 2011.

Depreciation Expense. Depreciation expense for the twelve months ended 2013 totaled $17,059, an increase of $7,039, or 70%, over the expense of $10,020 incurred during the same period in 2012, as a result of the purchase of new office computers and other equipment.

Interest Expense. Interest expense for the twelve months ended December 31, 2013 totaled $70,061, an increase of $51,775 from of $18,286 incurred during the twelve months ended December 31, 2012. During the twelve months ended December 31, 2013, we accrued estimated liquidated damages of $48,668 relating to our registration rights obligations in connection to the issuance of our Series C preferred stock. In addition, other interest costs were comprised primarily of bridge and related party notes issued in late 2012.

Financing Costs. Financing costs for the year ended December 31, 2013 totaled $3,496,052, an increase of $3,390,171 or 3,202% from $105,881 incurred during the year ended December 31, 2012. Financing costs are primarily related to the fees paid related to the issuance of our Series A and Series B Preferred Stock in 2011 and 2012 and a beneficial conversion feature in and the fees paid related to the issuance of our Series C Preferred Stock issued in 2013. The beneficial conversion feature associated with the Series C Preferred Stock is comprised of the allocated fair value of the conversion feature and the allocated fair value of warrants issued in connection with the sale of the Series C Preferred Stock.

Preferred Stock Dividend. Our preferred stock dividend for the twelve months ended December 31, 2013 totaled $297,215, an increase of $206,355, or 227% from $90,860 incurred during the twelve months ended December 31, 2012. Preferred stock dividends are related to the issuance of our Series A, Series B and C Preferred Stock in 2011, 2012 and 2013.

Net Loss. Net loss for the twelve months ended December 31, 2013 was $10,101,846, compared to a net loss of $2,477,002 for the twelve months ended December 31, 2012, an increase of $7,624,844 or 307.8%. The primary reasons for the increase, as described above, are the increase in stock based compensation incurred in general and administrative expenses coupled with higher interest and financing costs due to our Series C financing transaction in 2013.

Liquidity and Capital Resources

Twelve Months Ended December 31, 2013 Compared to Twelve Months Ended December 31, 2012

As of December 31, 2013, we had a working capital deficit of $2,715,314, comprised of cash of $302,187, which was offset by $819,330 of accounts payable and accrued expenses, short term related party advances of $30,781, accrued dividends on preferred stock issuances of $414,967 and our Redeemable Series A and Series B Preferred Stock of $884,601 and $815,022, respectively. For the twelve months ended December 31, 2013, we used $1,762,459of cash in operating activities. Cash provided by financing activities totaled $2,052,125, comprised of proceeds from the sale of our Series C Preferred Stock of $1,768,410, proceeds from the sale of our common stock of $299,974 and proceeds of related party advances of $13,741, net with repayments of related party notes of $30,000. In the comparable period in 2012, $647,650 was raised through the sale of our Series B Preferred Stock, $600,000 through the issuance of convertible bridge notes payable and $248,000 through the issuance of related party notes payable. At December 31, 2013, we had cash of $302,187 compared to $24,237 at December 31, 2012. Our cash is held in bank deposit accounts. At December 31, 2013, we had no convertible debentures outstanding as compared to $613,812 at December 31, 2012.

Cash used in operations for the twelve months ended December 31, 2013 and 2012 was $1,762,459 and $1,524,956, respectively, which represent cash outlays for research and development and general and administrative expenses in such periods. Increase in cash outlays principally resulted from increased research and development and general and administrative expenses due to the continued development of our operations.

Cash used in investing activities for the twelve months ended December 31, 2013 was $11,716, compared to $15,477 for the twelve months ended December 31, 2012. During both the twelve months ended December 31, 2013 and the twelve months ended December 31, 2012, we purchased office furniture and computer equipment.

In their report dated March 27, 2014, our independent registered public accounting firm stated at December 31, 2013, there is substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is an issue raised due to our net losses and negative cash flows from operations since inception and our expectation that these conditions will continue for the foreseeable future. In addition, we will require additional financing to fund future operations. Further, we do not have any commercial products available for sale and have not generated revenues to date, and there is no assurance that, if approval of our products is received, we will be able to generate cash flow to fund operations. In addition, there can be no assurance that our research and development will be successfully completed or that any product will be approved or commercially viable. Our ability to continue as a going concern is subject to our ability to obtain necessary funding from outside sources, including obtaining additional funding from the sale of our securities, obtaining loans from various financial institutions or being awarded grants from government agencies, where possible. Our continued net operating losses increase the difficulty in meeting such goals and there can be no assurances that such methods will prove successful.

Our Series C Preferred Stock contains triggering events which would, among other things, require redemption (i) in cash, at the greater of (a) 120% of the stated value of $1,000 or (b) the product of (I) the variable weighted average price of our common stock on the trading day immediately preceding the date of the triggering event and (II) the stated value divided by the then conversion price or (ii) in shares of our common stock, equal to a number of shares equal to the amount set forth in (i) above divided by 75%. The triggering events include our being subject to a judgment of greater than $100,000 or our initiation of bankruptcy proceedings. If any of the triggering events contained in our Series C Preferred Stock occur, the holders of our Series C Preferred Stock may demand redemption, an obligation we may not have the ability to meet at the time of such demand. We will be required to pay interest on any amounts remaining unpaid after the required redemption of our Series C Preferred Stock, at rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law.

We expect to incur losses from operations for the near future. We expect to incur increasing research and development expenses, including expenses related to clinical trials. We expect that our general and administrative expenses will increase in the future as we expand our business development, add infrastructure and incur additional costs related to being a public company, including incremental audit fees, investor relations programs and increased professional services.

Our future capital requirements will depend on a number of factors, including the progress of our research and development of product candidates, the timing and outcome of regulatory approvals, the costs involved in preparing, filing, prosecuting, maintaining, defending and enforcing patent claims and other intellectual property rights, the status of competitive products, the availability of financing and our success in developing markets for our product candidates. We believe our existing cash will not be sufficient to fund our operating expenses and capital equipment requirements. We anticipate we will need approximately $2 million in addition to our current cash on hand to fund our operating expenses and capital equipment requirements for the next 12 months. We will have to raise additional funds to continue our operations and, while we have been successful in doing so in the past, there can be no assurance that we will be able to do so in the future. Our continuation as a going concern is dependent upon our ability to obtain necessary additional funds to continue operations and the attainment of profitable operations.

Future financing may include the issuance of equity or debt securities, obtaining credit facilities, or other financing mechanisms. Even if we are able to raise the funds required, it is possible that we could incur unexpected costs and expenses or experience unexpected cash requirements that would force us to seek alternative financing. Furthermore, if we issue additional equity or debt securities, existing holders of our securities may experience additional dilution or the new equity securities may have rights, preferences or privileges senior to those of existing holders of our securities.

If additional financing is not available or is not available on acceptable terms, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our commercialization efforts or obtain funds through arrangements with collaborative partners or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

BUSINESS

History

We were formed as BioSig Technologies, Inc., a Nevada corporation, in February 2009 and in April 2011 we merged with our wholly-owned subsidiary, BioSig Technologies Inc., a Delaware corporation, with the Delaware corporation continuing as the surviving entity. In September 2011, we completed a private placement of our Series A Preferred Stock to certain accredited investors, with gross proceeds of $922,000 and, in April 2012, we completed a private placement of our Series B Preferred Stock to certain accredited investors, with gross proceeds of $887,500. In July 2013, we completed a private placement of our Series C Preferred Stock and warrants to purchase our common stock to certain accredited investors, with gross proceeds of $2,781,000, including the conversion of $600,000 of our outstanding bridge notes.

Overview

We are a development stage medical device company that is developing a proprietary technology platform to minimize noise and artifacts from cardiac recordings during electrophysiology studies and ablation. We are developing the PURE EP System, a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms required during electrophysiology studies and ablation procedures.

The PURE (Precise Uninterrupted Real-time evaluation of Electrograms) EP System is designed to assist electrophysiologists in making clinical decisions in real-time by providing information that, we believe, is not easily obtained, if at all, from any other equipment presently used in electrophysiology labs. PURE EP System's ability to acquire high fidelity cardiac signals will potentially increase these signals' diagnostic value, and therefore offer improved accuracy and efficiency of the EP studies and related procedures. We are developing signal processing tools within the PURE EP System, which we call confidence indexes. We believe that these will assist electrophysiologists in further differentiating true signals from noise, and will provide guidance in identifying ablation targets.

Since June 2011, we have collaborated with physicians affiliated with the Texas Cardiac Arrhythmia Institute at St. David's Medical Center in Austin, Texas for initial technology validation. The physicians affiliated with the Texas Cardiac Arrhythmia Institute has provided us with digital recordings obtained with conventional electrophysiology recording systems during different stages of electrophysiology studies. Using our proprietary signal processing tools that are part of the PURE EP System, we analyzed these recordings and successfully removed baseline wander, noise and artifacts from the data thereby providing better diagnostic quality signals.

We are focused on improving the quality of cardiac recordings obtained during ablation of atrial fibrillation, the most common cardiac arrhythmia, and ventricular tachycardia, an arrhythmia evidenced by a fast heart rhythm originating from the lower chambers of the heart, which can be life-threatening. Cardiac ablation is a procedure that corrects conduction of electrical impulses in the heart that cause arrhythmias. During this invasive procedure, a catheter is usually inserted using a venous access into a specific area of the heart. A special radiofrequency generator delivers energy through the catheter to small areas of the heart muscle that cause the abnormal heart rhythm. According to a 2009 article in *Circulation: Arrhythmia and Electrophysiology*, ablation is superior to pharmacological treatments and is becoming a first line of therapy for certain patients with arrhythmias ("Treatment of Atrial Fibrillation With Antiarrhythmic Drugs or Radiofrequency Ablation," *Circulation: Arrhythmia and Electrophysiology* 2: 349-361 (2009)).

Our overall goal is to establish our proprietary technology as a new platform that will have the following advantages over the electrophysiology recording systems currently available on the market:

- Higher quality cardiac signal acquisition for accurate and more efficient electrophysiology studies;
- Precise, uninterrupted, real time evaluations of electrograms;
- Reliable cardiac recordings to better determine precise ablation targets, strategy and end point of procedures; and
- A portable device that can be fully integrated into existing electrophysiology lab environments.

If we are able to develop our product as designed, we believe that the PURE EP System and its signal processing tools will contribute to an increase in the number of procedures performed in each electrophysiology lab and possibly improved patient outcomes.

Our significant scientific achievements to date include:

- Initial system concept validation has been performed in collaboration with physicians at the Texas Cardiac Arrhythmia Institute at St. David's Medical Center in Austin, Texas in June 2011. The Texas Cardiac Arrhythmia Institute provided challenging recordings obtained with electrophysiology recording systems presently in use at the institute during various electrophysiology studies. Our technology team successfully imported the data into the PURE EP System software and using proprietary signal processing, the PURE EP System software was able to reduce baseline wander, noise, and artifacts from the data and therefore provide better diagnostic quality signals.

- We have established clinical and/or advisory relationships for both technology development and validation studies with physicians and researchers affiliated with the following medical centers: Texas Cardiac Arrhythmia Institute, Austin, TX; Cardiac Arrhythmia Center at the University of California at Los Angeles, Los Angeles, CA; Mount Sinai Medical Center, New York, NY; Beaumont Medical Center, Detroit, MI; University Hospitals Case Medical Center, Cleveland, OH; and The Heart Rhythm Institute, University of Oklahoma Health Sciences Center, Oklahoma City, OK.

- As part of our pre-clinical trials, physicians affiliated with the Texas Cardiac Arrhythmia Institute, University Hospitals Case Medical Center and Mount Sinai Medical Center provide us with recordings from challenging ablation procedures, mainly for ventricular tachycardia and atrial fibrillation, where the attending electrophysiologists face clinical dilemmas with the recordings obtained by their current recording systems. We believe that the recordings that the PURE EP System software has provided them, which show a reduction in baseline wander, noise, and artifacts, are of higher diagnostic value than the original recordings.

- The Cardiac Arrhythmia Center at the University of California at Los Angeles and Dr. Kalyanam Shivkumar, a member of our board of directors, have played a significant role in the initial functional testing of our hardware. Dr. Shivkumar and his team have enabled us to learn the connectivity of the lab and its devices that pertain to where our PURE EP System will fit in. In June 2013, we commenced our first proof of concept animal study with the assistance of Dr. Shivkumar in order to further test the components of the PURE EP System hardware, as further explained below.

- We are developing a confidence index that will assist electrophysiologists in further differentiating true signals from noise, which may potentially provide guidance in identifying ablation targets. The confidence index is expected to be an integral part of the software of the PURE EP System, which we believe will significantly facilitate the locating of ablation targets.

- In the second and third quarters of 2013, we performed and finalized testing of our proof of concept unit by initially using an electrocardiogram/intracardiac simulator at our lab, and subsequently by obtaining animal recordings from the animal lab at the University of California at Los Angeles. As part of the testing, we simultaneously recorded electrocardiogram and intracardiac signals on our proof of concept unit and GE's CardioLab recording system. We believe that the proof of concept unit performed well as compared to GE's CardioLab recording system; however, we do not have any independent verification of these findings.

- In the third quarter of 2013, we analyzed the results of our proof of concept unit to determine the final design of the PURE EP System prototype. Because the proof of concept unit was designed to verify the capabilities of the main components of the PURE EP System, we established a list of tasks necessary to complete the prototype (which we intend to use for end-user preference studies, animal studies and in-human recordings). The PURE EP System prototype is presently in the process of being assembled. We expect to finalize assembly of the prototype by the end of the second quarter of 2014.

We are currently conducting testing of the assembled components of the PURE EP System prototype in order to validate the design of the prototype. We believe such testing will be completed by the second quarter of 2014. To date, we have not conducted any studies of the data produced by our technology that have been subjected to any third-party review, as would be required for the publication of a formal study.

We intend to conduct formal animal studies and initial human clinical trials using the PURE EP System prototype, using formal protocol and study designs. These formal animal studies and human clinical trials are intended to demonstrate the clinical relevance of the PURE EP System and its advantages as compared to electrophysiology recorders currently on the market, which we believe will demonstrate the value of the PURE EP System to physicians and clinicians. Our objective is to complete all studies by the first quarter of 2015. We have also begun planning and implementing steps for obtaining 510(k) approval from the U.S. Food and Drug Administration for the PURE EP System. We believe that by the second half of 2015, we will have obtained 510(k) marketing clearance from the FDA and will be able to commence marketing and commercialization of the PURE EP System. Our ability to achieve the aforementioned milestones will be principally determined by our ability to obtain necessary financing and regulatory approvals, among other factors.

Because we are an early development stage company, with our initial product under development, we currently do not have any customers. We anticipate that our initial customers will be hospitals and other health care facilities that operate electrophysiology labs.

Our Industry

Electrophysiology is the study of the propagation of electrical impulses throughout the heart. Electrophysiology studies are focused on the diagnosis and treatment of arrhythmias, a medical condition in which conduction of electrical impulses within the heart vary from the normal. Such conditions may be associated with significant health risks to patients. The invasive cardiac electrophysiology study for the evaluation of cardiac conduction disorders has evolved rapidly from a research tool to an established clinical treatment. This technique permits detailed analyses of the mechanism underlying cardiac arrhythmias and determines precise locations of the sites of origin of these arrhythmias, thereby aiding in treatment strategies.

Pharmacological, or medicine-based, therapies have traditionally been used as initial treatments, but they often fail to adequately control the arrhythmia and may have significant side effects. Catheter ablation is now often recommended for an arrhythmia that medicine cannot control. Catheter ablation involves advancing several flexible catheters into the patient's blood vessels, usually either in the femoral vein, internal jugular vein or subclavian vein. The catheters are then advanced towards the heart. Electrical impulses are then used to induce the arrhythmia and local heating or freezing is used to ablate (destroy) the abnormal tissue that is causing it. Catheter ablation of most arrhythmias has a high success rate and multiple procedures per patient have been found to be more successful. One recent study found that arrhythmia-free survival rates after a single catheter ablation procedure were 40%, 37%, and 29% at one, two and five years, respectively, with most recurrences over the first six months ("Catheter Ablation for Atrial Fibrillation - Are Results Maintained at 5 Years of Follow-Up?" J Am Coll Cardiol. 2011;57(2):160-166). Another study stated that catheter ablation of atrial fibrillation has been shown to be effective in approximately 80% of patients after 1.3 procedures per patient, with approximately 70% of such patients requiring no further antiarrhythmic drugs during intermediate follow-up (Updated Worldwide Survey on the Methods, Efficacy, and Safety of Catheter Ablation for Human Atrial Fibrillation Circulation: Arrhythmia and Electrophysiology. 2010; 3: 32-38).

Catheter ablation is usually performed by an electrophysiologist (a specially trained cardiologist) in a catheterization lab or a specialized electrophysiology lab. It is estimated that there are about 2,000 electrophysiology labs in the U.S. and 2,000 electrophysiology labs outside the U.S., each with an electrophysiology recording system costing an average of $250,000. We believe that the current value of the electrophysiology recording device market in the U.S. is approximately $500 million, based upon the number of electrophysiology labs in U.S. and the average cost of the recording system in each lab. With the potential of 12 million atrial fibrillation patients by the year 2050 (according to the Atrial Fibrillation Fact Sheet, February 2010, published by the Centers for Disease Control and Prevention) and improvements in technology for atrial fibrillation ablation therapy, significant growth is predicted for the number of hospitals building electrophysiology labs. A July 2012 report published by the Millennium Research Group predicted rapid growth in the U.S. market for electrophysiology mapping and ablation devices from 2012 to 2016, due to the medical community's growing focus on treating atrial fibrillation. The report further predicts that even with advances in drug treatments and management devices to treat or manage arrhythmias, the electrophysiology mapping and ablation device market will be sustained by the continued development of advanced technologies that decrease ablation procedure times and improve success rates. According to a 2011 report by Axis Research Mind, "Global Electrophysiology Devices – Market Growth Analysis, 2009-2015," total global electrophysiology devices market is forecasted to reach at $4.4 billion by 2015 with a compound annual growth rate of 9.7%.

Treatment of Atrial Fibrillation and Ventricular Tachycardia

We believe that the clearer recordings and additional information provided by the PURE EP System may improve outcomes during electrophysiology studies and ablation procedures for a variety of arrhythmias. For patients who are candidates for ablation, an electrophysiology study is necessary to define the targeted sites for the ablation procedure. Two common, yet complex, conditions for which ablation procedures are performed are atrial fibrillation and ventricular tachycardia. We believe that in the near future, the PURE EP System may have a great impact on assisting ablation strategies for these conditions.

Most cardiac arrhythmias are well understood and ablation simply requires destroying a small area of heart tissue possessing electrical abnormality. In contrast, complex arrythmias, such as atrial fibrillation and ventricular tachycardia, have complex pathophysiology and because knowledge of their origins and mechanisms are incomplete, ablation treatments for these arrhythmias are largely empirical. Catheter ablation is now an important option to control recurrent ventricular tachycardias ("EHRA/HRS Expert Consensus on Catheter Ablation of Ventricular Arrhythmias," Europace (2009)11 (6): 771-817). Catheter ablation of ventricular tachycardia in nonischemic heart diseases can be challenging, and outcomes across different diseases are incompletely defined ("Catheter Ablation of Ventricular Tachycardia in Nonischemic Heart Disease," Circulation: Arrhythmia and Electrophysiology (2012) 5: 992-1000). In addition, limitations of atrial fibrillation ablation include the use of catheters designed for pinpoint lesions to perform large area ablations in a point-by-point fashion, and the dexterity required to perform the procedure ("New Technologies in Atrial Fibrillation Ablation," Circulation (2009)). Furthermore, the length of these procedures exposes the physician and staff to extensive radiation, requiring them to wear heavy lead vests. Consequently, ablating atrial fibrillation and ventricular tachycardia have been regarded as being extremely difficult. Therefore, access to these procedures has been limited to being performed by only especially well-trained cardiologists.

According to the National Institute of Health National Heart Lung and Blood Institute, there are approximately 3 million Americans suffering with atrial fibrillation and about 850,000 patients are hospitalized annually for this condition. As many as 600,000 new cases of atrial fibrillation are diagnosed each year. According to the Millennium Research Group, despite the fact that physicians have been performing radiofrequency ablations since the 1990s, catheter-based treatment is offered to less than 1% of the atrial fibrillation patient population in the U.S. and Europe. We believe that the number of ablation procedures will grow with further advances in ablation treatment and diagnostic techniques. Studies have demonstrated the effectiveness of atrial fibrillation ablation as compared to anti- arrhythmic drug therapy, which has led to ablation's acceptance as a primary treatment strategy. The American College of Cardiology Foundation/American Heart Association Task Force reported that catheter-directed ablation of atrial fibrillation represents a substantial achievement that promises better therapy for a large number of patients presently resistant to pharmacological or electrical conversion to sinus rhythm ("2011 ACCF/AHA/HRS Focused Update on the Management of Patients With Atrial Fibrillation (Updating the 2006 Guideline)"). However, rates of success and complications may vary, sometimes considerably.

According to the Heart Rhythm Society, ventricular tachycardia is the most dangerous arrhythmia since it may result in ventricular fibrillation, a rapid chaotic heartbeat in the lower chambers of the heart. Because the fibrillating muscle cannot contract and pump blood to the brain and vital organs, ventricular fibrillation is the number one cause of sudden cardiac death accounting for more than 350,000 deaths in the U.S. each year. Ventricular tachycardia is typically treated with implantable cardioverter defibrillators, or ICDs, or a combination of ablation along with an ICD. The American College of Cardiology/American Heart Association Task Force on Practice Guidelines/European Society of Cardiology Committee for Practice Guidelines, or ACC/AHA/ESC, 2009 guidelines recommend ablation in patients who either have sustained predominantly monomorphic ventricular tachycardia that is drug resistant, are drug intolerant or do not wish for long-term drug therapy. According to a recent study, catheter ablation has been found to reduce ventricular tachycardia/ventricular fibrillation recurrences and thereby ICD interventions, including ICD shocks, by approximately 75% in patients that have undergone multiple ICD shocks (Kuck, "Should Catheter Ablation be the Preferred Therapy for Reducing ICD Shocks? Ventricular Tachycardia in Patients With an Implantable Defibrillator Warrants Catheter Ablation," Circulation: Arrhythmia and Electrophysiology (2009; 2: 713-720)). More importantly, according to Kuck, catheter ablation is the only treatment that can terminate and eliminate incessant ventricular tachycardia and acutely abolish electrical storm in ICD patients. Typically, patients who receive ICDs are at high risk for recurrent arrhythmia; hence, most patients receive one or more ICD therapies for spontaneous arrhythmias after implantation. Despite the technological evolution of ICD systems, more than 20% of shocks are due to supraventricular arrhythmia and hence are inappropriate. Although the ICD aborts ventricular tachycardia/ventricular fibrillation, many patients continue to have symptoms. These shocks are physically and emotionally painful and lead to poor quality of life and adverse psychological outcomes in patients and their families.

According to Dr. Srijoy Mahapatra, the status of ventricular tachycardia ablation is growing at a 14-17% growth rate due to the fact that ablation of ventricular tachycardia may help patients feel better and live longer, despite the risks, including the occurrence of stroke, and the modest success rates. The success of ventricular tachycardia ablation varies, depending on the patient's specific heart condition that caused ventricular tachycardia. The procedure is most effective in patients with otherwise normal hearts, in whom the success rate exceeds 90%. In patients with structural heart disease resulting from scar or cardiomyopathy, success rates range between 50% and 75% at six to 12 months. In cases in which a patient experiences a recurrence, two of three patients will still have less ventricular tachycardia than before the initial ablation (Circulation. 2010; 122: e389-e391). Therefore, we believe that ablation will continue to become a preferred treatment for ventricular tachycardia, especially in light of the challenges presented by ICD therapies; this increase in demand for ablation procedures will likely also increase the demand for technological advances in medical devices essential to ablation procedures, including electrophysiology recorders, in order to better support and ablation procedures.

Electrophysiology Lab Environment and Electrophysiology Recording Systems

The electrophysiology lab environment and recording systems create significant amounts of noise and artifacts during electrophysiology procedures. Current surface and intracardiac recording systems typically consist of large workstations interconnected by a complex set of cables that contribute to significant amounts of noise during signal acquisition. Additional noise and artifacts generated from the electrophysiology lab equipment further hamper recordings of small electrophysiological potentials. Preserving spaciotemporal (space and time) characteristics of the signal in a very challenging electrophysiology recording environment is a difficult task. To remove noise and artifacts, recorders that are currently on the market offer a family of low pass, high pass and notch filters, but these filters alter signal information context.

The shape and amplitude of electrocardiograms, unipolar and bipolar electrograms, and, consequently, reconstructed endocardial and epicardial maps, are influenced not only by electrophysiological and structural characteristics of the myocardial tissue involved, but with characteristics of the recording system. Amplitude and morphology of electrocardiogram and intracardiac signals are significantly affected by filters used to remove noise. Because of the number of amplitude and interval measurements made during an electrophysiology study, it is imperative that the recording system faithfully acquires surface electrocardiogram and intracardiac electrograms. We believe that the recording systems that are currently available on the market are ineffective in preserving the optimal amount of original information contained in the cardiac signals.

In addition, the electrophysiology lab consists of sophisticated equipment that requires an electrophysiologist to mentally integrate information from a number of sources during procedures. There are numerous monitors in an electrophysiology lab that provide and display this variety of information. An electrophysiologist needs to evaluate the acquired cardiac signals and the patient's responses to any induced arrhythmias during the procedure. However, it is difficult for an electrophysiologist to synthesize the disparate information produced by the numerous monitors in the lab and calculate the real-time, three-dimensional orientation of the anatomy and the location of the recording and ablation catheters. As the number of electrophysiology procedures increase, a variety of diagnostic and therapeutic ablation catheters are becoming more widely available and new highly specialized catheters are being developed. In addition, remote robotic and magnetic navigation systems are being developed to address limitations of dexterity in controlling the catheter tip, especially during complex arrhythmia ablation procedures. We believe that, considering the improvements being made with respect to other equipment used in the electrophysiology lab and the continual increase of ablation procedures, the electrophysiology recorders currently available on the market are not sufficiently advanced with respect to the quality of their recordings to deliver adequate results. We believe that the PURE EP System will be able to deliver superior quality of recordings that will allow it to successfully integrate with the other advanced equipment found in the electrophysiology lab.

The requirement for optimal signal integrity is further amplified during ablation treatments of atrial fibrillation and ventricular tachycardia. Presently, one of the main objectives of the atrial fibrillation ablation procedure is to precisely identify, ablate and eliminate pulmonary vein potentials and one of the main objectives of the ventricular tachycardia procedure is to map the arrhythmia substrate and precisely identify, ablate and eliminate small abnormal potentials. The information provided by recorders is essential for an electrophysiologist to determine ablation strategy during termination of both pulmonary vein potentials and ventricular tachycardia. Therefore, it is important that the recording system's noise removal technique does not alter appearance and fidelity of these potentials. As a result, it is necessary that any new signal processing preserves signal fidelity as much as possible during electrophysiology recordings; otherwise, the signals that are needed to guide the ablation procedures will be difficult to distinguish due to noise interference.

Our Products

We intend to bring to the electrophysiology market the PURE EP System, an electrocardiogram/intracardiac recorder that will be coupled with an array of software tools intended for electrophysiology studies and procedures ranging from simple diagnostic tests to ablation for the most complex cases of arrhythmias. We believe that this system will provide unique recording capabilities because we are developing it to allow precise, uninterrupted, real-time evaluations of electrocardiograms and electrograms, and allow electrophysiologists to obtain data that cannot be acquired from present day recorders.

The PURE EP System uses a combination of analog and digital signal processing to acquire and display cardiac data. Because our technology consists of proprietary hardware, software and algorithms, the original cardiac data is not distorted. In addition, we are developing a library of software tools that are designed to be configured to fit the needs of electrophysiologists in different settings and/or for different arrhythmia treatments. With the software, the PURE EP System can be positioned to provide information that can be used by electrophysiologists to help guide the ablation catheter; shorten procedure times; and can reduce the complexity of maneuvers necessary for identifying ablation targets for various arrhythmias, including atrial fibrillation and ventricular tachycardia. The PURE EP system is intended to be used in addition to existing electrophysiology recorders. We believe that the less distorted cardiac data provided by the PURE EP system will increase the workload ability and enhance the capabilities of the typical electrophysiology laboratory.

Initial Analysis

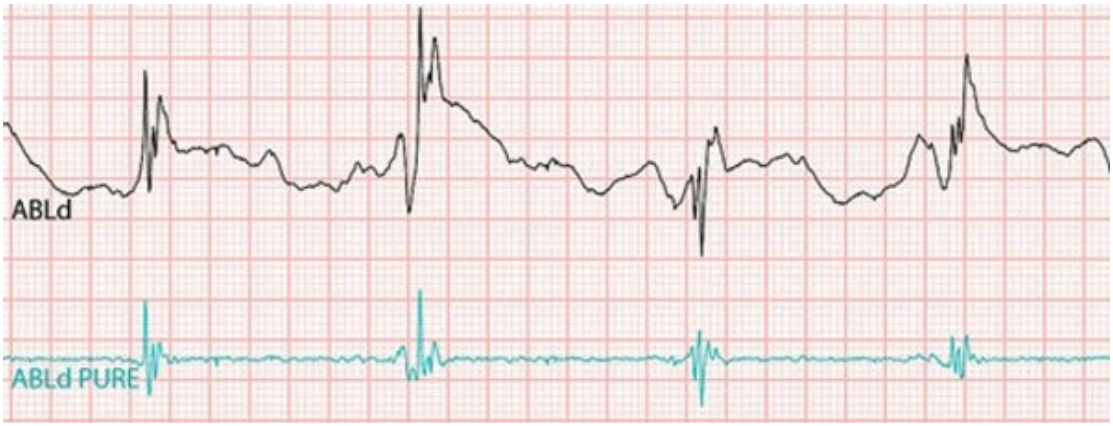
According to S. J. Asirvatham, MD, et. al. ("Signals and Signal Processing for the Electrophysiologist," *Circ Arrhythm Electrophysiol*. 2011;4:965-973), recording environments in a typical electrophysiology laboratory presents challenging situations. S. J. Asirvatham, MD, et. al., state, "Successful mapping and ablation in the electrophysiology laboratory is critically dependent on acquiring multiple, low-amplitude, intracardiac signals in the presence of numerous sources of electric noise and interference and displaying these signals in an uncomplicated and clinically relevant fashion, with minimal artifacts. This represents a significant engineering challenge and, in real-life electrophysiology laboratory, is not always successful."

To determine and validate the state of present electrophysiology recording technology in the field, we completed a detailed analysis of the effect of filters used by existing EP recorders to reduce noise on spaciotemporal characteristics of electrocardiograms and intracardiac electrograms. We used a custom built electrocardiogram/intracardiac simulator with a database of various electrocardiogram signals combined with electrophysiology signals, along with waveforms from publicly available databases. The ability to faithfully reproduce database waveforms generated by an electrocardiogram/intracardiac simulator was tested using the PURE EP System and conventional electrophysiology recorders, the GE CardioLab and St. Jude EP-WorkMate.

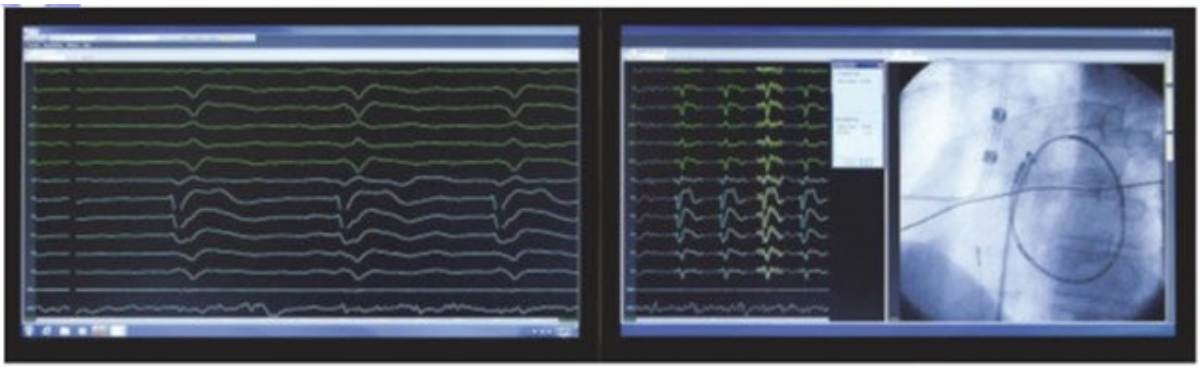
We evaluated the signal quality (amplitude, morphology and duration) of the different recorders, along with the ability of the recorders to reduce noise level and remove baseline wander, which are the cardiac signals that have shifted from the isoelectric line (the base line of the signal tracing). The electrocardiogram and intracardiac signals subjected to the PURE EP System's signal processing showed less baseline wander, noise and artifacts compared to the conventional electrophysiology recorders (as evidenced in the picture below from our initial validation). Further, spaciotemporal characteristics of signals were greatly distorted by the conventional electrophysiology system, particularly when a notch filter was used, as compared to the recording of the same spaciotemporal characteristics by the PURE EP System. A notch filter is used to remove a specific frequency from the signal, especially either 60Hz in the U.S. and 50Hz in Europe, and can be implemented in hardware or software.

To date, we have not conducted any studies of the data produced by our technology that have been subjected to any third-party review, as would be required for the publication of a formal study. If we are able to demonstrate a similar level of success in removing baseline wander and reducing noise level for our planned pre-clinical, animal and clinical studies and trials, we believe that the PURE EP System's signal processing will become a vital part of electrophysiology labs and will greatly assist in the ablation treatment for complex arrhythmias, including atrial fibrillation and ventricular tachycardia.

During initial software validation of the PURE EP System, Texas Cardiac Arrhythmia Institute provided data from its current recording system (ABLd, the ablation catheter's distal electrode situated at the tip of the catheter, furthest from the handle) that was recorded in an electrophysiology laboratory that presented a real-life challenging recording environment. The PURE EP System removed baseline wander, noise and artifacts and provided a clean signal (ABLd PURE) to assist in identification of ablation sites.



Screen shot of the PURE EP System's software analyzing data from an EP study.



Proof of Concept Testing

We developed the PURE EP System's proof of concept unit, which is the version of the product prior to prototype. The proof of concept unit was designed using separate analog and digital boards to allow for easier debugging and to demonstrate single channel electrocardiogram and intracardiac acquisition capabilities. The proof of concept unit was built to (i) verify that the PURE EP System performs in line with our intended design of the product, (ii) validate a portion of the hardware design that we intend to use in the prototype, and (iii) verify the software used by the PURE EP System. The main objectives of the proof of concept unit were to demonstrate that the system's hardware and software have the ability to faithfully records small cardiac signals in an electrophysiology laboratory environment and to obtain initial performance results.

In the second and third quarters of 2013, we performed and finalized testing of our proof of concept unit by initially using an electrocardiogram/intracardiac simulator at our lab, and subsequently by obtaining animal recordings from the animal lab at the University of California at Los Angeles. As part of the testing, we simultaneously recorded electrocardiogram and intracardiac signals on our proof of concept unit and GE's CardioLab recording system. We believe that the proof of concept unit performed well as compared to GE's CardioLab recording system; however, we do not have any independent verification of these findings.

Subsequently, in the third quarter of 2013, we analyzed the results of our proof of concept unit to determine the final design of the PURE EP System prototype. Because the proof of concept unit was designed to verify the capabilities of the main components of the PURE EP System, we established a list of tasks necessary to complete the prototype (which we intend to use for end-user preference studies, animal studies and in-human recordings). The PURE EP System prototype is presently in the process of being assembled. We expect to finalize assembly of the prototype by the end of the second quarter of 2014.

Growth Strategy

Technology and Development Plan

Our technology team consists of six engineers with expertise in digital signal processing, low power analog and digital circuit design, software development, embedded system development, electromechanical design, testing and system integration, and the regulatory requirements for medical devices. We have also entered into collaboration agreements with advisors and medical institutions in the fields of cardiology and electrophysiology, including the Texas Cardiac Arrhythmia Institute (see "–Strategic Alliances"). We currently intend to outsource manufacturing, assembling, and testing.

We are currently conducting testing of the assembled components of the PURE EP System prototype in order to validate the design of the prototype. We believe such testing will be completed by the second quarter of 2014. To date, we have not conducted any studies of the data produced by our technology that have been subjected to any third-party review, as would be required for the publication of a formal study.

We intend to conduct formal animal studies and initial human clinical trials using the PURE EP System prototype, using formal protocols and study designs, These formal animal studies and human clinical trials are intended to demonstrate the clinical relevance of the PURE EP System and its advantages as compared to electrophysiology recorders currently on the market, which we believe will demonstrate the value of the PURE EP System to physicians and clinicians. Our objective is to complete all studies by the first quarter of 2015. We have also begun planning and implementing steps for obtaining 510(k) approval from the U.S. Food and Drug Administration for the PURE EP System. We believe that by the second half of 2015, we will have obtained 510(k) marketing clearance from the FDA and will be able to commence marketing and commercialization of the PURE EP System. Our ability to achieve the aforementioned milestones will be principally determined by our ability to obtain necessary financing and regulatory approvals, among other factors. In the fourth quarter of 2013, the development of our PURE EP System product was delayed due to decisions made by our former chief executive officer and president, who terminated most of our engineering team and sought to develop a different technology, as opposed to the PURE EP System, with a different engineering team. After the resignation of our former chief executive officer and president from his positions with us in November 2013, we decided to continue the development of our PURE EP System product, as opposed to the different technology pursued by our former chief executive officer and president, and therefore re-hired our original engineering team. The change in development strategy with respect to our products and subsequent return to our development strategy resulted in significant delays in the timing of the achievement of our anticipated milestones for our PURE EP System product.

Strategic Alliances

We formed a scientific advisory board in order to foster collaborations with physicians in the global electrophysiology market to help test and commercialize our PURE EP System. We also plan to develop studies, beginning with studies with physicians and researchers affiliated with the UCLA Cardiac Arrhythmia Center and the Texas Cardiac Arrhythmia Institute that are intended to demonstrate clinical advantages, build scientific evidence and accelerate technology awareness and market adoption of the PURE EP System. Thus far, we have we have developed both formal, compensated relationships with physicians and researchers, as well as more informal relationships with physicians and researchers that have provided us with data to be read by the PURE EP System, as well as advice and consulting services at no cost to us.

Beginning in the second quarter of 2011, we have collaborated, and continue to collaborate, with Dr. Andrea Natale of the Texas Cardiac Arrhythmia Institute and Dr. Luigi Di Biase of the Montefiore Einstein Center for Heart and Vascular Care in New York, who had previously worked with other companies such as St. Jude Medical, Boston Scientific, Biosense Webster, Inc., and Medtronic, Inc. Drs. Natale and Di Biase have provided their advisory and consulting services to us at no cost. We have also developed informal advisory relationships with physicians and researchers at other electrophysiology centers including Beaumont Medical Center, Detroit, MI, and the Heart Rhythm Institute at the University of Oklahoma Health Sciences Center. These relationships consist of the physicians and researchers reviewing our data and technology and providing us advice. To date, we have not entered into any agreements with these physicians and researchers, nor have we compensated them in any way. As explained below, we have entered into formal agreements with physicians affiliated with University Hospitals Case Medical Center in Cleveland, University of California at Los Angeles Cardiac Arrhythmia Center and Mount Sinai Hospital Cardiovascular Institute in New York. We envision beginning clinical trials or other further studies of our products at some or all of these institutions in 2014.

On March 30, 2012, we entered into a consulting agreement with Dr. Mauricio Arruda, who is affiliated with University Hospitals Case Medical Center in Cleveland, pursuant to which Dr. Arruda would provide us with advisory services related to the development and implementation of software and/or hardware designed for the purpose of mapping cardiac signals during electrophysiologic studies in exchange for a fee of $3,000 per day or occurrence or $300 per hour, depending upon the nature of the services we requested, in addition to reimbursement for reasonable expenses. Our agreement with Dr. Arruda renews annually unless terminated by either party at least 30 days prior to the renewal.

On February 12, 2013, we entered into a consulting agreement with Dr. Rony Shimony, who is affiliated with Mount Sinai Hospital Cardiovascular Institute in New York, pursuant to which Dr. Shimony would provide us with advisory services related to our PURE EP System in exchange for a grant of an option to purchase 283,750 shares of our common stock with an exercise price of $2.09 per share with the following vesting schedule: (i) 48,611 shares vest on the first, second and third monthly anniversaries of the February 12, 2013, and (ii) one twenty fourth (1/24) of the remaining 137,917 shares vest on each monthly anniversary of the February 12, 2013, provided on each such vesting date Dr. Shimony is still providing services to us. We will also reimburse Dr. Shimony for reasonable expenses. Our agreement with Dr. Shimony has a term of two years unless otherwise earlier terminated by either party.

On April 1, 2013, we entered into a consulting agreement with Dr. Vivek Reddy, who is affiliated with Mount Sinai Hospital Cardiovascular Institute in New York, pursuant to which Dr. Reddy would provide us with advisory services related to our PURE EP System in exchange for a grant of an option to purchase 30,000 shares of our common stock with an exercise price of $2.09 per share and vesting in equal amounts every month for nine months, in addition to reimbursement for reasonable expenses. Our agreement with Dr. Reddy has a term of one year unless otherwise earlier terminated by either party.

In June 2013, we commenced our first proof of concept animal study with the assistance of our director Dr. Kalyanam Shivkumar, who is affiliated with the Cardiac Arrhythmia Center at the University of California at Los Angeles. Dr. Shivkumar is not receiving any additional compensation for his assistance with our animal study.

Competition

The electrophysiology market is characterized by intense competition and rapid technological advances. There are currently four large companies that share the majority of the electrophysiological recording market share. They produce the following electrophysiology recording systems, each with a unit price of approximately $250,000 per unit:

- GE's CardioLab Recording System was developed in the early 1990s by Prucka Engineering and was acquired by GE in 1999.
- Bard's LabSystem PRO EP Recording System was originally designed in the late 1980s.
- Siemens developed the Axiom Sensis XP in 2002.
- St. Jude Medical's EP-WorkMate Recording System was acquired from EP MedSystems in 2008, which had received approval for the product from the U.S. Food and Drug Administration in 2003.

Based upon our analysis of data taken from patent applications filed with the U.S. Patent and Trademark Office and 510(k) approval applications filed with the U.S. Food and Drug Administration, we believe that the above recording systems are built on relatively old technologies and all use the identical approach in applying digital filters to remove noise and artifacts. We are of the opinion that such an approach sacrifices cardiac signal fidelity and, in the case of ablation, the filters have a direct impact on the ablation strategy of an electrophysiologist. The imprecise method to remove noise and artifacts used by the old recorders could be a contributing factor to the multiple (or repeated) ablation procedures that are frequently required in order to completely cure patients from atrial fibrillation and ventricular tachycardia. We are not currently aware of any other companies that are developing new recording technology for electrophysiology recorders.

Suppliers

The PURE EP System contains proprietary hardware and software modules that are assembled into the system. Hardware boards contain components that are available from different distributors. The parts used to manufacture analog and digital boards are readily available from a number of distributors or manufacturers. We obtained components from various suppliers and have assembled our first prototype in-house. We envision outsourcing manufacturing of the complete PURE EP System to a local medical device manufacturer in California.

Research and Development Expenses

Research and development expenses for the fiscal years ended December 31, 2012 and 2011 were $888,948 and $582,525, respectively.

Sales, Marketing and Customer Service

We plan to implement a market development program prior to launch of our PURE EP System. As the product progresses through development and testing, we intend to gather the data produced by the PURE EP System's processing and presenting electrocardiogram and intracardiac signals and use such data for posters, presentations at cardiology conferences, and, if appropriate, submissions to scientific journals. We believe that as we gather additional data from our existing proof of concept tests and our planned animal and clinical studies and user preference studies, we will be able to better determine the focus of our marketing efforts. We also plan to leverage our relationships with cardiac research and treatment centers to gain early product evaluation and validation. We believe that through these efforts, we may be able to gain preliminary acceptance of our PURE EP product by experienced professionals and academics in the electrophysiology field.

We also intend to simultaneously develop a branding strategy to introduce and support the PURE EP System. The strategy may include our presence at major relevant cardiology meetings on a national and regional basis to engage and educate physicians concerning the PURE EP System and any of our other products, as well as engaging in a variety of other direct marketing methods. We also intend to develop a small direct sales force together with a distribution network that has existing relationships with hospitals and electrophysiologists. We believe that we may be able to begin commercial sales of the PURE EP System in 2015.

Intellectual Property

Patents

Our success depends in large part on our ability to establish and maintain the proprietary nature of our technology. Our co-founder and former chief technology officer, Budimir S. Drakulic, Ph.D., conceived of the proprietary elements of the PURE EP System in 2009 and 2010. We filed a patent application with the U.S. Patent and Trademark Office in December 2013 directed at systems and methods for the evaluation of electrophysiology systems. In March 2014, the inventors listed on the patent application filed in December 2013 assigned all of their rights to the patent application to us. In addition, we filed a patent application with the U.S. Patent and Trademark Office in October 2013 directed at the use of electrocardiography sensing for control of radiofrequency renal denervation. David Drachman, our former chief executive officer and president, filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us in November 2013, pursuant to which Mr. Drachman is seeking, among other things, a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application we filed with the U.S. Patent and Trademark Office in October 2013, during the time Mr. Drachman served in his positions with us. We fully dispute his rights to the ownership and control of such patent application and related patent(s) and intend to challenge his claim to the fullest extent permitted by law. On February 21, 2014, we filed an answer to Mr. Drachman's statement of claim that disputed all of Mr. Drachman's claims against us and counter-claimed against Mr. Drachman, seeking declaratory judgment concerning our rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. However, if we are obligated to transfer the ownership and control of such patent application and related patent(s) to Mr. Drachman, we would lose rights to a portion of our intellectual property related to potential future products relating specifically to radiofrequency ablation treatment , but we would retain all rights related to our intellectual property necessary for our PURE EP System.

We intend to file one or more additional patents in the U.S. in the future. We believe that our patent application filed in October 2013, which is being disputed by Mr. Drachman, represents an application for a different application and use of our proprietary technology that we do not intend to explore in the near future. Our patent application filed in October 2013 combines a specific treatment, radiofrequency ablation, with our core cardiac signal system. The combined system is designed to connect with radiofrequency ablation catheters and simultaneously monitor cardiac signals during a radiofrequency ablation procedure, such as a radiofrequency ablation procedure to treat cardiac arrhythmias and/or to denervate the nerves in close proximity to a blood vessel (e.g. renal denervation). Our patent application filed in December 2013, on the other hand, represents a significant portion of our core proprietary intellectual property . Our patent application filed in December 2013 describes a system that can show comparative output of any two cardiac signal systems—such as the PURE EP System as compared to a competitor system, thus showing the value of the PURE EP System. This patent application describes signal processing evaluators that assess how well a cardiac signal system reading a cardiac signal (such as the PURE EP System or another system) filters out noise, such as non-cardiac signals or other body-generated artifacts. Such noise is filtered by such systems with varying success, thus, an evaluator such as described in the patent application may be used to provide comparison data for a particular system versus another given the same or similar input. The patent application also describes a simulator that can send a simulated signal to a cardiac signal system (the PURE EP System or another system) in order to challenge such cardiac signal system to filter out typical noise. These are adjunct technologies can be used to show the value of the PURE EP System as compared to other systems existing in the market. The additional patent applications that we intend to file in the U.S. in the future are expected to represent portions of the hardware and software technology associated with our PURE EP System , which technology includes a cardiac signal system that reads cardiac signals and filters such cardiac signals from noise such as non-cardiac signals or other body-generated artifacts . Upon filing of such patent applications, we believe that the novel aspects of our PURE EP System should be subject to pending patent application; however, we cannot be assured that all of the patents related to our patent applications, if any, will be granted.

We believe that our existing rights to the technology relating to the proprietary elements of the PURE EP System and the invention rights not contained in our patent applications are based upon the fiduciary duties owed to us by Dr. Drakulic when he served as an officer and director of our company, which obligated him to grant us rights to technology essential to our products. In addition, under the work-for-hire doctrine, we have rights to all works of authorship (including for software products developed related to the PURE EP System) by our employees acting within the scope of their employment.

Trademarks

Our trademark applications to register “PURE EP” and “BioSig” in the U.S. are pending.

Government Regulation

Our solutions include software and hardware, which will be used for patient diagnosis and, accordingly, are subject to regulation by the U.S. Food and Drug Administration and other regulatory agencies. U.S. Food and Drug Administration regulations govern, among other things, the following activities that we perform and will continue to perform in connection with:

- Product design and development;
- Product testing;
- Product manufacturing;
- Product labeling and packaging;
- Product handling, storage, and installation;
- Pre-market clearance or approval;
- Advertising and promotion; and
- Product sales, distribution, and servicing.

U.S. Food and Drug Administration's Pre-market Clearance and Approval Requirements

The U.S. Food and Drug Administration classifies all medical devices into one of three classes. Devices deemed to pose lower risks are placed in either Class I or II, which requires the manufacturer to submit to the U.S. Food and Drug Administration a pre-market notification, known as a PMN, and a 510(k) approval, requesting clearance of the device for commercial distribution in the U.S. Class III devices are devices which must be approved by the pre-market approval process. These tend to be devices that are permanently implanted into a human body or that may be necessary to sustain life. For example, an artificial heart meets both these criteria. Based on analysis of predicate devices, we believe that our products will be classified as Class II. Pursuant to U.S. Food and Drug Administration guidelines, Class II devices include a programmable diagnostic computer, which is a device that can be programmed to compute various physiologic or blood flow parameters based on the output from one or more electrodes, transducers, or measuring devices; this device includes any associated commercially supplied programs. Because the PURE EP System is a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms, we believe it will be classified as a Class II device. We must, therefore, first receive a 510(k) clearance from the U.S. Food and Drug Administration for our PURE EP system before we can commercially distribute it in the U.S. In the event that our PURE EP system is classified as a Class III device, which we believe is unlikely to occur, the U.S. Food and Drug Administration regulatory approval process and the subsequent commercialization of our product will require significantly greater time and resources than if it is classified as a Class II device, which would require us to reassess our strategic business plan of operations.

510(k) Clearance Process

For our PURE EP System, we must submit a pre-market notification to the U.S. Food and Drug Administration demonstrating that the proposed device is substantially equivalent to a previously cleared 510(k) device, a device that was in commercial distribution before May 28, 1976 for which the U.S. Food and Drug Administration has not yet called for the submission of pre-market approval applications, or is a device that has been reclassified from Class III to either Class II or I.

The U.S. Food and Drug Administration's 510(k) clearance process usually takes three to six months from the date the application is submitted and filed with the U.S. Food and Drug Administration, but it can take significantly longer. A device that reaches market through the 510(k) process is not considered to be "approved" by the U.S. Food and Drug Administration. They are generally referred to as "cleared" or "510(k) cleared" devices. Nevertheless, it can be marketed and sold in the U.S.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, will require a new 510(k) clearance or could require a pre-market approval, which requires more data and is generally a significantly longer process than the 510(k) clearance process. The U.S. Food and Drug Administration requires each manufacturer to make this determination initially, but the U.S. Food and Drug Administration can review any such decision and can disagree with a manufacturer's determination. If the U.S. Food and Drug Administration disagrees with a manufacturer's determination, the U.S. Food and Drug Administration can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or a pre-market approval is obtained.

Pervasive and continuing U.S. Food and Drug Administration regulation

After a medical device is placed on the market, numerous U.S. Food and Drug Administration regulatory requirements apply, including, but not limited to the following:

- Quality System regulation, which requires manufacturers to follow design, testing, control, documentation and other quality assurance procedures during the manufacturing process;
- Establishment Registration, which requires establishments involved in the production and distribution of medical devices intended for commercial distribution in the U.S. to register with the U.S. Food and Drug Administration;
- Medical Device Listing, which requires manufacturers to list the devices they have in commercial distribution with the U.S. Food and Drug Administration;
- Labeling regulations, which prohibit "misbranded" devices from entering the market, as well as prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling; and
- Medical Device Reporting regulations, which require that manufacturers report to the U.S. Food and Drug Administration if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur.

Failure to comply with applicable regulatory requirements can result in enforcement action by the U.S. Food and Drug Administration, which may include one or more of the following sanctions:

- Fines, injunctions, and civil penalties;
- Mandatory recall or seizure of our products;
- Administrative detention or banning of our products;
- Operating restrictions, partial suspension or total shutdown of production;
- Refusing our request for 510(k) clearance or pre-market approval of new product versions;
- Revocation of 510(k) clearance or pre-market approvals previously granted; and
- Criminal penalties.

International Regulation

International sales of medical devices are subject to foreign government regulations, which vary substantially from country to country. The time required to obtain approval by a foreign country may be longer or shorter than that required for U.S. Food and Drug Administration approval, and the requirements may differ significantly.

The European Union has adopted legislation, in the form of directives to be implemented in each member state, concerning the regulation of medical devices within the European Union. The directives include, among others, the Medical Device Directive that establishes standards for regulating the design, manufacture, clinical trials, labeling, and vigilance reporting for medical devices. Our PURE EP system may be affected by this legislation. Under the European Union Medical Device Directive, medical devices are classified into four classes, I, IIa, IIb, and III, with class I being the lowest risk and class III being the highest risk. Under the Medical Device Directive, a competent authority is nominated by the government of each member state to monitor and ensure compliance with the Medical Device Directive. The competent authority of each member state then designates a notified body to oversee the conformity assessment procedures set forth in the Medical Device Directive, whereby manufacturers demonstrate that their devices comply with the requirements of the Medical Device Directive and are entitled to bear the CE mark. CE is an abbreviation for Conformite Europeenne (or European Conformity) and the CE mark, when placed on a product, indicates compliance with the requirements of the applicable directive. Medical devices properly bearing the CE mark may be commercially distributed throughout the European Union. Failure to obtain the CE mark will preclude us from selling the PURE EP System and related products in the European Union.

Employees

As of April 30, 2014, we had 8 full-time employees and 1 part-time employee. Additionally, we use consultants as needed to perform various specialized services. None of our employees are represented under a collective bargaining agreement.

Properties

Our headquarters are located in Los Angeles, California, where we lease office space. Because we do not have any manufacturing requirements at this time, we believe our current headquarters is sufficient to meet our current needs.

Legal Proceedings

From time to time, we may be involved in litigation that arises through the normal course of business. As of the date of this filing, we are not a party to any material litigation nor are we aware of any such threatened or pending litigation, except for the matters described below.

On January 7, 2014, David Drachman, our former chief executive officer and president, filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us in November 2013. Mr. Drachman alleges, among other things, that (i) we misled him with respect to the status of our technology and required him to perform capital raising duties that had not been previously agreed upon, (ii) he resigned from his positions with us for good reason, as such term was defined in his employment agreement with us, and (iii) he, in his individual capacity, has full rights to the ownership and control of a patent application describing a combined ablation and recording unit directed at the use of electrocardiography sensing for control of radiofrequency renal denervation that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. More specifically, the statement of claims filed by Mr. Drachman alleges that all or a majority of the engineering documentation and technical files that Mr. Drachman believed to be necessary for our product development and manufacturing had not been developed, as opposed to statements made by representatives of our company that, in Mr. Drachman's opinion, indicated that such necessary documentation and files had been developed. Mr. Drachman's claims against us include breach of agreement, breach of good faith and fair dealing and unjust enrichment. Mr. Drachman is seeking, among other things, (a) payment of his salary and pro-rated bonus for the time he served in his positions with us and the severance payments due under his employment agreement, which include 12 months of base salary and full bonus payments, with the total sum of payments equaling approximately $612,000, including $58,000 of accrued and unpaid salary, (b) full vesting of stock options equivalent to 10% of our outstanding common stock, and (c) a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. We intend to fully dispute Mr. Drachman's allegations and his relief sought to the fullest extent permitted by the law and believe them to be wholly without merit. On February 21, 2014, we filed an answer to Mr. Drachman's statement of claim that disputed all of Mr. Drachman's claims against us and counter-claimed against Mr. Drachman, seeking declaratory judgment concerning our rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. A hearing date for the arbitration has been set for September 2014.

Other than as set forth above, there are no material proceedings in which any of our directors, officers or affiliates or any registered or beneficial shareholder of more than 5% of our common stock is an adverse party or has a material interest adverse to our interest.

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth information regarding our executive officers and the members of our board of directors.

Name	Age	Position with the Company
Kenneth L. Londoner	46	Executive Chairman and Director
Steve Chaussy	60	Chief Financial Officer
Asher Holzer, Ph.D.	63	Chief Scientific Advisor and Director
Kalyanam Shivkumar, MD, Ph.D.	45	Director
Roy Tanaka	66	Director
Jonathan Steinhouse	46	Director
Seth H. Z. Fischer	56	Director

Biographical Information

Kenneth L. Londoner. Mr. Londoner has served as our director since February 2009 and as our executive chairman since November 2013. He previously served as our chairman and chief executive officer from February 2009 to September 2013. Mr. Londoner has served as the managing partner of Endicott Management Partners, LLC, a firm dedicated to assisting emerging growth companies in their corporate development, since February 2010.From April 2007 to October 2009, he served as executive vice president – corporate business development and senior director of business development and, from November 2009 to December 2010, he served as a consultant to NewCardio, Inc., a medical device designer and developer. Mr. Londoner has also served as a director of chatAND Inc. since January 2012. Mr. Londoner is a co-founder and board member of Safe Ports Holdings, Charleston, South Carolina. Mr. Londoner also served as a director of MedClean Technologies, Inc. from November 2008 to September 2010. Mr. Londoner was an investment officer and co-manager of the Seligman Growth Fund, Seligman Capital Fund, and approximately $2 billion of pension assets at J & W Seligman & Co, Inc. in New York from 1991 to 1997. Mr. Londoner graduated from Lafayette College in 1989 with a degree in economics and finance and received his MBA from New York University's Leonard N. Stern School of Business in 1994.We believe that Mr. Londoner's extensive experience in financial and venture capital matters, as well as his intimate knowledge of our company as its co-founder make him an asset to our board of directors.

Steve Chaussy. Mr. Chaussy has served as our chief financial officer on a part time basis since May 2011. Since 2005, Mr. Chaussy has been the sole proprietor of Anna & Co., Inc., a consulting company that offers services to small publicly traded companies. Anna & Co., Inc. provides general financial and accounting services, with a special emphasis towards SEC reporting and compliance , to companies that lack sufficient resources to hire full-time employees to provide such services . From 2001 to 2005, Mr. Chaussy provided services as both a chief financial officer and as a consultant to small publicly traded companies. Prior to 2001, Mr. Chaussy served as chief financial officer for a large private distribution and wholesaling company, where he gained international experience. Mr. Chaussy is a graduate of Virginia Polytechnic Institute and State University and is a licensed certified public accountant in Virginia, California and Florida.

Asher Holzer, Ph.D. Dr. Holzer has served as our chief scientific officer and our director since September 2012. Dr. Holzer serves as a director of InspireMD, Inc., an Israeli-based developer of a new stent platform, and served as that company's president from March 2011 until June 2012 and chairman from March 2011 until November 2011. In addition, Dr. Holzer co-founded InspireMD Ltd., the predecessor and later wholly-owned subsidiary of InspireMD, Inc., and served as its president and chairman of the board from April 2007 until June 2012. Previously, Dr. Holzer founded Adar Medical Ltd., an investment firm specializing in medical device startups, and served as its chief executive officer from 2002 through 2004. Dr. Holzer currently serves on the board of directors of Adar Medical Ltd., O.S.H.-IL The Israeli Society of Occupational Safety and Health Ltd., Theracoat Ltd., 2to3D Ltd., and S.P. Market Windows Cyprus. Dr. Holzer earned his Ph.D. in Applied Physics from the Hebrew University. Dr. Holzer is also an inventor and holder of numerous patents. Dr. Holzer brings to the board his more than 25 years of experience in advanced medical devices, as well as expertise covering a wide range of activities, including product development, clinical studies, regulatory affairs, market introduction and the financial aspects of the advance medical device business.

Kalyanam Shivkumar, MD, Ph.D. Dr. Shivkumar has served as our director since September 2012. Since 2002, Dr. Shivkumar serves as Professor of Medicine at the University of California at Los Angeles and currently holds a joint appointment in the department of Radiology at the university. Dr. Shivkumar serves as a director of Epicardial Technologies, Inc., a company developing percutaneous (minimally invasive), single-use products for heart treatment through the epicardial surface. He also co-founded and serves on the board of EP Dynamics, a company developing innovative products using electrophysiology for invasive cardiology. Dr. Shivkumar is certified by the American Board of Internal Medicine in the subspecialties of cardiovascular disease and clinical cardiac electrophysiology. His field of specialization is interventional cardiac electrophysiology and he heads a group at University of California at Los Angeles that is involved in developing innovative techniques for the non-pharmacological management of cardiac arrhythmias. In 2002, he joined the newly created UCLA Cardiac Arrhythmia Center at the David Geffen School of Medicine at University of California at Los Angeles. Dr. Shivkumar received his medical degree from the University of Madras, India in 1991 and his Ph.D. from UCLA in 2000. Dr. Shivkumar brings to the board extensive experience in the fields of cardiovascular disease and clinical cardiac electrophysiology, as well as a viewpoint from the clinical and academic medical field.

Roy Tanaka. Mr. Tanaka has served as our director since July 2012. From 2004 until his retirement in September 2008, Mr. Tanaka served as the worldwide president of Biosense Webster, Inc., a Johnson & Johnson company, a market and technology leader in the field of electrophysiology. He joined Biosense Webster, Inc. as its U.S. president in 1997. Previously he held a variety of senior management positions at Sorin Biomedical, Inc., including president and chief executive officer, and leadership roles at CooperVision Surgical and Shiley, a division of Pfizer, Inc. He currently serves on the boards of directors of Volcano Corporation, Coherex Medical, Inc., Advanced Cardiac Therapeutics Inc., a company using electrophysiology to develop technology to measure the temperature in a lesion during cardiac ablation procedures, and VytronUS Inc. In addition, Mr. Tanaka served as a director of Tomo Therapy until its acquisition in June 2011. Mr. Tanaka brings broad experience in executive leadership in the medical device field. His operational expertise and knowledge of the regulatory environment, both in the U.S. and globally, also bring a valuable perspective.

Jonathan Steinhouse. Mr. Steinhouse has served as our director since February 2011. Since 2012, Mr. Steinhouse has served as vice president of sales for Sandlot Solutions in Philadelphia, PA, a health information exchange and analytics software company. From 2008 to 2011, he served as director of healthcare for Oracle Corporation in Philadelphia, PA, where he was responsible for overall sales (acquiring new, maintaining revenue and growing existing accounts) for direct and the channel sales to hospitals. From 2005 to 2008, he was regional manager of Concerro Incorporated, where he was responsible for new "software as a service" to increase utilization of internal employee resources. Mr. Steinhouse brings to the board the experience of a senior sales executive with over 23 years of experience in healthcare industry.

Seth H. Z. Fischer. Mr. Fischer has served as our director since May 2013. Since September 2013, Mr. Fischer has served as the chief executive officer and director of Vivus, Inc., a biopharmaceutical company focusing on the treatment of obesity, sleep apnea, diabetes and sexual health. Prior to that, Mr. Fischer served in positions of increasing responsibility with Johnson & Johnson until 2012. Most recently Mr. Fischer served as Company Group Chairman Johnson & Johnson, Worldwide Franchise Chairman Cordis Corporation from 2008 to 2012, which included responsibility for Cordis and Biosense Webster Inc., a market and technology leader in the field of electrophysiology. Previously, he served as Company Group Chairman North America Pharmaceuticals from 2004 to 2007. In this position he had responsibilities for Ortho-McNeil Pharmaceuticals, Janssen and Scios. Mr. Fischer serves on the board of directors of Trius Therapeutics, Inc. We believe that Mr. Fischer's extensive executive experience in a major health care company and his specific experience in launching and growing new pharmaceutical products make him an ideal candidate for our board.

Family Relationships

We have no family relationships amongst our directors and executive officers.

Independent Directors

Our board of directors has determined that each of Kalyanam Shivkumar, MD, Ph.D., Roy Tanaka, Jonathan Steinhouse and Seth H. Z. Fischer is independent within the meaning of applicable listing rules of the Section 803A(2) of the NYSE MKT Rules and the rules and regulations promulgated by the Securities and Exchange Commission.

Committees of the Board of Directors

We expect our board of directors, in the future, to appoint an audit committee, nominating committee and compensation committee, and to adopt charters relative to each such committee. We intend to appoint such persons to committees of the board of directors as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek a listing on a national securities exchange. In addition, we intend that at least one of our directors who serves on our audit committee will qualify as an "audit committee financial expert," within the meaning of Item 407(d)(5) of Regulation S-K, as promulgated by the Securities and Exchange Commission. We do not currently have an "audit committee financial expert" since we currently do not have an audit committee in place.

Code of Ethics

We intend to adopt a code of ethics that applies to our officers, directors and employees, including our principal executive officer and principal accounting officer, but have not done so to date due to our relatively small size. We intend to adopt a written code of ethics in the near future.

EXECUTIVE COMPENSATION

2013 and 2012 Summary Compensation Table

The table below sets forth, for our last two fiscal years, the compensation earned by our named executive officers: (i) Kenneth L. Londoner, our current executive chairman and director who served as our chairman and chief executive officer from February 2009 to September 2013, and (ii) David Drachman, our former chief executive officer, president and chairman, who served in his roles from September to November 2013.

Name and principal position	Year	Salary ($)	Stock Awards ($) (1)	Total ($)
Kenneth L. Londoner, Executive Chairman and Director	2013	211,500	458,400 (2)	669,900
	2012	144,000	—	144,000
David Drachman, Former Chief Executive Officer, President and Chairman	2013	9,615	3,414,646	3,424,261 (3)
Budimir Drakulic, Former Chief Technology Officer and Former Director (4)	2013	169,644	458,400 (2)	628,044
	2012	156,000	—	156,000

(1) Amounts represent the aggregate grant date fair value, as determined in accordance with FASB ASC Topic 718, with the exception that the amounts shown assume no forfeitures. For additional discussion of the valuation assumptions used in determining stock-based compensation and the grant date fair value for stock options, see "Management's Discussion and Analysis of Financial Condition and Results of Operation — Critical Accounting Policies — Stock based compensation" and Note 1 — "Summary of Significant Accounting Policies" of the Notes to the Financial Statements included herein. These amounts do not represent the actual value that may be realized by our named executive officers, as that is dependent on the long-term appreciation in our common stock.

(2) Represents a stock option granted on January 16, 2013 for the purchase of 250,000 shares of common stock, exercisable immediately, at an exercise price of $2.09 per share and a termination date of January 16, 2020.

(3) As disclosed above, Mr. Drachman filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us in November 2013. To date, one payment in the amount of $9,615 was paid, option awards with a fair market value of $3,414,646 that were previously granted were rescinded and the amount of remaining salary due Mr. Drachman , if any, is currently in dispute. The market value of the option awards was calculated assuming options to purchase (i) 10% of our outstanding shares of common stock, as calculated on a fully-diluted basis, which was to vest monthly for a period of four years, and (ii) 328,000 shares of common stock, upon our closing of a financing with proceeds to us of at least $5 million.

(4) Dr. Drakulic was terminated as our chief technology officer in October 2013, at which time he resigned as a member of our board of directors. Dr. Drakulic returned to us in November 2013 as a consultant.

Employment Agreements

We entered into an employment agreement with Kenneth Londoner on March 1, 2013. The employment agreement terminates on March 1, 2015, after which Mr. Londoner's employment will be on at-will basis. Mr. Londoner's annual base salary is $225,000, which will be paid entirely as salary. Mr. Londoner will also be eligible for annual discretionary bonuses and equity-based incentives, as our board may determine. Mr. Londoner is subject to non-competition and non-solicitation obligations, whereby, for a period lasting until one year after the termination of his employment with us, Mr. Londoner is not permitted to, directly or indirectly, (i) in any state in the U.S. or country that we conduct business and for which Mr. Londoner had responsibility, work for, invest in, provide financing to or establish a business that competes with our business, other than an exception that permits limited investment in publicly-traded competitors, (ii) solicit business from or do business with any customer, client, manufacturer or vendor with whom we did business or who we solicited within the preceding two years, and (iii) solicit, engage or hire any person employed by or who served as a consultant to us within the preceding twelve months. In September 2013, Mr. Londoner resigned as our chief executive officer, but remained with us in an executive role. In November 2013, Mr. Londoner became our executive chairman. During this time, Mr. Londoner was and will continue to be, compensated pursuant to his employment agreement for his contributions with respect to corporate finance, investor relations, and business development.

Prior to entering into his employment agreement, Mr. Londoner was an at-will employee.

On September 10, 2013, we entered into an employment agreement with David Drachman. In November 2013, Mr. Drachman resigned from his positions with us. Pursuant to his employment agreement, Mr. Drachman's annual base salary was $250,000 and, upon our closing of a financing with proceeds to us of at least $5 million, Mr. Drachman's salary would have been increased to $350,000 and he would have received a one-time payment equal to the difference of his base salary of $250,000 and an annual salary of $350,000 for the time period from the beginning of his employment until the closing of such financing. Mr. Drachman was eligible for additional annual raises beginning on January 1, 2015. Mr. Drachman was also eligible to receive bonuses of at least 50% of his base salary, based on performance criteria established by our board. Mr. Drachman was also to receive stock options to purchase (i) 10% of our outstanding shares of common stock, as calculated on a fully-diluted basis, which shall vest monthly for a period of four years, and (ii) 234,000 shares of common stock, upon our closing of a financing with proceeds to us of between $3 million and less than $5 million, or 328,000 shares of common stock, upon our closing of a financing with proceeds to us of at least $5 million. Mr. Drachman was eligible for additional stock option grants beginning on January 1, 2015, at the discretion of our board. Mr. Drachman is also subject to confidentiality, non-disparagement and non-solicitation covenants, whereby, for a period lasting until one year after the termination of Mr. Drachman's employment with us, he is not permitted to, directly or indirectly, (i) solicit business from or do business with any customer, referral source and/or sponsor with whom Mr. Drachman did business as our employee, Mr. Drachman learned of solely through his employment with us or about whom Mr. Drachman received confidential information from us, and (ii) solicit, engage or hire any person employed by or who served as a consultant to us within the preceding twelve months.

We entered into an employment agreement with Budimir S. Drakulic, Ph.D. on March 1, 2013. The employment agreement terminated in October 2013, when Dr. Drakulic's employment with us was terminated. Pursuant to the employment agreement, Dr. Drakulic's annual base salary was $225,000, which was paid partially as salary and partially as consulting fees. Dr. Drakulic was also eligible for annual discretionary bonuses and equity-based incentives, as our board may have determined. Dr. Drakulic is subject to non-competition and non-solicitation obligations, whereby, for a period lasting until one year after the termination of such executive officer's employment with us, such executive officer is not permitted to, directly or indirectly, (i) in any state in the U.S. or country that we conduct business and for which such executive officer had responsibility, work for, invest in, provide financing to or establish a business that competes with our business, other than an exception that permits limited investment in publicly-traded competitors, (ii) solicit business from or do business with any customer, client, manufacturer or vendor with whom we did business or who we solicited within the preceding two years, and (iii) solicit, engage or hire any person employed by or who served as a consultant to us within the preceding twelve months. In November 2013, Dr. Drakulic returned to us as a consultant with the same annual base salary and without an employment agreement.

Lora Mikolaitis, our former director of administration, was terminated from her position with us in October 2013. Ms. Mikolaitis returned to her position with us in January 2014 as a consultant without an employment agreement.

Potential Payments Upon Termination or Change In Control

Pursuant to Mr. Londoner's employment agreement, upon his termination without cause, including in the event of our change of control, Mr. Londoner will receive severance pay equal to his base salary until March 1, 2015, which represents the end of his employment agreement, so long as he executes a release that releases any of his claims against us. In the event Mr. Londoner voluntarily resigns, he will not be entitled to any further payments, other than those accrued through the date of resignation. Cause means, with respect to Mr. Londoner, termination because of (i) an act of willful or material misrepresentation, fraud or willful dishonesty, (ii) any willful misconduct with regard to us; (iii) any violation of any fiduciary duties owed to us; (iv) conviction of, or pleading nolo contendere or guilty to, a felony (other than a traffic infraction) or (v) any other material breach of Mr. Londoner's employment agreement that is not cured within twenty days after receipt of a written notice.

Pursuant to Mr. Drachman's employment agreement, if Mr. Drachman's employment with us is terminated for cause, which includes conviction of a felony, refusal to cooperate with our board or Mr. Drachman's material breach of the employment agreement, which remains uncured after 60 days' notice, or upon Mr. Drachman's resignation, Mr. Drachman will receive any accrued and unpaid salary and reimbursements and payment for accrued and unused vacation. Upon his death or permanent disability, Mr. Drachman or his estate will receive, in addition to any accrued and unpaid salary and reimbursements, one year of base salary and target bonus, continuation of benefits for one year and full vesting of any unvested equity award grants. If Mr. Drachman's employment is terminated without cause or for good reason, which includes our breach of the employment agreement, a material reduction of Mr. Drachman's duties or salary and bonus or a relocation of Mr. Drachman's employment, Mr. Drachman will be entitled to receive the same severance package as upon his death or disability, provided that Mr. Drachman complies with his confidentiality, non-disparagement and non-solicitation requirements. Upon our change of control, if Mr. Drachman's employment is terminated without cause or for good reason, Mr. Drachman will receive, in addition to any accrued and unpaid salary and reimbursements, an amount equal to 2.5 times his base salary and 2.5 times the greater of the average of the bonuses received in the previous three years and the target bonus for the year in which the change of control occurs, which such amount will be paid in 24 equal monthly payments, continuation of benefits for one year and full vesting of any unvested equity award grants.

Pursuant to Dr. Drakulic's employment agreement, upon his termination without cause, including in the event of our change of control, Dr. Drakulic was to receive severance pay equal to his base salary until March 1, 2015, which represented the end of his employment agreement, so long as he executed a release that releases any of his claims against us. In the event Dr. Drakulic voluntarily resigned, he was not entitled to any further payments, other than those accrued through the date of resignation. Cause means, with respect to Dr. Drakulic, termination because of (i) an act of willful or material misrepresentation, fraud or willful dishonesty, (ii) any willful misconduct with regard to us; (iii) any violation of any fiduciary duties owed to us; (iv) conviction of, or pleading nolo contendere or guilty to, a felony (other than a traffic infraction) or (v) any other material breach of Dr. Drakulic's employment agreement that is not cured within twenty days after receipt of a written notice. Upon Dr. Drakulic's termination in October 2013, Dr. Drakulic forfeited all potential payments due to him upon termination.

2013 Outstanding Equity Awards at Fiscal Year End

At December 31, 2013, each of Kenneth Londoner and Budimir Drakulic held an option to purchase 250,000 shares of our common stock, with an exercise price of $2.09 per share and an expiration date of January 16, 2020. As disclosed above, David Drachman, our former chief executive officer, president and chairman filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us in November 2013. All stock options previously awarded to Mr. Drachman were rescinded, and the amount of stock options due to Mr. Drachman is currently in dispute.

BioSig Technologies, Inc. 2011 Long-Term Incentive Plan

On October 19, 2011, our board of directors and stockholders adopted and approved the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan. Under the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan, we reserved 1,500,000 shares of our common stock as awards to our employees, consultants, and service providers.

The purpose of the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan was to provide an incentive to attract and retain employees, officers, consultants, directors, and service providers whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in our development and financial success. The BioSig Technologies, Inc. 2011 Long-Term Incentive Plan was administered by our board of directors. On October 19, 2012, our board of directors elected to terminate the BioSig Technologies, Inc. 2011 Long Term Incentive Plan. We did not grant options to purchase common stock under the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan to any of our named executive officers:

BioSig Technologies, Inc. 2012 Equity Incentive Plan

On October 19, 2012, our board of directors adopted the BioSig Technologies, Inc. 2012 Equity Incentive Plan, which provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units to employees, directors and consultants, to be granted from time to time as determined by our board of directors or its designees. In addition, 1,500,000 shares under the BioSig Technologies, Inc. 2011 Long Term Incentive Plan that were not subject to outstanding stock options or similar awards were rolled into the BioSig Technologies, Inc. 2012 Equity Incentive Plan. An aggregate of 6,006,123 shares of common stock are reserved for issuance under the BioSig Technologies, Inc. 2012 Equity Incentive Plan. As of April 30, 2014, the number of options granted the under the BioSig Technologies, Inc. 2012 Equity Incentive Plan are 2,990,977.

Since its adoption, we have granted options to purchase common stock under the BioSig Technologies, Inc. 2012 Equity Incentive Plan that are currently outstanding to the following named executive officers.

Name	Shares Subject to Options	Exercise Price	Date of Grant	Vesting Schedule	Expiration
Kenneth L. Londoner	250,000	$ 2.09	01/16/2013	Exercisable immediately	01/16/2020

DIRECTOR COMPENSATION

The following table provides compensation information for the one year period ended December 31, 2013 for each non-employee member of our board of directors. Directors are not paid for attendance (in person or by telephone) at meetings of the board of directors and no compensation was paid to our non-employee directors unless indicated below. Each stock option grant was made under the BioSig Technologies, Inc. 2012 Equity Incentive Plan.

Name	Fees earned or paid in cash ($)	Stock Awards ($) (1)	Option Awards ($) (1)	All other compensation ($)	Total ($)
Kalyanam Shivkumar, MD, Ph.D.	—	—	—	—	0
Roy Tanaka	—	—	—	—	0
Jeffrey O'Donnell (2)	—	—	175,624 (3)	—	175,624
William Uglow (4)	—	—	—	—	0
Jonathan Steinhouse	—	—	—	—	0
Asher Holzer, Ph.D.	—	—	—	—	0
Seth H. Z. Fischer	—	—	337,880 (5)	—	337,880

(1) Amounts represent the aggregate grant date fair value, as determined in accordance with FASB ASC Topic 718, with the exception that the amounts shown assume no forfeitures. For additional discussion of the valuation assumptions used in determining stock-based compensation and the grant date fair value for stock options, see "Management's Discussion and Analysis of Financial Condition and Results of Operation — Critical Accounting Policies — Stock based compensation" and Note 1 — "Summary of Significant Accounting Policies" of the Notes to the Financial Statements included herein. These amounts do not represent the actual value that may be realized by our non-employee directors, as that is dependent on the long-term appreciation in our common stock.

(2) Mr. O'Donnell resigned as a member of our board of directors in February 2014.

(3) The stock option award is comprised of an option to purchase 95,800 shares of common stock, which vested in 12 equal monthly installments beginning on February 1, 2013, with an exercise price of $2.09 per share and an expiration of January 1, 2020, so long as Mr. O'Donnell is providing services to us. If Mr. O'Donnell is no longer providing services to us, the option will expire three months from the date of such termination.

(4) Mr. Uglow resigned as a member of our board of directors in October 2013.

(5) The stock option award is comprised of an option to purchase 187,500 shares of common stock, which vested and will continue to vest in 12 equal monthly installments beginning on June 2, 2013, with an exercise price of $2.09 per share and an expiration of May 2, 2020, so long as Mr. Fischer is providing services to us. If Mr. Fischer is no longer providing services to us, the option will expire three months from the date of such termination.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Common Stock

The following table sets forth information with respect to the beneficial ownership of our common stock as of April 30, 2014 by:

- each person known by us to beneficially own more than 5.0% of our common stock;
- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Securities and Exchange Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. With respect to the Series C Preferred Stock and warrants held by the beneficial owners listed below, there exist contractual provisions limiting conversion and exercise to the extent such conversion or exercise would cause such beneficial owner, together with its affiliates or members of a "group," to beneficially own a number of shares of common stock which would exceed from 4.99% to 9.99% of our then outstanding shares of common stock following such conversion or exercise. The shares and percentage ownership of our outstanding shares indicated in the table below do not give effect to these limitations. Except as indicated in the footnotes to this table, to our knowledge and subject to community property laws where applicable, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o BioSig Technologies, Inc., 12424 Wilshire Boulevard, Suite 745, Los Angeles, California 90025.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage of Common Stock Owned (1)(2)
5% Owners		
Miko Consulting Group, Inc. (3)	3,417,474	39.06 %
Alpha Capital Anstalt (4)	1,758,396 (5)	17.57 %
Officers and Directors		
Kenneth L. Londoner	4,166,245 (6)	44.07 %
Asher Holzer, Ph.D.	81,000 (7)	*
Kalyanam Shivkumar, MD, Ph.D.	50,000 (8)	*
Roy Tanaka	119,821 (9)	1.35 %
Jonathan Steinhouse	250,633 (10)	2.84 %
Seth H. Z. Fischer	187,500 (11)	2.10 %
All directors and executive officers as a group (7 persons)	4,948,561	56.56 %

* Less than 1%

(1) Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assume the exercise of all options and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of April 30, 2014, except as otherwise noted. Shares issuable pursuant to the exercise of stock options and other securities convertible into common stock exercisable within 60 days are deemed outstanding and held by the holder of such options or other securities for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) These percentages have been calculated based on 8,749,569 shares of common stock outstanding as of April 30, 2014.

(3) Each of Budimir Drakulic and Lora Mikolaitis has joint voting and dispositive power over the securities held for the account of this stockholder.

(4) The address for Alpha Capital Anstalt is Pradafant 7, 9490 Furstentums, Vaduz, Lichtenstein. Konrad Ackermann has sole voting and dispositive power over the securities held for the account of this stockholder.

(5) Comprised of (i) 500,001 shares of common stock, (ii) shares of Series C Preferred Stock that are convertible into 416,667 shares of common stock, and (iii) warrants to purchase 841,728 shares of common stock. With respect to the Series C Preferred Stock and warrants, there exist contractual provisions limiting conversion and exercise to the extent such conversion or exercise would cause Alpha Capital Anstalt, together with its affiliates or members of a "group," to beneficially own a number of shares of common stock which would exceed from 4.99% to 9.99% of our then outstanding shares of common stock following such conversion or exercise. The shares and percentage ownership of our outstanding shares indicated in the table do not give effect to these limitations.

(6) Comprised of (i) 101,890 shares of common stock directly held by Mr. Londoner, (ii) 3,359,974 shares of common stock are held by Endicott Management Partners, LLC, an entity for which Mr. Londoner is deemed the beneficial owner, (iii) shares of Series B Preferred Stock that are convertible into 24,752 shares of common stock, (iv) shares of Series C Preferred Stock that are convertible into 133,334 shares of common stock, (v) warrants to purchase 296,295 shares of common stock, and (vi) options to purchase 250,000 shares of common stock that are currently exercisable .

(7) Comprised of options to purchase 81,000 shares of common stock that are currently exercisable .

(8) Comprised of options to purchase 50,000 shares of common stock that are currently exercisable .

(9) Comprised of options to purchase 119,821 shares of common stock that are currently exercisable .

(10) Comprised of (i) 190,498 shares of common stock, (ii) shares of Series C Preferred Stock that are convertible into 16,667 shares of common stock, and (iii) warrants to purchase 43,468 shares of common stock.

(11) Consists of options to purchase 187,500 shares of common stock that are currently exercisable or exercisable within 60 days of April 30, 2014.

Series B Preferred Stock

The following table sets forth information with respect to the beneficial ownership of shares of our Series B Preferred Stock as of April 30, 2014 by:

- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages of shares of our Series B Preferred Stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. To our knowledge and subject to community property laws where applicable, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o BioSig Technologies, Inc., 12424 Wilshire Boulevard, Suite 745, Los Angeles, California 90025. As of April 30, 2014, we had 177.5 shares of our Series B Preferred Stock outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage of Common Stock Owned (1) (2)
Officers and Directors		
Kenneth L. Londoner	10 (3)	5.6 %

(1) Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assume the exercise of all options and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of April 30, 2014, except as otherwise noted. Shares issuable pursuant to the exercise of stock options and other securities convertible into common stock exercisable within 60 days are deemed outstanding and held by the holder of such options or other securities for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) These percentages have been calculated based on 177.5 shares of our Series B Preferred Stock outstanding as of April 30, 2014.

(3) Mr. Londoner's shares are convertible into 24,752 shares of common, based upon a conversion price of $2.02 per share. The shares of our Series B Preferred Stock will automatically convert immediately upon us becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act, as amended.

Series C Preferred Stock

The following table sets forth information with respect to the beneficial ownership of shares of our Series C Preferred Stock as of April 30, 2014 by:

- each person known by us to beneficially own more than 5.0% of our common stock;
- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. The percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Securities and Exchange Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. Except as indicated in the footnotes to this table, to our knowledge and subject to community property laws where applicable, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o BioSig Technologies, Inc., 12424 Wilshire Boulevard, Suite 745, Los Angeles, California 90025. As of April 30, 2014, we had 2,781 shares of Series C Preferred Stock outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percentage of Common Stock Owned (1) (2)
5% Owners		
Alpha Capital Anstalt (3)	625	22.5 %
Michael N. Emmerman (4)	200	7.2 %
David W. Frost (5)	150	5.4
Michael B Carroll & Sheila J Carroll JTWROS (6)	150	5.4
Officers and Directors		
Kenneth L. Londoner	200	7.2 %
Jonathan Steinhouse	25	*
All directors and executive officers as a group (2 persons)	225	8.1 %

* Less than 1%

(1) Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assume the exercise of all options and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of April 30, 2014, except as otherwise noted. Shares issuable pursuant to the exercise of stock options and other securities convertible into common stock exercisable within 60 days are deemed outstanding and held by the holder of such options or other securities for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) These percentages have been calculated based on 2,781 shares of our Series C Preferred Stock outstanding as of April 30, 2014.

(3) The address of this stockholder is Pradafant 7, 9490 Furstentums, Vaduz, Lichtenstein.

(4) The address of this stockholder is 151 East 63rd Street, New York, NY 10065.

(5) The address of this stockholder is 4701 Pleasant Street, Apartment 361, West Des Moines, Iowa 50266.

(6) The address of this stockholder is 3919 Happy Valley Road, Lafayette, California 94549.

SELLING STOCKHOLDERS

Up to 4,990,471 shares of our common stock are currently being offered by the selling stockholders under this prospectus. This reflects the sum of (a) number of shares of common stock into which (i) the Series C Preferred Stock are currently convertible, at a price of $1.50 per share per $1,000 principal amount of Series C Preferred Stock and (ii) the warrants are exercisable, and (b) the shares of common stock issued in lieu of cash payments on the interest accrued on the bridge notes. Interest accrued on the bridge notes at a rate of 8% per annum. The total accrued interest on the bridge notes, which were exchanged for shares of common stock at a price of $2.09 per share, represented amounts accrued from the issuance of the bridge notes in the fourth quarter of 2013 until such bridge notes were exchanged for shares of the Series C Preferred Stock on February 6, 2013. All of the shares of Series C Preferred Stock and warrants were purchased by the selling stockholders in multiple closings from February to July 2013 pursuant to the same securities purchase agreement, except for (i) the warrants issued to the holders of our Series C Preferred Stock in consideration of certain amendments made to the related Securities Purchase Agreement and Registration Rights Agreement, and (ii) the warrants held by Laidlaw & Co. (UK) Ltd., which were issued as part of the compensation for serving as our placement agent in connection with the private placement of our Series C Preferred Stock and the related warrants. The selling stockholders paid $1,000 for a unit consisting of one share of Series C Preferred Stock and a warrant to purchase up to a number of shares of our common stock equal to 100% of $1,000 divided by $2.09. The terms of the Series C Preferred Stock were amended on March 27, 2014 to provide for a decrease of the conversion price of the Series C Preferred Stock from $2.09 per share to $1.50 per share. As a result of the amendment, the full-ratchet anti-dilution protection provision of the related warrants decreased the exercise price of the warrants from $2.61 per share to $1.50 per share and increased the number of shares issuable under each warrant was increased such that the aggregate exercise price payable under such warrant, after taking into account the decrease in the exercise price, is equal to the aggregate exercise price prior to such adjustment. In addition, due to our failure to fulfill our obligations under the registration rights agreement entered into with the holders of our Series C Preferred Stock, we owe such holders liquidated damages in an amount equal to.25% of the aggregate purchase price paid by such holders per month for each month period beginning on November 22, 2013. Because we have not paid such liquidated damages, we are also obligated to pay interest of 18% per annum, accruing daily, on such unpaid amounts to the holders of our Series C Preferred Stock.

The shares of common stock referred to above are being registered to permit public sales of the shares, and the selling stockholders may offer the shares for resale from time to time pursuant to this prospectus. The selling stockholders may also sell, transfer or otherwise dispose of all or a portion of their shares in transactions exempt from the registration requirements of the Securities Act of 1933, as amended, or pursuant to another effective registration statement covering those shares.

The table below sets forth certain information regarding the selling stockholders and the shares of our common stock offered by them in this prospectus. The selling stockholders have not had a material relationship with us within the past three years other than as described in the footnotes to the table below or as a result of their acquisition of our shares or other securities. To our knowledge, subject to community property laws where applicable, each person named in the table has sole voting and investment power with respect to the shares of common stock set forth opposite such person's name. None of the selling stockholders are broker-dealers or affiliates of broker-dealers, unless otherwise noted.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. In computing the percentage of our common stock beneficially owned by each selling stockholder after the offering, we have assumed that all shares offered by such selling stockholder have been sold, and therefore the calculation is based on a number of shares of common stock outstanding comprised of (i) 8,749,569 shares of common stock outstanding as of April 30, 2014 plus (ii) the number of shares offered by the selling stockholder in this offering. The shares offered by one selling stockholder are not deemed outstanding for the purpose of computing the percentage ownership of any other selling stockholder. With respect to the Series C Preferred Stock and warrants held by the selling stockholders, there exist contractual provisions limiting conversion and exercise to the extent such conversion or exercise would cause such selling stockholder, together with its affiliates or members of a "group," to beneficially own a number of shares of common stock which would exceed from 4.99% to 9.99% of our then outstanding shares of common stock following such conversion or exercise. The shares and percentage ownership of our outstanding shares indicated in the table below do not give effect to these limitations.

Selling Stockholder	Ownership Before Offering: Number of shares of common stock beneficially owned (1)	Ownership Before Offering: Number of shares offered	Ownership After Offering: Number of shares of common stock beneficially owned (1)	Ownership After Offering: Percentage of common stock beneficially owned (1) (2)
Michael N. Emmerman	487,314 (3)	345,686 (4)	141,628 (5)	1.61%
Lau Family Fund LP (6)	96,693 (7)	86,284 (8)	10,409 (9)	*
Jonathan Steinhouse (10)	250,633 (1 1)	43,068 (12)	207,565 (13)	2.37%
Kenneth L. Londoner (14)	4,166,245 (15)	344,049 (16)	3,822,196 (17)	41.94%
R. Ian Chaplin	73,204 (18)	43,000 (19)	30,204 (20)	*
Kenneth Epstein	192,084 (21)	171,270 (22)	20,814 (23)	*
Jerome B. Zeldis	114,148 (24)	85,371 (25)	28,777 (26)	*
Brio Capital Master Fund Ltd. (27)	239,438 (28)	213,420 (29)	26,018 (30)	*
Alpha Capital Anstalt (31)	1,758,396 (32)	1,067,086 (33)	691,310 (34)	7.73 %
Sterne Agee & Leach Inc C/F Maree Casatelli SEP IRA	47,889 (35)	42,685 (36)	5,204 (37)	*
Ron D Craig	202,484 (38)	157,332 (39)	45,152 (40)	*
Michael & Susan Engdall JTWROS	64,965 (41)	57,678 (42)	7,287 (43)	*
David W Frost	287,322 (44)	256,101 (45)	31,221 (46)	*
Phillip Todd Herndon	120,530 (47)	85,369 (48)	35,161 (49)	*
Rex A Jones	245,897 (50)	170,735 (51)	75,162 (52)	*
Nabil M Yazgi	143,322 (53)	34,148 (54)	109,174 (55)	1.23%
Portofino Ventures LP (56)	38,312 (57)	34,148 (58)	4,164 (59)	*
Thomas G Hoffman	55,315 (60)	42,685 (61)	12,630 (62)	*
James W Lees	56,429 (63)	50,183 (64)	6,246 (65)	*
Martin F Sauer	75,063 (66)	42,685 (67)	32,378 (68)	*
Ray Weber	84,118 (69)	74,750 (70)	9,368 (71)	*
Sterne Agee & Leach Inc C/F Raymond E Weber IRA	67,042 (72)	59,757 (73)	7,285 (74)	*
Fourfathom Capital, LLC (75)	191,549 (76)	170,735 (77)	20,814 (78)	*
Michael B & Sheila J Carroll JTWROS	287,321 (29)	256,101 (80)	31,221 (81)	*
Scott D. Gamble	191,549 (82)	170,735 (83)	20,814 (84)	*
Brian E. Jones & Peggy A. Jones JTWROS	120,530 (85)	85,369 (86)	35,161 (87)	*
David Patterson	38,312 (88)	34,148 (89)	4,164 (90)	*
Herschel E. Johnson	32,565 (91)	29,026 (92)	3,539 (93)	*
George & Karin Alexa Elefther JTWROS	22,127 (94)	7,498 (95)	14,629 (96)	*
L. Dean Fox	22,127 (97)	7,498 (98)	14,629 (99)	*
Sterne Agee & Leach Inc C/F John L Sommer IRA	66,581 (100)	14,993 (101)	51,588 (102)	*
Sterne Agee & Leach Inc C/F David W Frost IRA	10,245 (103)	8,996 (104)	1,249 (105)	*
Allan D Carlson	17,076 (106)	14,993 (107)	2,083 (108)	*
Ian H Murray	17,076 (109)	14,993 (110)	2,083 (111)	*
Sterne Agee & Leach Inc C/F Randy Payne IRA	41,828 (112)	14,993 (113)	26,835 (114)	*
Dr. Richard & Anita Matter JTWROS	34,150 (115)	29,986 (116)	4,164 (117)	*
Robert J Gray	56,272 (118)	37,481 (119)	18,791 (120)	*
Randal E Margo	42,685 (121)	37,481 (122)	5,204 (123)	*
Eugene E Eubank	85,369 (124)	74,962 (125)	10,407 (126)	*
Robert W Baird & Co Inc TTEE FBO Brian Mark Miller ROTH IRA	170,735 (127)	149,921 (128)	20,814 (129)	*
Sterne Agee & Leach Inc C/F Dr Gary W Chmielewski IRA	17,076 (130)	14,993 (131)	2,083 (132)	*
Laidlaw & Co (UK) Ltd (133)	429,208 (134)	308,079 (134)	121,129 (134)	1.37%

* Less than 1%

(1) Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assume the exercise of all options and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of April 30, 2014, except as otherwise noted. Shares issuable pursuant to the exercise of stock options and other securities convertible into common stock exercisable within 60 days are deemed outstanding and held by the holder of such options or other securities for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) These percentages have been calculated based on 8,749,569 shares of common stock outstanding as of April 30, 2014.

(3) Includes 4,216 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 133,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 166,508 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 83,256 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(4) Includes 4,216 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 133,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, and 208,136 shares of common stock issuable upon the exercise of warrants.

(5) Includes 41,628 shares of common stock issuable upon the exercise of warrants.

(6) S7 Capital, the general partner of Lau Family Fund LP, has voting and dispositive power over the securities held for the account of this selling stockholder. S7 Capital is controlled by Steven Lau, its manager, and accordingly, Mr. Lau may be deemed to have sole voting and dispositive power over the securities owned by Lau Family Fund LP.

(7) Comprised of 913 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 33,334 shares of common stock issuable upon conversion of shares of our Series C Preferred Stock, 41,628 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 20,818 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(8) Comprised of 913 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 33,334 shares of common stock issuable upon conversion of shares of our Series C Preferred Stock and 52,037 shares of common stock issuable upon the exercise of warrants.

(9) Comprised of 10,409 shares of common stock issuable upon the exercise of warrants.

(10) Jonathan Steinhouse is a member of our board of directors.

(11) Includes 383 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 33,060 shares of common stock issuable upon the exercise of warrants purchased in two private placement transactions and 10,408 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement. In January and May 2011, Mr. Steinhouse purchased an aggregate of 59,375 shares of common stock at a price of $0.80 per share for an aggregate purchase price of $47,500 as part of our “friends and family” round of financing.

(12) Comprised of 383 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 26,018 shares of common stock issuable upon the exercise of warrants.

(13) Includes 17,450 shares of common stock issuable upon the exercise of warrants.

(14) Kenneth L Londoner is our executive chairman.

(15) Comprised of (i) 99,311 shares of common stock directly held by Mr. Londoner and 2,579 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, (ii) 3,359,974 shares of common stock held by Endicott Management Partners, LLC, an entity for which Mr. Londoner is deemed the beneficial owner, (iii) 10 shares of Series B Preferred Stock that are convertible into 24,752 shares of common stock, which he purchased for an aggregate purchase price of $50,000, (iv) shares of Series C Preferred Stock that are convertible into 133,334 shares of common stock, (v) 213,039 shares of common stock issuable upon the exercise of warrants purchased in two private placement transactions, (vi) 83,256 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement, and (vii) options to purchase 250,000 shares of common stock that are currently exercisable.

(16) Comprised of 2,579 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 133,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 208,136 shares of common stock issuable upon the exercise of warrants.

(17) Comprised of (i) 99,311shares of common stock directly held by Mr. Londoner, (ii) 3,359,974 shares of common stock are held by Endicott Management Partners, LLC, an entity for which Mr. Londoner is deemed the beneficial owner, (iii) 88,159 shares of common stock issuable upon the exercise of warrants, and (iv) options to purchase 250,000 shares of common stock that are currently exercisable.

(18) Includes 315 shares of common stock issued in lieu of cash payments on the interest accrued on the bridge notes, 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 20,814 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 10,408 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement. In February and May 2011, Mr. Chaplin purchased an aggregate of 25,000 shares of common stock at a price of $0.80 per share for an aggregate purchase price of $20,000 as part of our “friends and family” round of financing.

(19) Comprised of 315 shares of common stock issued in lieu of cash payments on the interest accrued on the bridge notes, 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 26,018 shares of common stock issuable upon the exercise of warrants.

(20) Includes 5,204 shares of common stock issuable upon the exercise of warrants.

(21) Comprised of 535 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 83,254 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 41,628 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(22) Comprised of 535 shares of common stock issued in lieu of cash payments on the interest accrued on his bridge notes, 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 104,068 shares of common stock issuable upon the exercise of warrants.

(23) Comprised of 20,814 shares of common stock issuable upon the exercise of warrants.

(24) Comprised of 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 47,751 shares of common stock issuable upon the exercise of warrants purchased in two private placement transactions and 20,818 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(25) Comprised of 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 52,037 shares of common stock issuable upon the exercise of warrants.

(26) Comprised of 10,409 shares of common stock issuable upon the exercise of warrants.

(27) Shaye Hirsch, director of Brio Capital Master Fund Ltd., has sole voting and dispositive power over the securities held for the account of this selling stockholder.

(28) Comprised of 83,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 104,068 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 52,036 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(29) Comprised of 83,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 130,086 shares of common stock issuable upon the exercise of warrants.

(30) Comprised of 26,018 shares of common stock issuable upon the exercise of warrants.

(31) Konrad Ackermann has sole voting and dispositive power over the securities held for the account of this selling stockholder. Pursuant to the Securities Purchase Agreement by and among us and the holders of the Series C Preferred Stock, Alpha Capital Anstalt was entitled to an expense reimbursement from us of $95,000, of which $62,500 was paid in cash and $32,500 was paid shares of common stock at a conversion price of $2.09 per share, and a warrant to purchase 8,700 shares of common stock. In addition, any amendments to the Securities Purchase Agreement must be approved by holders representing at least 67% of the outstanding shares of the Series C Preferred Stock, which holders must include Alpha Capital Anstalt, so long as Alpha Capital Anstalt holds not less than $100,000 of Series C Preferred Stock. Also, we may not (i) increase the number of authorized shares of preferred stock, (ii) amend our charter documents, including the terms of the Series C Preferred Stock, in any manner adverse to the holders of the Series C Preferred Stock, or (iii) perform certain covenants, including restrictions on incurrence of debt and liens, repurchasing our equity securities, payment of cash dividends and engaging in affiliate transactions without the approval of holders representing at least 67% of the outstanding shares of the Series C Preferred Stock, which holders must include Alpha Capital Anstalt, so long as Alpha Capital Anstalt holds not less than $100,000 of Series C Preferred Stock.

(32) Comprised of 500,001 shares of common stock, 416,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 581,560 shares of common stock issuable upon the exercise of warrants purchased in two private placement transactions and 260,168 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(33) Comprised of 416,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 650,419 shares of common stock issuable upon the exercise of warrants.

(34) Includes 191,309 shares of common stock issuable upon the exercise of warrants.

(35) Comprised of 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 20,814 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 10,408 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(36) Comprised of 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 26,018 shares of common stock issuable upon the exercise of warrants.

(37) Comprised of 5,204 shares of common stock issuable upon the exercise of warrants.

(38) Comprised of (i) 10 shares of Series B Preferred Stock that are convertible into 24,752 shares of common stock, which were purchased for an aggregate purchase price of $50,000, (ii) 65,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 81,589 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 30,809 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(39) Comprised of 65,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 91,998 shares of common stock issuable upon the exercise of warrants.

(40) Includes 20,400 shares of common stock issuable upon the exercise of warrants.

(41) Comprised of 23,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 29,140 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 12,491 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(42) Comprised of 23,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 34,344 shares of common stock issuable upon the exercise of warrants.

(43) Comprised of 7,287 shares of common stock issuable upon the exercise of warrants.

(44) Comprised of 100,000 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 124,880 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 62,442 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(45) Comprised of 100,000 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 156,101 shares of common stock issuable upon the exercise of warrants.

(46) Comprised of 31,221 shares of common stock issuable upon the exercise of warrants.

(47) Comprised of (i) 10 shares of Series B Preferred Stock that are convertible into 24,752 shares of common stock, which were purchased for an aggregate purchase price of $50,000, (ii) 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 41,626 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 20,818 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(48) Comprised of 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 52,035 shares of common stock issuable upon the exercise of warrants.

(49) Includes 10,409 shares of common stock issuable upon the exercise of warrants.

(50) Comprised of (i) 20 shares of Series A Preferred Stock that are convertible into 54,348 shares of common stock, which were purchased for an aggregate purchase price of $100,000, (ii) 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 83,254 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 41,628 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(51) Comprised of 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 104,068 shares of common stock issuable upon the exercise of warrants.

(52) Includes 20,814 shares of common stock issuable upon the exercise of warrants.

(53) Comprised of (i) 35 shares of Series A Preferred Stock that are convertible into 95,109 shares of common stock, which were purchased for an aggregate purchase price of $175,000, (ii) 4 shares of Series B Preferred Stock that are convertible into 9,901 shares of common stock, which were purchased for an aggregate purchase price of $20,000, (iii) 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iv) 16,650 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (v) 8,328 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(54) Comprised of 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 20,814 shares of common stock issuable upon the exercise of warrants.

(55) Includes 4,164 shares of common stock issuable upon the exercise of warrants.

(56) Portofino Management, Inc., the general partner of Portofino Ventures LP, has voting and dispositive power over the securities held for the account of this selling stockholder. Portofino Management, Inc. is controlled by Michael Knudsen, its president, and accordingly, Mr. Knudsen may be deemed to have sole voting and dispositive power over the securities owned by Portofino Management, Inc.

(57) Comprised of 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 16,650 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 8,328 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(58) Comprised of 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 20,814 shares of common stock issuable upon the exercise of warrants.

(59) Comprised of 4,164 shares of common stock issuable upon the exercise of warrants.

(60) Comprised of (i) 3 shares of Series B Preferred Stock that are convertible into 7,426 shares of common stock, which were purchased for an aggregate purchase price of $15,000, (ii) 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 20,814 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 10,408 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(61) Comprised of 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 26,018 shares of common stock issuable upon the exercise of warrants.

(62) Includes 5,204 shares of common stock issuable upon the exercise of warrants.

(63) Comprised of 20,001 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 24,978 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 11,450 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(64) Comprised of 20,001 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 30,182 shares of common stock issuable upon the exercise of warrants.

(65) Comprised of 6,246 shares of common stock issuable upon the exercise of warrants.

(66) Comprised of (i) 10 shares of Series A Preferred Stock that are convertible into 27,174 shares of common stock, which were purchased for an aggregate purchase price of $50,000, (ii) 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 20,814 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 10,408 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(67) Comprised of 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 26,018 shares of common stock issuable upon the exercise of warrants.

(68) Includes 5,204 shares of common stock issuable upon the exercise of warrants.

(69) Comprised of 30,001 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 37,464 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 16,653 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(70) Comprised of 30,001 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 44,749 shares of common stock issuable upon the exercise of warrants.

(71) Comprised of 9,368 shares of common stock issuable upon the exercise of warrants.

(72) Comprised of 23,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 29,138 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 14,570 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(73) Comprised of 23,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 36,423 shares of common stock issuable upon the exercise of warrants.

(74) Comprised of 7,285 shares of common stock issuable upon the exercise of warrants.

(75) Brian Miller, manager of Fourfathom Capital, LLC, has sole voting and dispositive power over the securities held for the account of this selling stockholder.

(76) Comprised of 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 83,254 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 41,628 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(77) Comprised of 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 104,068 shares of common stock issuable upon the exercise of warrants.

(78) Comprised of 20,814 shares of common stock issuable upon the exercise of warrants.

(79) Comprised of 100,000 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 124,880 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 62,442 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(80) Comprised of 100,000 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 156,101 shares of common stock issuable upon the exercise of warrants.

(81) Comprised of 31,221 shares of common stock issuable upon the exercise of warrants.

(82) Comprised of 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 83,254 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 41,628 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(83) Comprised of 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 104,068 shares of common stock issuable upon the exercise of warrants.

(84) Comprised of 20,814 shares of common stock issuable upon the exercise of warrants.

(85) Comprised of (i) 10 shares of Series B Preferred Stock that are convertible into 24,752 shares of common stock, which were purchased for an aggregate purchase price of $50,000, (ii) 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 41,626 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 20,818 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(86) Comprised of 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 52,035 shares of common stock issuable upon the exercise of warrants.

(87) Includes 10,409 shares of common stock issuable upon the exercise of warrants.

(88) Comprised of 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 16,650 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 8,328 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(89) Comprised of 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 20,814 shares of common stock issuable upon the exercise of warrants.

(90) Comprised of 4,164 shares of common stock issuable upon the exercise of warrants.

(91) Comprised of 11,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 14,153 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 7,078 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(92) Comprised of 11,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 17,692 shares of common stock issuable upon the exercise of warrants.

(93) Comprised of 3,539 shares of common stock issuable upon the exercise of warrants.

(94) Comprised of (i) 5 shares of Series A Preferred Stock that are convertible into 13,587 shares of common stock, which were purchased for an aggregate purchase price of $25,000, (ii) 3,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 4,164 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 1,042 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(95) Comprised of 3,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 4,164 shares of common stock issuable upon the exercise of warrants.

(96) Includes 1,042 shares of common stock issuable upon the exercise of warrants.

(97) Comprised of (i) 5 shares of Series A Preferred Stock that are convertible into 13,587 shares of common stock, which were purchased for an aggregate purchase price of $25,000, (ii) 3,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 4,164 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 1,042 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(98) Comprised of 3,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 4,164 shares of common stock issuable upon the exercise of warrants.

(99) Includes 1,042 shares of common stock issuable upon the exercise of warrants.

(100) Comprised of (i) 20 shares of Series B Preferred Stock that are convertible into 49,505 shares of common stock, which were purchased for an aggregate purchase price of $100,000, (ii) 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 8,326 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 2,083 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(101) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 8,326 shares of common stock issuable upon the exercise of warrants.

(102) Includes 2,083 shares of common stock issuable upon the exercise of warrants.

(103) Comprised of 4,000 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 4,996 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 1,249 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(104) Comprised of 4,000 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 4,996 shares of common stock issuable upon the exercise of warrants.

(105) Comprised of 1,249 shares of common stock issuable upon the exercise of warrants.

(106) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 8,326 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 2,083 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(107) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 8,326 shares of common stock issuable upon the exercise of warrants.

(108) Comprised of 2,083 shares of common stock issuable upon the exercise of warrants.

(109) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 8,326 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 2,083 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(110) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 8,326 shares of common stock issuable upon the exercise of warrants.

(111) Comprised of 2,083 shares of common stock issuable upon the exercise of warrants.

(112) Comprised of (i) 5 shares of Series B Preferred Stock that are convertible into 24,752 shares of common stock, which were purchased for an aggregate purchase price of $25,000, (ii) 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 8,326 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 2,083 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(113) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 8,326 shares of common stock issuable upon the exercise of warrants.

(114) Includes 2,083 shares of common stock issuable upon the exercise of warrants.

(115) Comprised of 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 16,652 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 4,164 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(116) Comprised of 13,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 16,652 shares of common stock issuable upon the exercise of warrants.

(117) Comprised of 4,164 shares of common stock issuable upon the exercise of warrants.

(118) Comprised of (i) 5 shares of Series A Preferred Stock that are convertible into 13,587 shares of common stock, which were purchased for an aggregate purchase price of $25,000, (ii) 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, (iii) 20,814 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction, and (iv) 5,204 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(119) Comprised of 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 20,814 shares of common stock issuable upon the exercise of warrants.

(120) Includes 5,204 shares of common stock issuable upon the exercise of warrants.

(121) Comprised of 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 20,814 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 5,204 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(122) Comprised of 16,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 20,814 shares of common stock issuable upon the exercise of warrants.

(123) Comprised of 5,204 shares of common stock issuable upon the exercise of warrants.

(124) Comprised of 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 41,628 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 10,407 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(125) Comprised of 33,334 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 41,628 shares of common stock issuable upon the exercise of warrants.

(126) Comprised of 10,407 shares of common stock issuable upon the exercise of warrants.

(127) Comprised of 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 83,254 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 20,814 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(128) Comprised of 66,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 83,254 shares of common stock issuable upon the exercise of warrants.

(129) Comprised of 20,814 shares of common stock issuable upon the exercise of warrants.

(130) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock, 8,326 shares of common stock issuable upon the exercise of warrants purchased in a private placement transaction and 2,083 shares of common stock issuable upon the exercise of warrants issued in consideration of certain amendments made to our Securities Purchase Agreement and Registration Rights Agreement.

(131) Comprised of 6,667 shares of common stock issuable upon the conversion of shares of our Series C Preferred Stock and 8,326 shares of common stock issuable upon the exercise of warrants.

(132) Comprised of 2,083 shares of common stock issuable upon the exercise of warrants.

(133) Laidlaw & Co (UK) Ltd is a registered broker-dealer. Matthew Eitner is the chief executive officer of Laidlaw & Co (UK) Ltd and, in such capacity, he may be deemed to have voting and dispositive power over the securities held for the account of this selling stockholder. On January 17, 2013, we engaged Laidlaw & Co (UK) Ltd to serve as our placement agent in connection with the private placement of our Series C Preferred Stock and the related warrants. In connection with such private placement, we paid Laidlaw & Co (UK) Ltd a fee of $166,860 and we issued it a five-year warrant to purchase 177,057 shares of our common stock, at an initial exercise price of $2.61 per share. As a result of the amendment to our Series C Preferred Stock, the full-ratchet anti-dilution protection provision of such warrant decreased the exercise price to $1.50 per share and increased the number of shares issuable to 308,079. In addition, on January 18, 2013, we issued Laidlaw & Co (UK) Ltd (or its assigns) two seven-year warrants to purchase: 35,076 shares at an initial exercise price of $1.84 per share in connection with the private placement of our Series A Preferred Stock; and 30,755 shares at an initial exercise price of $2.02 per share in connection with our Series B Preferred Stock. On December 31, 2013, we issued Laidlaw & Co (UK) Ltd a five year warrant to purchase 21,551 shares of our common stock and, on January 31, 2014, we issued a warrant to purchase 10,771 shares of our common stock, with each warrant having an initial exercise price of $3.67, in connection with serving as our placement agent for a private placement transaction of our common stock. On April 4, 2014, we issued Laidlaw & Co (UK) Ltd a five year warrant to purchase 8,196 shares of our common stock at an initial exercise price of $3.75 in connection with serving as our placement agent for a private placement transaction of our common stock. On April 30, 2014, we issued Laidlaw & Co (UK) Ltd a five year warrant to purchase 14,780 shares of our common stock at an initial exercise price of $3.75 in connection with serving as our placement agent for a private placement transaction of our common stock.

(134) Comprised of shares of common stock issuable upon the exercise of warrants.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

On May 15, 2011, we issued to each of an entity wholly-owned by Mr. Londoner and Miko Consulting Group, Inc., an entity jointly controlled by Dr. Drakulic and Ms. Mikolaitis, 1,700,000 shares of common stock issued at par value for services rendered as our founders in 2009.

On August 1, 2012, we entered into a consulting agreement with Asher Holzer, Ph.D., a member of our board of directors. Pursuant to the consulting agreement, Dr. Holzer was to serve as our chief scientific officer and assist in the development of our technology and our PURE EP System, in exchange for monthly payments of $10,000. We have paid Dr. Holzer an initial payment of $7,500 pursuant to the consulting agreement and we are negotiating an amendment to the consulting agreement with Dr. Holzer that will reflect the parties' current relationship.

On November 21, 2012, we issued an unsecured promissory note for $218,000 to Kenneth L. Londoner, our then chairman and chief executive officer, for previously advanced funds with interest payable annually, in arrears, on each anniversary at the short term "Applicable Federal Rate" within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended, which was 0.22% in November 2012, and which will be adjusted each anniversary date. The promissory note matures November 21, 2021 and may be prepaid, without premium or penalty, at any time. In connection with the private placement of our Series C Preferred Stock and warrants, on February 6, 2013, Mr. Londoner agreed not to receive payments (by voluntary prepayment, acceleration, set-off or otherwise) associated with the unsecured promissory note absent the prior written consent of the purchasers holding at least 67% interest of our Series C Preferred Stock outstanding, which purchasers must include Alpha Capital Anstalt so long as Alpha Capital Anstalt holds not less than $100,000 of our Series C Preferred Stock. As of June 30, 2013, aggregate interest of $277.19 has accrued on this unsecured promissory note. The unsecured promissory note was converted into our equity securities, pursuant to a private placement transaction on December 31, 2013, as described below.

On December 6, 2012, we issued an unsecured promissory note for $30,000 to a company under the control of Mr. Londoner for previously advanced funds, interest free and due the earlier of (i) the next financing of not less than $300,000; (ii) February 28, 2013 or (iii) occurrence of an event of default, as defined. The promissory note has been paid in full.

In the fourth quarter of 2012, we sold $600,000 principal amount of certain bridge notes and related warrants in a private placement to selected accredited investors. These bridge notes and related warrants were converted into shares of our Series C Preferred Stock and warrants on February 6, 2013. Kenneth L. Londoner, our then chairman and chief executive officer, purchased $200,000 principal amount of notes, which were converted into 200 shares of Series C Preferred Stock and a warrant to purchase 95,694 shares of our common stock, and Jonathan Steinhouse; a member of our board of directors, purchased $25,000 principal amount of notes, which were converted into 25 shares of Series C Preferred Stock and a warrant to purchase 11,962 shares of our common stock. We also issued to Mr. Londoner and Mr. Steinhouse, in lieu of cash payments on the interest accrued on their respective bridge notes, 2,579 and 383 shares of common stock, respectively. The terms of the Series C Preferred Stock were amended on March 27, 2014 to provide for a decrease of the conversion price of the Series C Preferred Stock from $2.09 per share to $1.50 per share. As a result of the amendment, the full-ratchet anti-dilution protection provision of the related warrants decreased the exercise price of the warrants from $2.61 per share to $1.50 per share and increased the number of shares issuable under each warrant was increased such that the aggregate exercise price payable under such warrant, after taking into account the decrease in the exercise price, is equal to the aggregate exercise price prior to such adjustment. As such, the number of shares of common stock issuable upon exercise of the warrants increased to 166,508 shares for Mr. Londoner and 20,814 shares for Mr. Steinhouse. In addition, in connection with amendments to the terms of the Series C Preferred Stock, we issued to (i) Mr. Londoner warrants to purchase an aggregate of 83,256 shares of common stock and (ii) Mr. Steinhouse warrants to purchase an aggregate of 10,408 shares of common stock, which such figures reflecting the triggering of the full-ratchet anti-dilution protection provision of the warrants.

From 2010 to 2013, Mr. Londoner made four different advances of funds to us in the aggregate amount of $22,000, of which $12,000 has been repaid. In the first quarter of 2013, Mr. Steinhouse made an advance of funds to us in the amount of $20,000, which has been repaid in full. These advances were interest-free and not made on condition of any specific terms. The remaining $10,000 owed to Mr. Londoner was converted into our equity securities, pursuant to a private placement transaction on December 31, 2013, as described below.

On February 12, 2013, as part of a private placement transaction, we issued to Alpha Capital Anstalt 625 shares of Series C Preferred Stock and a warrant to purchase 520,335 shares of our common stock for a purchase price of $625,000. In addition, in connection with amendments to the terms of the Series C Preferred Stock, we issued to Alpha Capital Anstalt warrants to purchase an aggregate of 260,168 shares of common stock. The number of shares of common stock issuable upon exercise of the warrants reflect the triggering of the full-ratchet anti-dilution protection provision of the warrants.

On May 2, 2013, we entered into an indemnity agreement with Seth H. Z. Fischer in connection with our appointment of Mr. Fischer to our board of directors. Pursuant to the indemnity agreement, we agreed to indemnify Mr. Fischer for all costs and losses relating to proceedings arising out of his service on our board of directors, to the fullest extent permitted by applicable law, subject to certain exceptions, including, but limited to, a final adjudication that Mr. Fischer's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct, or a final adjudication that established Mr. Fischer breached his duty of loyalty to us or that his conduct resulted in illegal personal profits. In addition, we agreed to advance Mr. Fischer expenses when properly requested and we will be entitled to assume the defense of Mr. Fischer if he requests payment of expenses under the indemnity agreement.

In the fourth quarter of 2013, Steve Chaussy, our chief financial officer, made three different advances of funds to us in the aggregate amount of $21,545, which remains unpaid. Also in the fourth quarter of 2013, Mr. Steinhouse made an advance of funds to us in the amount of $6,000, which remains unpaid. These advances were interest-free and not made on condition of any specific terms.

On December 31, 2013, as part of a private placement transaction of our common stock and warrants, (i) $228,000 of our outstanding indebtedness that was due to Mr. Londoner was converted into 93,061 shares of common stock and a warrant to purchase 46,531 shares of our common stock; and (ii) we issued to Alpha Capital Anstalt 122,448 shares of our common stock and a warrant to purchase 61,225 shares of our common stock for a purchase price of $300,000.

On January 31, 2014, as part of a private placement transaction of our common stock and warrants, Mr. Steinhouse purchased an aggregate of 24,490 shares of common stock and a warrant to purchase 12,246 shares of common stock for an aggregate purchase price of $60,000.

DESCRIPTION OF SECURITIES

We have authorized 51,000,000 shares of capital stock, par value $0.001 per share, of which 50,000,000 are shares of common stock and 1,000,000 are shares of "blank check" preferred stock, of which 200 are authorized as Series A Preferred Stock, 600 are authorized as Series B Preferred Stock and 4,200 are authorized as Series C Preferred Stock. On April 30, 2014, there were 8,749,569 shares of common stock issued and outstanding, 184.4 shares of Series A Preferred Stock issued and outstanding, 177.5 shares of Series B Preferred Stock issued and outstanding and 2,781 shares of Series C Preferred Stock issued and outstanding.

Pursuant to the terms of our Series A Preferred Stock and our Series B Preferred Stock, upon us becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act, as amended, all shares of our Series A Preferred Stock and our Series B Preferred Stock will automatically convert into shares of our common stock. As a result, upon the effectiveness of this registration statement, the outstanding shares of our Series A Preferred Stock and our Series B Preferred Stock will convert into an aggregate of 1,072,757 shares of our common stock, including dividends accrued on the shares of preferred stock that will be paid in kind and automatically converted. In addition, there will be 43 additional holders of our common stock. Therefore, upon the effectiveness of this registration statement, there will be an aggregate of 14,574,095 shares of our common stock outstanding, separate from any shares registered on this registration statement.

The shares of common stock offered by this prospectus are issuable upon the exercise of common stock purchase warrants or the conversion of shares of Series C Preferred Stock. As such, if a selling stockholder exercises all or any portion of its warrants on a cash basis, we will receive the aggregate exercise price paid by such selling stockholder in connection with any such warrant exercise. The maximum amount of proceeds we would receive upon the exercise of all the warrants on a cash basis would be approximately $4,690,000. However, certain of the selling stockholders may also exercise their warrants through a cashless exercise. In the event a selling stockholder exercises a warrant through a cashless exercise, we will not receive any proceeds from such exercise. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes.

Holders of Capital Stock

As of March 27, 2014, we had 45 holders of our common stock, 20 holders of our Series A Preferred Stock, 24 holders of our Series B Preferred Stock and 41 holders of our Series C Preferred Stock.

Rule 144 Shares

As of March 27, 2014, we had 2,490,068 shares of our common stock that are currently available for sale to the public, including shares of common stock issuable upon conversion of our Series A Preferred Stock, Series B Preferred Stock and certain shares of our Series C Preferred Stock. On May 6, 2014, 124,669 shares of our common stock issuable upon conversion of our Series C Preferred Stock will have satisfied the holding period requirements of Rule 144. On July 15, 2014, 239,340 shares of our common stock issuable upon conversion of our Series C Preferred Stock will have satisfied the holding period requirements of Rule 144. On January 31, 2015, 83,218 shares of our common stock will have satisfied the holding period requirements of Rule 144. On April 4, 2015, 81,960 shares of our common stock will have satisfied the holding period requirements of Rule 144. On April 30, 2015, 147,800 shares of our common stock will have satisfied the holding period requirements of Rule 144.

Common Stock

The holders of common stock are entitled to one vote per share on all matters to be voted upon by stockholders. Holders of our common stock are entitled to receive ratably dividends as may be declared by the board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution, or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities. The common stock has no preemptive or conversion rights, other subscription rights, or redemption or sinking fund provisions.

Each share of common stock entitles the holder to one vote, either in person or by proxy, at meetings of stockholders. The holders are not permitted to vote their shares cumulatively. Accordingly, the stockholders of our common stock who hold, in the aggregate, more than fifty percent of the total voting rights can elect all of our directors and, in such event, the holders of the remaining minority shares will not be able to elect any of such directors. The vote of the holders of a majority of the issued and outstanding shares of common stock entitled to vote thereon is sufficient to authorize, affirm, ratify or consent to such act or action, except as otherwise provided by law.

Subject to the rights of the holders of any preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of funds legally available. We have not paid any dividends since our inception, and, subject to our obligations to pay dividends to the holders of our preferred stock as described below, we presently anticipate that all earnings, if any, will be retained for development of our business. Any future disposition of dividends will be at the discretion of our board of directors and will depend upon, among other things, our future earnings, operating and financial condition, capital requirements, and other factors.

Holders of our common stock have no preemptive rights or other subscription rights, conversion rights, redemption or sinking fund provisions. Subject to the rights of the holders of our preferred stock, upon our liquidation, dissolution or winding up, the holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities. There are no provisions in our certificate of incorporation or our by-laws that would prevent or delay a change in our control.

Series A Preferred Stock

The holders of the Series A Preferred Stock are entitled to a five percent (5%) dividend on the $5,000 per share stated value. From and after May 31, 2011, cumulative, preferential dividends on outstanding shares of Series A Preferred Stock have accrued and have been payable quarterly, in arrears, beginning on August 31, 2011. Dividends are payable at our option in cash or in shares of Series A Preferred Stock. If not previously converted, the shares of the Series A Preferred Stock will be redeemed by us on December 31, 2014. In the event of our liquidation or winding up of affairs, the holders of the Series A Preferred Stock will be entitled to a liquidation preference of the stated value plus any accrued but unpaid dividends.

Upon us being required to file reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the shares of Series A Preferred Stock will automatically convert into shares of common stock at a conversion price equal to $1.84 per share. In addition, at any time prior to the automatic conversion of the Series A Preferred Stock, the holders of the Series A Preferred Stock have the option to convert some or all of their shares of Series A Preferred Stock into shares of common stock at a conversion price equal to $1.84 per share.

The holders of the Series A Preferred Stock have no voting rights, except as required by law. Any amendment to our certificate of incorporation that adversely affects the Series A Preferred Stock requires the approval of the holders of a majority of the shares of Series A Preferred Stock then outstanding.

Series B Preferred Stock

The holders of the Series B Preferred Stock are entitled to a five percent (5%) dividend on the $5,000 per share stated value. From and after December 31, 2011, cumulative, preferential dividends on outstanding shares of Series B Preferred Stock have accrued and have been payable quarterly, in arrears, beginning on March 31, 2012. Dividends are payable at our option in cash or in shares of Series B Preferred Stock. If not previously converted, the shares of the Series B Preferred will be redeemed by us on December 31, 2014. In the event of our liquidation or winding up of affairs, the holders of the Series B Preferred Stock, subject to the rights of the holders of the Series A Preferred Stock, will be entitled to a liquidation preference of the stated value plus any accrued but unpaid dividends.

Upon us being required to file reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the shares of Series B Preferred will automatically convert into shares of common stock at a conversion price equal to $2.02 per share. In addition, at any time prior to the automatic conversion of the Series B Preferred Stock, the holders of the Series B Preferred Stock have the option to convert some or all of their shares of Series B Preferred Stock into shares of common stock at a conversion price equal to $2.02 per share.

The holders of the Series B Preferred Stock have no voting rights, except as required by law. Any amendment to our certificate of incorporation that adversely affects the Series B Preferred Stock requires the approval of the holders of a majority of the shares of Series B Preferred Stock then outstanding.

Series C Preferred Stock

The holders of the Series C Preferred Stock are entitled to a nine percent (9%) dividend on the $1,000 per share Stated Value. Unless the Series C Preferred Stock is converted into shares of common stock, from and after February 12, 2013, the dividends have accrued and have been payable in cash or, subject to the satisfaction of certain conditions, in pay-in-kind shares. Such cumulative dividends are payable quarterly, commencing on September 30, 2013 and on each conversion date; provided, however, that if a holder converts its shares of Series C Preferred Stock into shares of common stock any time prior to February 12, 2016, the holder will be deemed to have earned a make whole amount as if such shares of Series C Preferred Stock had been outstanding until such date. The terms of the Series C Preferred Stock were amended on March 27, 2014. The description herein reflects such amended terms.

In the event that

(i) we fail to, or announce our intention not to, deliver common stock share certificates upon conversion of our Series C Preferred Stock prior to the seventh trading day after such shares are required to be delivered,
(ii) we fail for any reason to pay in full the amount of cash due pursuant to our failure to deliver common stock share certificates upon conversion of our Series C Preferred Stock within five calendar days after notice therefor is delivered,
(iii) we fail to have available a sufficient number of authorized and unreserved shares of common stock to issue to upon a conversion of our Series C Preferred Stock,
(iv) we fail to observe or perform any other covenant, agreement or warranty contained in, or otherwise commit any breach of our obligations under, the securities purchase agreement, the registration rights agreement, the certificate of designation or the warrants entered into pursuant to the private placement transaction for our Series C Preferred Stock, which failure or breach could have a material adverse effect, and such failure or breach is not cured within 30 calendar days after written notice was delivered,
(v) we are party to a change of control transaction,
(vi) we file for bankruptcy or a similar arrangement or are adjudicated insolvent,
(vii) judgment , including an arbitration award against us, of greater than $100,000, and such judgment remains unvacated, unbonded or unstayed for a period of 45 calendar days,

the holders of the Series C Preferred Stock are entitled, among other rights, to redeem their shares of Series C Preferred Stock at any time for greater than their stated value or increase the dividend rate on their shares of Series C Preferred Stock to 18%.

Because we failed to complete a financing or series of related financings by February 12, 2014 that resulted in gross proceeds to us of at least $3 million at a valuation of at least $30 million, and because we failed to maintain the listing of our common stock on a trading market for more than five trading days in any twelve month period at any time after February 12, 2014,the conversion price of the Series C Preferred Stock was reduced to $1.50 per share.

In the event of our liquidation or winding up of affairs, the holders of the Series C Preferred Stock will be entitled to a liquidation preference of the stated value plus any accrued but unpaid dividends or any other fees due the holder. The shares of the Series C Preferred Stock rank senior to the rights of the common stock and all other securities exercisable or convertible into shares of common stock.

Any holder of Series C Preferred Stock is entitled at any time to convert any whole or partial number of shares of Series C Preferred Stock into shares of our common stock at a price of $1.50 per share. The Series C Preferred Stock is subject to full ratchet anti-dilution price protection upon the issuance of equity or equity-linked securities at an effective common stock purchase price of less than $1.50 per share as well as other customary anti-dilution protection.

In the event we issue any equity or equity-linked securities with terms more favorable than those of the Series C Preferred Stock, any holder of the Series C Preferred Stock may request to amend the terms of such holder's Series C Preferred Stock to be equivalent to the terms of such issued equity or equity-linked securities, subject to certain exempted issuances.

The holders of the Series C Preferred Stock vote together with the holders of our common stock on an as-converted basis, but may not vote the Series C Preferred Stock in excess of the beneficial ownership limitation of the Series C Preferred Stock. The beneficial ownership limitation is 4.99% of our then outstanding shares of common stock following such conversion or exercise, which may be increased to up to 9.99% of our then outstanding shares of common stock following such conversion or exercise upon the request of an individual holder. The beneficial ownership limitation is determined on an individual holder basis, such that the as-converted number of shares of one holder is not included in the shares outstanding when calculating the limitation for a different holder. In addition, absent the approval of holders representing at least 67% of the outstanding shares of the Series C Preferred Stock, which holders must include Alpha Capital Anstalt, so long as Alpha Capital Anstalt holds not less than $100,000 of Series C Preferred Stock, we may not (i) increase the number of authorized shares of preferred stock, (ii) amend our charter documents, including the terms of the Series C Preferred Stock, in any manner adverse to the holders of the Series C Preferred Stock, including authorizing or creating any class of stock ranking senior to, or otherwise pari passu with, the shares of Series C Preferred Stock as to dividends, redemption or distribution of assets upon a liquidation, or (iii) perform certain covenants, including:

- incur additional indebtedness;
- permit liens on assets;
- repay, repurchase or otherwise acquire more than a de minimis number of shares of common stock, Series A Preferred Stock or Series B Preferred Stock;
- pay cash dividends to our stockholders; and
- engage in transactions with affiliates.

Pursuant to the securities purchase agreement for the Series C Preferred Stock, each holder of Series C Preferred Stock has a right to participate in any of our financings, subject to certain exceptions, on a pro-rata basis, for a period expiring 12 months after the effectiveness date of this registration statement.

Warrant

Five-Year Warrants

In connection with the private placement of our Series C Preferred Stock, we issued to the holders of our Series C Preferred Stock warrants to purchase up to an aggregate of 1,330,629 shares of common stock at an exercise price of $2.61 per share. The warrants contain full ratchet anti-dilution price protection upon the issuance of equity or equity-linked securities at an effective common stock purchase price of less than $2.61 per share as well as other customary anti-dilution protection. The warrants are exercisable for cash; or if at any time after six months from the issuance date, there is no effective registration statement registering the resale, or no current prospectus available for the resale, of the shares of common stock underlying the warrants, the warrants may be exercised by means of a "cashless exercise". As a result of an amendment to the conversion price of our Series C Preferred Stock, the full-ratchet anti-dilution protection provision of the warrants decreased the exercise price of the warrants from $2.61 per share to $1.50 per share and increased the aggregate number of shares issuable under the warrants to 2,315,301.

Five-Year Amendment Warrants

As consideration for (i) extending the termination date of the securities purchase agreement and (ii) extending the filing and effectiveness dates for the filing of the registration statement pursuant to the registration rights agreement related our Series C Preferred Stock, we issued to the holders of our Series C Preferred Stock that purchased shares of our Series C Preferred Stock prior to the July 15, 2013 closing warrants to purchase up to an aggregate of 289,730 shares of common stock. The terms of these warrants are identical to the Five-Year Warrants described above. As a result of an amendment to the conversion price or our Series C Preferred Stock, the full-ratchet anti-dilution protection provision of the warrants decreased the exercise price of the warrants from $2.61 per share to $1.50 per share and increased the aggregate number of shares issuable under the warrants to 504,130.

October 2013 Five-Year Amendment Warrants

As consideration for amending the terms of the securities purchase agreement to permit our private placement of our common stock and warrants in December 2013, we issued to the holders of our Series C Preferred Stock warrants to purchase up to an aggregate of 332,684 shares of common stock. The terms of these warrants are identical to the Five-Year Warrants described above. As a result of an amendment to the conversion price or our Series C Preferred Stock, the full-ratchet anti-dilution protection provision of the warrants decreased the exercise price of the warrants from $2.61 per share to $1.50 per share and increased the aggregate number of shares issuable under the warrants to 578,870.

December 2013 Five-Year Warrants

In connection with the private placement of our common stock in December 2013 and January 2014, we issued to the investors participating in the private placement warrants to purchase up to an aggregate of 161,611 shares of common stock at an exercise price of $3.67 per share. The warrants contain customary anti-dilution protections. The warrants are exercisable for cash; or if at any time after six months from the issuance date, there is no effective registration statement registering the resale, or no current prospectus available for the resale, of the shares of common stock underlying the warrants, the warrants may be exercised by means of a "cashless exercise".

April 2014 Five-Year Warrants

In connection with the private placement of our common stock in April 2014, we issued to the investors participating in the private placement warrants to purchase up to an aggregate of 114,880 shares of common stock at an exercise price of $3.75 per share. The warrants contain customary anti-dilution protections. The warrants are exercisable for cash; or if at any time after six months from the issuance date, there is no effective registration statement registering the resale, or no current prospectus available for the resale, of the shares of common stock underlying the warrants, the warrants may be exercised by means of a "cashless exercise".

Series A Placement Agent Warrant

As consideration for serving as our placement agent in connection with the private placement of Series A Preferred Stock, we issued to Laidlaw & Company (UK) Ltd. a seven-year warrant to purchase up to 35,076 shares of common stock at an exercise price of $1.84 per share. The terms of this warrant are otherwise identical to the Five-Year Warrants described above.

Series B Placement Agent Warrant

As consideration for serving as our placement agent in connection with the private placement of Series B Preferred Stock, we issued to Laidlaw & Company (UK) Ltd. a seven-year warrant to purchase up to 30,755 shares of common stock at an exercise price of $2.02 per share. The terms of this warrant are otherwise identical to the Five-Year Warrants described above.

Series C Placement Agent Warrant

As consideration for serving as our placement agent in connection with the private placement of Series C Preferred Stock, we issued to Laidlaw & Company (UK) Ltd. a warrant to purchase up to 177,057 shares of common stock. The terms of this warrant are identical to the Five-Year Warrants described above. As a result of an amendment to the conversion price or our Series C Preferred Stock, the full-ratchet anti-dilution protection provision of the warrants decreased the exercise price of the warrants from $2.61 per share to $1.50 per share and increased the aggregate number of shares issuable under the warrants to 308,079.

Par Value Warrant

As consideration for providing general financial advisory services, we issued to Jamess Capital Group LLC a seven-year warrant to purchase up to 383,320 shares of common stock at an exercise price of $0.001 per share. The terms of this warrant are otherwise identical to the Five-Year Warrants described above.

Common Stock Placement Agent Warrants

As consideration for serving as our placement agent in connection with a private placement of our common stock, we issued to Laidlaw & Company (UK) Ltd. a warrant to purchase up to 21,551 shares of common stock. The terms of this warrant are identical to the December 2013 Five-Year Warrants described above.

As consideration for serving as our placement agent in connection with a private placement of our common stock, we issued to Laidlaw & Company (UK) Ltd. a warrant to purchase up to 22,976 shares of common stock. The terms of this warrant are identical to the April 2014 Five-Year Warrants described above.

Registration Rights

On February 6, 2013, in connection with our private placement of our Series C Preferred Stock and warrants, we entered into a registration rights agreement with the purchasers pursuant to which we agreed to provide certain registration rights with respect to the common stock issuable upon conversion of our Series C Preferred Stock and exercise of the warrants issued to holders of our Series C Preferred Stock. Specifically, we agreed to file a registration statement with the Securities and Exchange Commission covering the resale of the common stock issuable upon conversion of the Series C Preferred Stock and exercise of the warrants on or before July 22, 2013 and to cause such registration statement to be declared effective by the Securities and Exchange Commission, in the event that the registration statement is not reviewed by the Securities and Exchange Commission, within five trading days after we are notified that registration statement is not being reviewed by the Securities and Exchange Commission, and by November 22, 2013 in the event that the registration statement is reviewed by the Securities and Exchange Commission and the Securities and Exchange Commission issues comments.

If (i) the registration statement is not filed by July 22, 2013, (ii) the registration statement is not declared effective by the Securities and Exchange Commission within five trading days after we are notified that registration statement is not being reviewed by the Securities and Exchange Commission, in the case of a no review, (iii) the registration statement is not declared effective by the Securities and Exchange Commission by November 22, 2013 in the case of a review by the Securities and Exchange Commission pursuant to which the Securities and Exchange Commission issues comments or (iv) the registration statement ceases to remain continuously effective for more than 20 consecutive calendar days or more than an aggregate of 45 calendar days during any 12-month period after its first effective date, then we are subject to liquidated damage payments to the holders of the shares sold in the private placement in an amount equal to .25% of the aggregate purchase price paid by such purchasers per month of delinquency. Notwithstanding the foregoing, (i) the maximum aggregate liquidated damages due under the registration rights agreement shall be 3% of the aggregate purchase price paid by the purchasers, and (ii) if any partial amount of liquidated damages remains unpaid for more than seven days, we shall pay interest of 18% per annum, accruing daily, on such unpaid amount.

Pursuant to the registration rights agreement, we must maintain the effectiveness of the registration statement from the effective date until the date on which all securities registered under the registration statement have been sold, or are otherwise able to be sold pursuant to Rule 144 without volume or manner-of-sale restrictions, subject to the our right to suspend or defer the use of the registration statement in certain events.

On December 31, 2013, in connection with our private placement of our common stock and warrants, we entered into a registration rights agreement with the purchasers pursuant to which we agreed to provide certain registration rights with respect to the common stock issued to the investors participating in our private placement and the common stock issuable upon exercise of the related warrants issued such investors. Specifically, we agreed to file a registration statement with the Securities and Exchange Commission covering the resale of the shares of common stock issued pursuant to the private placement and issuable upon the exercise of the warrants within 45 days of January 31, 2014 and to cause such registration statement to be declared effective by the Securities and Exchange Commission, in the event that the registration statement is not reviewed by the Securities and Exchange Commission, within 30 calendar days after we are notified that registration statement is not being reviewed by the Securities and Exchange Commission, and within 180 calendar days of the initial filing date of the registration statement in the event that the registration statement is reviewed by the Securities and Exchange Commission and the Securities and Exchange Commission issues comments.

If (i) the registration statement is not filed within 45 days of January 31, 2014, (ii) the registration statement is not declared effective by the Securities and Exchange Commission within 30 calendar days after we are notified that registration statement is not being reviewed by the Securities and Exchange Commission, in the case of a no review, (iii) the registration statement is not declared effective by the Securities and Exchange Commission within 180 calendar days of the initial filing date of the registration statement in the case of a review by the Securities and Exchange Commission pursuant to which the Securities and Exchange Commission issues comments or (iv) the registration statement ceases to remain continuously effective for more than 10 consecutive calendar days or more than an aggregate of 15 calendar days during any 12-month period after its first effective date, then we are subject to liquidated damage payments to the holders of the shares sold in the private placement in an amount equal to 1.0% of the aggregate purchase price paid by such purchasers per month of delinquency, provided, however, that we will not be required to make any payments any of the foregoing events occurred at such time that all securities registered or to be registered in the registration statement are eligible for resale pursuant to Rule 144 (without volume restrictions or current public information requirements) promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended and provided, further, that we will not be required to make any liquidated damage payments with respect to any securities registered or to be registered in the registration statement that we are unable to register due to limits imposed by the Securities and Exchange Commission's interpretation of Rule 415 under the Securities Act of 1933, as amended.. Notwithstanding the foregoing, (i) the maximum aggregate liquidated damages due under the registration rights agreement shall be 3% of the aggregate purchase price paid by the purchasers, and (ii) if any partial amount of liquidated damages remains unpaid for more than seven days, we shall pay interest of 18% per annum, accruing daily, on such unpaid amount.

Pursuant to the registration rights agreement, we must maintain the effectiveness of the registration statement from the effective date until the date on which all securities registered under the registration statement have been sold, or are otherwise able to be sold pursuant to Rule 144 without volume or manner-of-sale restrictions, subject to the our right to suspend or defer the use of the registration statement in certain events.

Delaware Anti-Takeover Law and Provisions of our Certificate of Incorporation and Bylaws

Section 203 of the Delaware General Corporation Law, in general, prohibits a business combination between a corporation and an interested stockholder within three years of the time such stockholder became an interested stockholder, unless:

- prior to such time the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, exclusive of shares owned by directors who are also officers and by certain employee stock plans; or
- at or subsequent to such time, the business combination is approved by the board of directors and authorized by the affirmative vote at a stockholders' meeting of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

The term "business combination" is defined to include, among other transactions between an interested stockholder and a corporation or any direct or indirect majority owned subsidiary thereof: a merger or consolidation; a sale, lease, exchange, mortgage, pledge, transfer or other disposition (including as part of a dissolution) of assets having an aggregate market value equal to 10% or more of either the aggregate market value of all assets of the corporation on a consolidated basis or the aggregate market value of all the outstanding stock of the corporation; certain transactions that would result in the issuance or transfer by the corporation of any of its stock to the interested stockholder; certain transactions that would increase the interested stockholder's proportionate share ownership of the stock of any class or series of the corporation or such subsidiary; and any receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation or any such subsidiary. In general, and subject to certain exceptions, an "interested stockholder" is any person who is the owner of 15% or more of the outstanding voting stock of the corporation, an affiliate or associate of the corporation who was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the relevant date or the affiliates and associates of such person. The term "owner" is broadly defined to include any person that individually or with or through such person's affiliates or associates, among other things, beneficially owns such stock, or has the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement or understanding or upon the exercise of warrants or options or otherwise or has the right to vote such stock pursuant to any agreement or understanding, or has an agreement or understanding with the beneficial owner of such stock for the purpose of acquiring, holding, voting or disposing of such stock.

The restrictions described above do not apply to corporations that have elected, in the manner provided therein, not to be subject to Section 203 of the Delaware General Corporation Law or, with certain exceptions, which do not have a class of voting stock that is listed on a national securities exchange or held of record by more than 2,000 stockholders. We have not opted out of Section 203, but we are not currently subject to it because we are not listed on a national securities exchange and our securities are held of record by fewer than 2,000 stockholders. However, we could become subject to it if we become so listed or so held.

If Section 203 becomes applicable to us, it could delay or prohibit mergers or other takeover or change in control attempts with respect to us and, accordingly, could discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Provisions of our certificate of incorporation and bylaws may delay or discourage transactions involving an actual or potential change in our control or change in our management, including transactions in which stockholders might otherwise receive a premium for their shares, or transactions that our stockholders might otherwise deem to be in their best interests. Therefore, these provisions could adversely affect the price of our common stock. Among other things, our certificate of incorporation and bylaws:

- do not provide for cumulative voting rights (therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose);
- provide that special meetings of our stockholders may be called only by our board of directors, chairman, chief executive officer, president or secretary; and
- provide advance notice provisions with which a stockholder who wishes to nominate a director or propose other business to be considered at a stockholder meeting must comply.

Indemnification of Directors and Officers

Pursuant to Section 145 of the Delaware General Corporation Law, a corporation has the power to indemnify its directors and officers against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with a third-party action, other than a derivative action, and against expenses actually and reasonably incurred in the defense or settlement of a derivative action, provided that there is a determination that the individual acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe the individual's conduct was unlawful. Such determination will be made, in the case of an individual who is a director or officer at the time of such determination:

- by a majority of the disinterested directors, even though less than a quorum;
- by a committee of such directors designated by a majority vote of such directors, even though less than a quorum;
- if there are no disinterested directors, or if such directors so direct, by independent legal counsel; or
- by a majority vote of the stockholders, at a meeting at which a quorum is present.

Without court approval, however, no indemnification may be made in respect of any derivative action in which such individual is adjudged liable to the corporation.

The Delaware General Corporation Law requires indemnification of directors and officers for expenses relating to a successful defense on the merits or otherwise of a derivative or third-party action.

The Delaware General Corporation Law permits a corporation to advance expenses relating to the defense of any proceeding to directors and officers contingent upon such individuals' commitment to repay any advances unless it is determined ultimately that such individuals are entitled to be indemnified.

Under the Delaware General Corporation Law, the rights to indemnification and advancement of expenses provided in the law are non-exclusive, in that, subject to public policy issues, indemnification and advancement of expenses beyond that provided by statute may be provided by bylaw, agreement, vote of stockholders, disinterested directors or otherwise.

Limitation of Personal Liability of Directors

The Delaware General Corporation Law provides that a corporation's certificate of incorporation may include a provision limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. However, no such provision can eliminate or limit the liability of a director for:

Our certificate of incorporation provides that our directors will not be personally liable to us or any of our stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by the Delaware General Corporation Law.

Disclosure of Commission Position on Indemnification for Securities Act Liabilities

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to our directors, officers and persons controlling us, we have been advised that it is the Securities and Exchange Commission's opinion that such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is, therefore, unenforceable.

PLAN OF DISTRIBUTION

As used in this prospectus, "selling stockholders" includes the successors-in-interest, donees, transferees, pledgees or others who may later hold the selling stockholders' interests. In all cases, the selling stockholders will act independently of us in making decisions with respect to the timing, manner, size and price of each sale.

The selling stockholders may sell some or all of their shares of common stock at a fixed price of $ 1.50 per share until our common stock is quoted on the OTC Bulletin Board, and thereafter, at prevailing market prices or privately negotiated prices. After the effective date of the registration statement relating to this prospectus, we hope to have a market maker file an application with the Financial Industry Regulatory Authority for our common stock to eligible for trading on the OTC Bulletin Board. There can be no assurance that a market maker will agree to file the necessary documents with the Financial Industry Regulatory Authority, nor can there be any assurance that such an application for quotation will be approved.

Once a market has developed for our common stock, each selling stockholder of the common stock may, from time to time, sell any or all of their shares of common stock on the OTC Bulletin Board or any other stock exchange, market or trading facility on which the shares are listed or quoted at the time of sale or in private transactions. These sales may be at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale or negotiated prices. A selling stockholder may use any one or more of the following methods when selling shares:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;

- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- broker-dealers may agree with the selling stockholders to sell a specified number of such shares at a stipulated price per share;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- loan or pledge the shares to a broker-dealer, who may sell the loaned shares or, in the event of default, sell the pledged shares;
- through underwriters or dealers;
- through agents;
- directly to purchasers, including institutional investors;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act of 1933, as amended, may be sold under Rule 144 rather than under this prospectus.

Broker-dealers engaged by the selling stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling stockholders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

In connection with the sale of the common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of the common stock short after the effective date of the registration statement of which this prospectus is a part and deliver common stock registered hereby to close out their short positions and to return borrowed shares in connection with such short sales, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The selling stockholders and any broker-dealers or agents that are involved in selling the shares may be deemed to be “underwriters” within the meaning of the Securities Act of 1933, as amended, in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933, as amended. Discounts, concessions, commissions and similar selling expenses, if any, that can be attributed to the sale of the shares of common stock will be paid by the selling stockholder and/or the purchasers. Each selling stockholder has represented and warranted to us that it acquired the securities subject to this registration statement solely for its own account and not with a view to, or for offer or sale in connection with, any distribution thereof. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

We are required to pay certain fees and expenses incurred by us incident to the registration of the shares, but we will not receive any proceeds from the sale of the common stock. We have agreed to indemnify the selling stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act of 1933, as amended.

Because selling stockholders may be deemed to be “underwriters” within the meaning of the Securities Act of 1933, as amended, they will be subject to the prospectus delivery requirements of the Securities Act of 1933, as amended, including Rule 172 thereunder. There is no underwriter or coordinating broker acting in connection with the proposed sale of the common stock by the selling stockholders.

We have agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the selling stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for us to be in compliance with the current public information under Rule 144 under the Securities Act of 1933, as amended, or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act of 1933, as amended, or any other rule of similar effect. The shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the shares covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Securities Exchange Act of 1934, as amended, any person engaged in the distribution of the common stock may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the selling stockholders will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of shares of the common stock by the selling stockholders or any other person. We will make copies of this prospectus available to the selling stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act of 1933, as amended).

LEGAL MATTERS

Haynes and Boone, LLP, New York, New York, will pass upon the validity of the shares of our common stock offered by the selling stockholders under this prospectus.

EXPERTS

Our financial statements as of December 31, 2013 and for the year then ended included in this prospectus have been audited by Liggett, Vogt & Webb, P.A., an independent registered public accounting firm, as stated in its report appearing in the registration statement, and are included in reliance upon the report of such firm given upon its authority as experts in accounting and auditing.

Our financial statements as of December 31, 2012 and for the year then ended included in this prospectus have been audited by Rosenberg Rich Baker Berman & Company, an independent registered public accounting firm, as stated in its report appearing in the registration statement, and are included in reliance upon the report of such firm given upon its authority as experts in accounting and auditing.

Change in Our Public Accounting Firm

On May 28, 2013, we advised Rosenberg Rich Baker Berman & Company that it was dismissed as our independent registered public accounting firm. On June 11, 2013, we engaged Liggett, Vogt & Webb P.A., as our independent registered public accounting firm. The decision to dismiss Rosenberg Rich Baker Berman & Company as our independent registered public accounting firm was approved by our board of directors.

The report of Rosenberg Rich Baker Berman & Company on our financial statements for the fiscal years ended December 31, 2011 and December 31, 2012 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles, except that the report raised substantial doubt as to our ability to continue as a going concern.

From our inception through May 28, 2013, there was a disagreement with Rosenberg Rich Baker Berman & Company with regard to the application of accounting principles to certain anti-dilution provisions embedded within our Series C Preferred Stock and related warrants issued during the three months ended March 31, 2013. This disagreement was not discussed by our board of directors. We authorized Rosenberg Rich Baker Berman & Company to respond fully to the inquiries of Liggett, Vogt & Webb P.A. concerning the application of accounting principles with certain anti-dilution provisions embedded within our Series C Preferred Stock and related warrants issued during the three months ended March 31, 2013.

From our inception through date of engagement (June 11, 2013), we did not consult Liggett, Vogt & Webb P.A. regarding either: (i) the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements; or (ii) any matter that was the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-K.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, together with any amendments and related exhibits, under the Securities Act of 1933, as amended, with respect to our shares of common stock offered by this prospectus. The registration statement contains additional information about us and our shares of common stock that the selling stockholders are offering in this prospectus.

Following this offering, we will be required to file annual, quarterly and current reports and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Our Securities and Exchange Commission filings are available to the public over the Internet at the Securities and Exchange Commission's website at http://www.sec.gov. You may also read and copy any document we file at the Securities and Exchange Commission's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges. Access to those electronic filings is available as soon as practicable after filing with the Securities and Exchange Commission. You may also request a copy of those filings, excluding exhibits, from us at no cost. Any such request should be addressed to us at: 12424 Wilshire Boulevard, Suite 745, Los Angeles, California 90025, Attention: Kenneth L. Londoner, Executive Chairman.

BIOSIG TECHNOLOGIES, INC.

FINANCIAL STATEMENTS

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

BioSig Technologies, Inc. (a Development Stage Company)

We have audited the accompanying balance sheets of BioSig Technologies. Inc. (a Development Stage Company) as of December 31, 2012 and 2011, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended and for the period from February 24, 2009 (date of inception) to December 31, 2012. BioSig Technologies, Inc's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BioSig Technologies, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended and for the period from February 24, 2009 (date of inception) to December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company is in the development stage, has incurred losses from operations since its inceptions and has a net stockholders' deficiency. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rosenberg Rich Baker Berman & Company

Somerset, New Jersey

May 7, 2013, except for note 16 as to which the date is September 11, 2013.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
BioSig Technologies, Inc. (a Development Stage Company)

We have audited the accompanying balance sheet of BioSig Technologies. Inc. ("the Company") as of December 31, 2013, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended. We have also audited the amounts presented for the period January 1, 2013 to December 31, 2013, included in the statements of stockholders' (deficit) equity and in the total amounts presented in the statements of losses and cash flows for the period from February 24, 2009 (date of inception) to December 31, 2013. We did not audit the period February 24, 2009 (date of inception) to December 31, 2012. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for that period is based solely on the report of other auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based upon our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BioSig Technologies, Inc. as of December 31, 2013, and the results of its operations and its cash flows for the year then ended and for the period from February 24, 2009 (date of inception) to December 31, 2013 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company is in the development stage, has incurred losses from operations since its inceptions and has a net stockholders' deficiency. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Liggett, Vogt & Webb, P.A.
Liggett, Vogt & Webb, P.A.

March 27, 2014
New York, New York

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Current assets:		
Cash	$ 302,187	$ 24,237
Prepaid expenses	-	33,125
Capitalized financing costs	-	212,635
Total current assets	302,187	269,997
Property and equipment, net	24,866	30,209
Other assets:		
Deposits	25,000	25,000
Total assets	$ 352,053	$ 325,206
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 819,330	$ 472,882
Advances, related party	30,781	27,040
Note payable, related party	-	30,000
Liability to placement agent	52,800	94,500
Redeemable Series A Preferred Stock, liquidation preference of $922,000, net of debt discount of $37,399	884,601	-
Redeemable Series B Preferred Stock, liquidation preference of $887,500, net of debt discount of $72,478	815,022	-
Dividends payable	414,967	117,751
Total current liabilities	3,017,501	742,173
Long term liabilities:		
Deferred rent payable	-	5,067
Note payable, related party	-	218,000
Convertible bridge notes payable, $229,359 related party	-	613,812
Redeemable Series A Preferred Stock, liquidation preference of $922,000	-	922,000
Redeemable Series B Preferred Stock, liquidation preference of $887,500	-	887,500
Total long term liabilities	-	2,646,379
Total liabilities	3,017,501	3,388,552
Commitments and contingencies	-	-
Series C 9% Convertible Preferred stock, liquidation preference of $2,781,000, net of debt discount of $483,893	2,297,107	-
Stockholders' deficit		
Preferred stock, $0.001 par value, authorized 1,000,000 shares, designated 200 shares of Series A, 600 shares of Series B and 4,200 shares of Series C Preferred Stock		
Common stock, $0.001 par value, authorized 50,000,000 shares, 8,412,101 and 8,166,238 issued and outstanding as of December 31, 2013 and 2012, respectively	8,412	8,166
Additional paid in capital	9,036,038	833,647
Deficit accumulated during development stage	(14,007,005)	(3,905,159)
Total stockholders' deficit	(4,962,555)	(3,063,346)
Total liabilities and stockholders' deficit	352,053	325,206

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENTS OF OPERATIONS

	Year ended December 31,		From February 24, 2009 (date of inception) to December 31,
	2013	**2012**	**2013**
Operating expenses:			
Research and development	$ 992,207	$ 888,948	$ 2,463,680
General and administrative	5,229,252	1,363,007	7,326,442
Depreciation	17,059	10,020	33,874
Total operating expenses	6,238,518	2,261,975	9,823,996
Net loss from operations	(6,238,518)	(2,261,975)	(9,823,996)
Other income (expense):			
Interest income (expense)	(70,061)	(18,286)	(88,176)
Financing costs	(3,496,052)	(105,881)	(3,679,866)
Net loss before income taxes	(9,804,631)	(2,386,142)	(13,592,038)
Income taxes (benefit)	-	-	-
Net loss	(9,804,631)	(2,386,142)	(13,592,038)
Preferred stock dividend	(297,215)	(90,860)	(414,967)
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (10,101,846)	$ (2,477,002)	$ (14,007,005)
Net loss per common share, basic and diluted	$ (1.23)	$ (0.30)	
Weighted average number of common shares outstanding, basic and diluted	8,187,648	8,142,222	

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENT OF STOCKHOLDERS' DEFICIT
FROM FEBRUARY 24, 2009 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2013

	Common stock		Shares subscribed		Shares to be issued		Additional Paid in Capital	Deficit Accumulated During Development Stage	Total
	Shares	Amount	Shares	Amount	Shares	Amount			
Common stock issued to founders	4,000,000	$ 4,000	-	$ -	$ -	$ -	$ -	$ -	$ 4,000
Common stock issuable to founders	-	-	-	-	3,400,000	3,400	-	-	3,400
Donated capital	-	-	-	-	-	-	100	-	100
Net loss	-	-	-	-	-	-	-	(104,584)	(104,584)
Balance, December 31, 2009	4,000,000	4,000	-	-	3,400,000	3,400	100	(104,584)	(97,084)
Proceeds from common stock subscription	-	-	37,500	30,000	-	-	-	-	30,000
Net loss	-	-	-	-	-	-	-	(145,472)	(145,472)
Balance, December 31, 2010	4,000,000	4,000	37,500	30,000	3,400,000	3,400	100	(250,056)	(212,556)
Sale of common stock	153,125	153	(37,500)	(30,000)	-	-	122,347	-	92,500
Common stock issued for services rendered	408,113	408	-	-	-	-	326,082	-	326,490
Common stock issued for future services	175,000	175	-	-	-	-	139,825	-	140,000
Common stock issued to founders	3,400,000	3,400	-	-	(3,400,000)	(3,400)	-	-	-
Preferred stock dividend	-	-	-	-	-	-	-	(26,892)	(26,892)
Net loss	-	-	-	-	-	-	-	(1,151,209)	(1,151,209)
Balance, December 31, 2011	8,136,238	8,136	-	-	-	-	588,354	(1,428,157)	(831,667)
Common stock issued for services rendered	30,000	30	-	-	-	-	59,970	-	60,000
Fair value of vested options	-	-	-	-	-	-	185,323	-	185,323
Preferred stock dividend	-	-	-	-	-	-	-	(90,860)	(90,860)
Net loss	-	-	-	-	-	-	-	(2,386,142)	(2,386,142)
Balance, December 31, 2012	8,166,238	$ 8,166	-	$ -	$ -	$ -	$ 833,647	$ (3,905,159)	$(3,063,346)

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENT OF STOCKHOLDERS' DEFICIT
FROM FEBRUARY 24, 2009 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2013

	Common stock		Shares subscribed		Shares to be issued		Additional Paid in	Deficit Accumulated During Development	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Stage	Total
Balance, December 31, 2012	8,166,238	$ 8,166	-	$ -	$ -	$ -	$ 833,647	$ (3,905,159)	$(3,063,346)
Common stock issued for services rendered	21,412	22	-	-	-	-	44,729	-	44,751
Common stock issued as payment for accrued interest to note holders at $2.09 per share	8,941	9	-	-	-	-	18,668	-	18,677
Beneficial conversion feature in connection with note payable	-	-	-	-	-	-	20,000	-	20,000
Beneficial conversion feature and warrants issued in connection with the Series C Preferred Stock	-	-	-	-	-	-	2,404,830	-	2,404,830
Fair value of warrants issued to Series C investors for certificate of designation amendment	-	-	-	-	-	-	1,074,833	-	1,074,833
Fair value of warrants issued for services	-	-	-	-	-	-	916,677	-	916,677
Common stock issued in settlement of related party note and advances payable	93,061	93	-	-	-	-	228,415	-	228,508
Sale of common stock	122,449	122	-	-	-	-	247,052		247,174
Fair value of vested options	-	-	-	-	-	-	3,247,187	-	3,247,187
Preferred stock									

dividend	-	-	-	-	-	-	-	(297,215)	(297,215)
Net loss	-	-	-	-	-	-	-	(9,804,631)	(9,804,631)
Balance, December 31, 2013	8,412,101	$ 8,412	-	$ -	$ -	$ -	$9,036,038	$ (14,007,005)	$(4,962,555)

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENTS OF CASH FLOWS

	Year ended December 31,		From February 24, 2009 (date of inception) to December 31,
	2013	2012	2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss attributable to common stockholders	$ (9,804,631)	$ (2,386,142)	$ (13,592,038)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation	17,059	10,020	33,874
Amortization of debt discount	2,441,220	105,881	2,625,034
Stock based compensation	3,305,063	314,316	4,011,151
Fair value of warrants issued in connection with Series C preferred stock modification	1,074,833	-	1,074,833
Fair value of warrants issued for services	837,243	-	837,243
Donated capital	-	-	100
Changes in operating assets and liabilities:			
Prepaid expenses	20,000	(20,000)	-
Accounts payable	349,809	450,969	836,503
Deferred rent payable	(3,055)	-	2,012
Net cash used in operating activities	(1,762,459)	(1,524,956)	(4,171,288)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(11,716)	(15,477)	(58,740)
Payment of long term deposit	-	-	(25,000)
Net cash used in investing activity	(11,716)	(15,477)	(83,740)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable, related party	-	248,000	275,040
Proceeds from convertible bridge notes payable	-	600,000	600,000
Net proceeds from the sale of Series A preferred stock	-	-	788,400
Net proceeds from the sale of Series B preferred stock	-	647,650	719,150
Net proceeds from the sale of Series C preferred stock and warrants	1,768,410		1,768,410
Proceeds from sale of common stock	299,974	-	422,474
Payments of related party notes	(30,000)	-	(30,000)
Net proceeds from related party advances	13,741	-	13,741
Net cash provided by financing activities	2,052,125	1,495,650	4,557,215
Net (decrease) increase in cash and cash equivalents	277,950	(44,783)	302,187
Cash and cash equivalents, beginning of the period	24,237	69,020	-
Cash and cash equivalents, end of the period	$ 302,187	$ 24,237	$ 302,187
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	$ -	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -	$ -
Non cash investing and financing activities:			
Common stock issued in settlement of accrued interest	$ 18,677	$ -	$ 18,677
Common stock issued in settlement of related party note and advances payable	$ 228,508	$ -	$ 228,508
Convertible bridge notes payable exchanged for preferred shares	$ 600,000	$ -	$ 600,000

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Business and organization

BioSig Technologies Inc. (the "Company") was initially incorporated on February 24, 2009 under the laws of the State of Nevada and subsequently re-incorporated in the state of Delaware in 2011. The Company is in the development stage as defined under Accounting Standards Codification subtopic 915-10 Development Stage Entities and its efforts are principally devoted to improving the quality of cardiac recordings obtained during ablation of atrial fibrillation (AF). The Company has not generated any revenue to date and consequently its operations are subject to all risks inherent in the establishment of a new business enterprise.

Basis of presentation

As the Company is devoting substantially all of its efforts to establishing a new business, and while planned principal operations have commenced, there has been no revenue generated from sales, license fees or royalties, the Company is considered a development stage enterprise. Accordingly, the Company's financial statements are presented in accordance with authoritative accounting guidance related to a development stage enterprise. Financial position, results of operations and cash flows of a development stage enterprise are presented in conformity with generally accepted accounting principles that apply to established operating enterprises.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

The Company accounts for Multiple-Element Arrangements under ASC 605-10 which incorporates Accounting Standards Codification subtopic 605-25, Multiple-Element Arrangements ("ASC 605-25"). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets.

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limit. The Company periodically reviews its trade receivables in determining its allowance for doubtful accounts. The Company does not have accounts receivable and allowance for doubtful accounts at December 31, 2013 and 2012.

Prepaid Expenses

From time to time, the Company issues shares of its common stock for services to be performed. The fair value of the common stock is determined at the date of the contract for services and is amortized ratably over the term of the contract. As of December 31, 2013 and 2012, prepaid expenses relating to stock based payments were $-0- and $82,118, respectively.

Capitalized financing costs

Capitalized financing costs are comprised of costs incurred in connection with the sale of the Company's Series A and Series B preferred stock. These costs are amortized ratably and charged to financing expenses through December 31, 2014, the date redemption is available to the preferred shareholders. The amortization for the years ended December 31, 2012 was $105,881. Accumulated amortization of capitalized financing costs were $183,815 at December 31, 2012.

On February 6, 2013, in connection with the amendment to the Series A and Series B preferred stock defining the conversion feature, the Company reclassified the associated financing costs as a debt discount against the carrying value of the preferred stock.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Significant estimates include the useful life of fixed assets and assumptions used in the fair value of stock-based compensation.

Fair Value of Financial Instruments

The Company's short-term financial instruments, including cash, prepaid expenses and other assets, accounts payable and accrued expenses and other liabilities, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, reasonably approximate their book value. The fair value of the Company's convertible securities is based on management estimates and reasonably approximates their book value.

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Long-Lived Assets

The Company follows Accounting Standards Codification 360-10-15-3, "Impairment or Disposal of Long-lived Assets," which established a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Net Income (loss) Per Common Share

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted earnings per share, if presented, would include the dilution that would occur upon the exercise or conversion of all potentially dilutive securities into common stock using the "treasury stock" and/or "if converted" methods as applicable.

The computation of basic and diluted loss per share as of December 31, 2013 and 2012 excludes potentially dilutive securities when their inclusion would be anti-dilutive, or if their exercise prices were greater than the average market price of the common stock during the period.

Potentially dilutive securities excluded from the computation of basic and diluted net income (loss) per share are as follows:

	2013	2012
Series A convertible preferred stock	501,089	
Series B convertible preferred stock	451,726	
Series C convertible preferred stock	1,330,627	
Options to purchase common stock	2,990,977	1,298,927
Warrants to purchase common stock	2,717,258	-
Totals	7,991,677	1,298,927

Research and development costs

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of $992,207 and $888,948 for the year ended December 31, 2013 and 2012, respectively; and $2,463,680 from the period from February 24, 2009 (date of inception) to December 31, 2013.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse and are considered immaterial.

Stock Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period.

As of December 31, 2013, the Company had 2,492,227 and 498,750 employee and non-employee options outstanding to purchase shares of common stock, respectively.

As of December 31, 2012, the Company had 1,273,927 and 25,000 employee and non-employee options outstanding to purchase shares of common stock, respectively.

Registration Rights

The Company accounts for registration rights agreements in accordance with the Accounting Standards Codification subtopic 825-20, Registration Payment Arraignments ("ASC 825-20"). Under ASC 825-20, the Company is required to disclose the nature and terms of the arraignment, the maximum potential amount and to assess each reporting period the probable liability under these arraignments and, if exists, to record or adjust the liability to current period operations. On December 31, 2013, the Company determined that possible payments under its registration rights agreement was probable and therefore accrued $48,668 as interest expense in current period operations for possible liability under the registration rights agreements.

Recent Accounting Pronouncements

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2 – GOING CONCERN MATTERS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements during the years ended December 31, 2013 and 2012, the Company incurred net losses attributable to common stockholders of $10,101,846 and $2,477,002, respectively and used $1,762,459 in cash for operating activities for the year ended December 31, 2013. These factors among others raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon management's ability to develop profitable operations. The Company completed financing subsequent to the date of these financial statements (See Note 15). However additional capital will be needed to continue developing its products and services and there can be no assurance that the Company's efforts will be successful. There is no assurance that can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company's President and shareholders have advanced funds to the Company for working capital purposes since the Company's inception in February 2009. No formal repayment terms or arrangements exist and the Company is not accruing interest on these advances. The net amount outstanding at December 31, 2013 and 2012 was $30,781 and $27,040, respectively.

Accrued interest and expenses due related parties as of December 31, 2013 and 2012 was $123,089 and $54,184, respectively.

During 2013, in connection with the amendments of the Series C 9% Convertible Preferred stock, the Company issued to Company's president and a Director of the Company (Series C holders) an aggregate of 53,830 warrants to purchase the Company's common stock at $2.61 per share for five years. See Note 9 below.

During 2012, the Company issued promissory notes for funding provided by the Company's president or a company under his control in the aggregate of $248,000. During 2013, $30,000 was paid off with the remaining $218,000 converted to 93,061 shares of the Company's common stock and 46,531 warrants to purchase the Company's common stock at $3.67 per share for five years. See Note 6 below.

During 2012, the Company issued convertible bridge notes for funding provided by the Company's president and a Director of the Company for an aggregate of $225,000. On January 13, 2013, the convertible bridge notes were converted into 225 shares of the Company's Series C preferred stock and 107,656 warrants to purchase the Company's common stock at $2.09 per share for five years. See Note 7 below.

During 2011, the Company issued an aggregate of 3,400,000 shares of its common stock at par value in connection with services provided by founders.

The Company has informal compensation and consulting agreements with employees and outside contractors, certain of whom are also Company stockholders. The Agreements are generally month to month. As of December 31, 2013 and 2012, total due under these agreements and related expenses were $0 and $43,630, respectively.

On December 10, 2010, the Company entered into a two year consulting agreement with one of the Company's directors for certain services with compensation totaling 43,750 shares of the Company's common stock valued at $35,000

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2013 and 2012 is summarized as follows:

	2013	2012
Computer equipment	$ 50,937	$ 39,221
Furniture and fixtures	7,803	7,803
Subtotal	58,740	47,024
Less accumulated depreciation	(33,874)	(16,815)
Property and equipment, net	$ 24,866	$ 30,209

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Depreciation expense was $17,059 and $10,020 at December 31, 2013 and 2012, respectively.

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at December 31, 2013 and 2012 consist of the following:

	2013	2012
Accrued accounting and legal	$ 300,893	$ 120,922
Accrued reimbursements	17,797	44,338
Accrued consulting	214,481	111,546
Accrued research and development expenses	64,670	68,120
Accrued credit card obligations	20,425	21,844
Accrued payroll	35,896	101,621
Accrued liquidated damages	48,668	-
Accrued office and other	16,500	-
Accrued interest	-	4,491
Accrued settlement related to arbitration	100,000	-
	$ 819,330	$ 472,882

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 6 – NOTES PAYABLE, RELATED PARTY

On November 21, 2012, the Company issued an unsecured promissory note for $218,000 to the Company's President for previously advanced funds with interest payable annually, in arrears, on each anniversary at the short term "Applicable Federal Rate" within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended adjusted each anniversary date. The promissory note matures November 21, 2021 and may be prepaid, without premium or penalty, at any time. In connection with the issuance of the unsecured promissory note, the Company's President agreed not to receive payments (by voluntary prepayment, acceleration, set-off or otherwise) associated with the unsecured promissory note absent the prior written consent of the purchasers holding at least 67% interest of the preferred stock outstanding, which purchasers must include Alpha Capital Anstalt so long as Alpha Capital Anstalt holds not less than $100,000 of preferred stock. On December 31, 2013, the Company converted the promissory note and accrued interest to 93,061 shares of the Company's common stock and 46,531 warrants to purchase the Company's common stock at $3.67 per share for five years.

On December 6, 2012, the Company issued an unsecured promissory note for $30,000 to a company under the control of the Company's President for previously advanced funds, interest free and due the earlier of (i) the next financing of not less than $300,000; (ii) February 28, 2013 or (iii) occurrence of an event of default, as defined. During year ended December 31, 2013, the Company paid off the promissory note in full.

NOTE 7 – CONVERTIBLE BRIDGE NOTES

In 2012, the Company issued an aggregate of $600,000 unsecured Senior Convertible Promissory Notes ($225,000 related party) with interest due at maturity at 8% per annum and may be paid, at the Company's discretion, in cash or the Company's common stock. The Notes, together with unpaid accrued interest, if any, is due upon written notice by the majority in interest of the holders on or after February 15, 2014 or (ii) upon the occurrence of an event of default, as defined. The Notes may be prepaid in whole or in part prior to the maturity date at the Company's discretion.

The Convertible Bridge Notes and any accrued and unpaid interest automatically converts at the earlier of (i) (A) a completion of a transaction whereby the Company merges or consolidates with another company that has its common stock approved for quotation on any domestic national stock exchange and (B) the new entity thereafter issues and sells shares for no less than $3.0 million aggregate gross proceeds or (ii) a qualified IPO. The Convertible Bridge Notes shall convert into the new securities issued at 95% of the purchase price of the Conversion Securities offered to investors.

In connection with the issuance of the Senior Convertible Promissory Notes, the Company issued the right to purchase at any time, on or after the Public Financing Closing Date,(as defined above) hereof until the fifth anniversary of the Public Financing Closing date, the number of fully paid and nonassessable shares (the "***Warrant Shares***") of the Company's common stock equal to the quotient of (a) the Warrant Coverage Amount (as defined below), *divided by* (b) the applicable Conversion Price of the Notes, at the per share exercise price (the "***Exercise Price***"), which shall initially be, as of the Public Financing Closing Date, equal to the Initial Exercise Price (as defined below), subject to further adjustments, as defined.

Initial Exercise Price" means one hundred twenty-five percent (125%) of the Conversion Price.

Warrant Coverage Amount" shall be the amount obtained by multiplying (x) the ***Warrant Coverage Percentage*** *by* (y) the principal amount outstanding (and not including any accrued and unpaid interest) of the Note, in connection with which this Warrant is concurrently issued.

"***Warrant Coverage Percentage***" shall be equal to fifty percent (50%) as defined in the Bridge Loan Agreement.

On February 6, 2013, the Convertible Bridge Notes and the above described contingent warrants previously issued as described above were converted into 600 shares of Series C Convertible Preferred Stock and an aggregate of 287,082 warrants to purchase the Company's common stock at an exercise price of $2.09 per share for 5 years. On August 7, 2013, the Company issued an aggregate of 8,941 shares of its common stock in settlement of accrued interest of $18,677.

NOTE 8 — REDEEMABLE PREFERRED STOCK

Series A Preferred Stock

In May 2011, the Board of Directors authorized the issuance of up to 200 shares of Series A Preferred Stock (the "Series A preferred stock").

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

The Series A preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $5,000 plus any accrued and unpaid dividends ; entitled to dividends as a preference to holders of junior stock at a rate of 5% per annum of the Stated Value of $5,000 per share, payable quarterly beginning on August 31, 2011 and are cumulative. The holders of Series A preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series A preferred stock, the Company cannot, (a) alter or change adversely the powers, preferences or rights given to the Series A preferred stock or alter or amend the Certificate of Designation.

The Series A preferred stock is mandatorily redeemable on December 31, 2014 (as modified) at a price equal to the Stated Value ($5,000) plus an amount equal to all accumulated and unpaid dividends. If the Company fails to redeem at redemption, the unpaid redemption price will accrue at 14% per annum until paid.

The Series A preferred stock is convertible (as amended), automatically, inclusive of any accrued and unpaid dividends, immediately into the Company's common stock upon the Company becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended at conversion price of $1.84 per share.

On February 6, 2013, in connection with the amendment to the Series A preferred stock defining the conversion feature, the Company reclassified the associated financing costs as a debt discount against the carrying value of the preferred stock.

As of December 31, 2013 and 2012, 184.4 shares of Series A preferred stock were issued and outstanding. As of December 31, 2013 and 2012, the Company has accrued $119,355 and $73,255 dividends payable on the Series A preferred stock.

Series B Preferred Stock

On November 28, 2011, the Board of Directors authorized the issuance of up to 600 shares of Series B Preferred Stock (the "Series B preferred stock").

The Series B preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $5,000 plus any accrued and unpaid dividends; entitled to dividends as a preference to holders of junior stock at a rate of 5% per annum of the Stated Value of $5,000 per share, payable quarterly beginning on December 31, 2011 and are cumulative. The holders of Series B preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series B preferred stock, the Company cannot (a) alter or change adversely the powers, preferences or rights given to the Series A preferred stock or alter or amend the Certificate of Designation.

The Series B preferred stock is mandatorily redeemable on December 31, 2014 at a price equal to the Stated Value ($5,000) plus an amount equal to all accumulated and unpaid dividends. If the Company fails to redeem at redemption, the unpaid redemption price will accrue at 14% per annum until paid.

The Series B preferred stock is convertible (as amended), automatically, inclusive of any accrued and unpaid dividends, immediately into the Company's common stock upon the Company becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended at conversion price of $2.02 per share.

On February 6, 2013, in connection with the amendment to the Series B preferred stock defining the conversion feature, the Company reclassified the associated financing costs as a debt discount against the carrying value of the preferred stock.

As of December 31, 2013 and 2012, 177.5 shares of Series B preferred stock were issued and outstanding. As of December 31, 2013 and 2012, the Company has accrued $88,872 and $44,497 dividends payable on the Series A preferred stock.

NOTE 9 — SERIES C 9% CONVERTIBLE PREFERRED STOCK

On January 9, 2013, the Board of Directors authorized the issuance of up to 4,200 shares of Series C Convertible Preferred Stock (the "Series C Convertible Preferred Stock").

The Series C convertible preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $1,000 plus any accrued and unpaid dividends ; entitled to dividends as a preference to holders of junior stock at a rate of 9% per annum of the Stated Value of $1,000 per share, payable quarterly beginning on September 30, 2013 and are cumulative. The holders of Series C preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series C preferred stock, the Company cannot (a) alter or change adversely the powers, preferences or rights given to the Series C preferred stock or alter or amend the Certificate of Designation.

Each share of Series C preferred stock is convertible automatically, inclusive of any accrued and unpaid dividends, immediately upon the Company becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended at conversion price of $2.09, respectively.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

If, at any time while the Series C preferred stock is outstanding, the Company sells or grants any option to purchase or sells or grants any right to re-price, or otherwise disposes of or issues any common stock or common stock equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then conversion price ("Base Conversion Price"), then the conversion price shall be reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued.

The Series C preferred stock contains triggering events which would require redemption at (i) the greater of 120% of the stated value of $1,000 or the product of product of the variable weighted average price of the Company's common stock on the trading day immediately preceding the date of the triggering event and the stated value divided by then then conversion price or (ii) either (a) redeem each Series C preferred share for a redemption price, in shares of the Company's common stock, equal to a number of shares equal to the (i) above divided by 75%. The Company determined that certain of the defined triggering events were outside the Company's control and therefore classified the Series C preferred stock outside of equity.

In connection with the sale of the Series C preferred stock, the Company issued an aggregate of 1,158,850 warrants to purchase the Company's common stock at $2.61 per share expiring five years from the initial exercise date. The warrant provides if, at any time while the warrant is outstanding, the Company sells or grants any option to purchase or sells or grants any right to re-price, or otherwise disposes of or issues any common stock or common stock equivalents entitling any person to acquire shares of common stock at an effective price per share that is lower than the then conversion price ("base conversion price"), then the conversion price shall be reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. In addition, the warrants provides for at any time after the six month anniversary of the initial exercise date, there is no effective registration statement registering, or no current prospectus available for the resale of the warrant shares by the holder, then the warrant may only be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the holder shall be entitled to receive a number of Warrant Shares equal to defined formula.

In accordance with ASC 470-20, the Company recognized an embedded beneficial conversion feature present in the Series C preferred stock when it was issued. The Company allocated the net proceeds between the intrinsic value of the conversion option ($1,303,671) and the warrants ($1,064,739) to additional paid-in capital. The aggregate debt discount, comprised of the relative intrinsic value the conversion option ($1,303,671), relative fair value of the warrants ($1,064,739), and the issuance costs ($412,590); total of $2,781,000, is amortized over one year as interest expense, the date a possible redemption feature, outside of the Company's control, would be available to the Series C stockholders

The Company valued the warrants in accordance with ASC 470-20 using the Black-Scholes pricing model and the following assumptions: contractual terms of 5 years, an average risk free interest rate of 0.39% to 1.40%, a dividend yield of 0%, and volatility of 123.41% to 125.33%.

During the month of February 2013, the holders of the Convertible Bridge Notes (See Note 7) converted into 600 shares of the Company's Series C 9% Convertible Preferred Stock.

During the months of February, March, May, and July 2013, the Company sold an aggregate of 2,181 shares of the Company's Series C 9% Convertible Preferred Stock for net proceeds of $1,814,910.

The Company determined that the anti-dilutive provisions embedded in the Series C 9% Convertible Preferred Stock and related issued warrants did not meet the defined criteria of a derivative in such that the net settlement requirement of delivery of common shares does not meet the "readily convertible to cash" as described in Accounting Standards Codification 815 and therefore bifurcation is not required. There is no established market for the Company's common stock.

Series C preferred stock issued and outstanding totaled 2,781 as of December 31, 2013. There were no shares issued as of December 31, 2012.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Registration Rights Agreement

The Company entered into a Registration Rights Agreement in connection with the sale and issuance of the Series C preferred stock. The Company is required to file a registration statement registering for resale the (a) common stock issuable upon conversion in full of the Preferred Stock (assuming on such date the shares of Preferred Stock are converted in full without regard to any conversion limitations therein), (b) all shares of Common Stock issuable as dividends and "Make-Whole Payments" (as defined in the Certificate of Designation) on the Preferred Stock assuming all dividend and Make-Whole Payments are made in shares of Common Stock and the Preferred Stock is held for at least 3 years, (c) all warrant shares then issuable upon exercise of the Warrants (assuming on such date the warrants are exercised in full without regard to any exercise limitations therein), (d) any additional shares of Common Stock issuable in connection with any anti-dilution provisions in the Preferred Stock or the Warrants (in each case, without giving effect to any limitations on conversion set forth in the Certificate of Designation or limitations on exercise set forth in the Warrants) and (e) any securities issued or then issuable upon any stock split,
dividend or other distribution, recapitalization or similar event with respect to the foregoing. The Company is required to file a registration statement and must be declared effective no later than 210 days from the date of termination of the sale the Series C preferred stock. The Company is required to maintain the effectiveness of the registration statement from its effective date unless all securities registered under the registration statement have been sold or are otherwise able to be sold. If the Company fails to comply with the registration statement effective date requirements, the Company is required to pay the investors a fee equal to 0.25% of the Purchaser's investment, for each 30-day period of delay, subject to a maximum payment of 3% to each Purchaser.

On July 22, 2013, the Company met its required filing requirement however did not meet the effectiveness obligation by November 22, 2013, therefore accrued $34,763 as interest expense in current period operations for possible liquidating damages under the registration rights agreement.

NOTE 10 — STOCKHOLDER EQUITY

There is not a viable market for the Company's common stock to determine its fair value; therefore, management is required to estimate the fair value to be utilized in the determining stock based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates.

Preferred stock

The Company is authorized to issue 1,000,000 shares of $0.001 par value preferred stock. As of December 31, 2013 and 2012, the Company has designated and issued 200 and 184.4 shares of Series A preferred stock, respectively, designated and issued 600 and 177.5 shares of Series B preferred stock, respectively. See Note 8.

As of December 31, 2013 and 2012, the Company designated 4,200 and 2,000 shares of Series C 9% convertible preferred stock, respectively; and issued 2,781 and -0- shares of Series C 9% convertible preferred stock. See Note 9.

Common stock

On October 17, 2012, the Company amended its Articles of Incorporation to increase the number of authorized shares of its common stock from 10 million to 50 million shares. As of December 31, 2013 and 2012 the Company has 8,412,101 and 8,166,238 shares of common stock issued and outstanding, respectively.

During the period from February 24, 2009 to December 31, 2009, the Company issued or designated an aggregate of 7,400,000 shares of common stock as payment for services by founders, 4,000,000 and 3,400,000 shares issued during the years ended December 31, 2009 and 2011, respectively ($0.01 per share).

During the year ended December 31, 2011, the Company issued an aggregate of 408,113 shares of common stock for services rendered totaling $326,490 ($0.80 per share).

During the year ended December 31, 2011, the Company issued an aggregate of 175,000 shares of common stock for future services totally $140,000 ($0.80 per share).

During the year ended December 31, 2012, the Company issued an aggregate of 30,000 shares of common stock for future services totally $60,000 ($2.00 per share).

During the year ended December 31, 2013, the Company issued aggregate of 21,412 shares of common stock for services rendered totaling $44,751 ($2.09 per share).

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

During the year ended December 31, 2013, the Company issued aggregate of 122,449 shares of common stock for cash rendered totaling $247,174 ($2.45 per share).

NOTE 11 — OPTIONS AND WARRANTS

There is not a viable market for the Company's common stock to determine its fair value, therefore management is required to estimate the fair value to be utilized in the determining stock based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates

On October 19, 2012, the Company's Board of Directors approved the 2012 Equity Incentive Plan ("the "2012 Plan) and terminated the Long-Term Incentive Plan (the " 2011 Plan"). The Plan provides for the issuance of options to purchase up to 3,500,000 shares of the Company's common stock to officers, directors, employees and consultants of the Company. Under the terms of the Plan the Company may issue Incentive Stock Options as defined by the Internal Revenue Code to employees of the Company only and nonstatutory options. The Board of Directors of the Company determines the exercise price, vesting and expiration period of the grants under the Plan. However, the exercise price of an Incentive Stock Option should not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more stockholder and 100% of fair value for a grantee who is not 10% stockholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith.

Additionally, the vesting period of the grants under the Plan will be determined by the 3, Committee, in its sole discretion and expiration period not more than ten years. The Company reserved 500,000 shares of its common stock for future issuance under the terms of the Plan.

As of December 31, 2013, the Company granted an aggregate of 2,990,977 options to directors and key consultants with an aggregate estimated fair value of $3,380,851.

Employee Options

The following table summarizes the employee options outstanding and the related prices for the shares of the Company's common stock issued at December 31, 2013:

	Options Outstanding			Options Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 2.00	1,273,927	5.63	$ 2.00	250,821	$ 2.00
2.09	1,218,300	6.09	2.09	1,061,364	2.09
	2,492,227	6.85	2.04	1,312,185	2.07

Transactions involving stock options issued to employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2011:	-	$ -
Granted	1,273,927	2.00
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	1,273,927	2.00
Granted	1,218,300	2.09
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2013:	2,492,227	$ 2.04

During the year ended December 31, 2012, the Company granted 1,273,927 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.00 per share for a term of seven years with 250,821 options vesting at the first, second and third anniversaries of the grant date. The remainder (521,464 options) vest contingent on the occurrence of certain events, as defined.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

The fair value of the granted options for the year ended December 31, 2012 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	108.60% to 111.78%
Risk free rate:	0.97% to 1.14%
Expected life:	7 years
Estimated fair value of the Company's common stock	$2.00

During the year ended December 31, 2013, the Company granted an aggregate of 1,218,300 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.09 per share for a term of seven years with 283,300 options vesting at ratably over one year and the remainder (935,000 options) vested immediately upon issuance.

The fair value of the granted options for year ended December 31, 2013 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	110.70% to 115.03 %
Risk free rate:	1.07% to 1.25 %
Expected life:	7 years
Estimated fair value of the Company's common stock	$ 2.09

The fair value of all employee options vesting during the years ended December 31, 2013 and 2012 of $2,518,785 and $142,032, respectively, was charged to current period operations. Unrecognized compensation expense of $862,066 at December 31, 2013 will be expensed in future periods.

Non-employee Options

The following table summarizes the non-employee options outstanding and the related prices for the shares of the Company's common stock issued at December 31, 2013:

	Options Outstanding			Options Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 2.00	25,000	5.73	$ 2.00	25,000	$ 2.00
2.09	473,750	7.04	2.09	338,473	2.09
	498,750	6.97	2.09	363,473	2.08

Transactions involving stock options issued to non- employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2011:	-	$ -
Granted	25,000	2.00
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	25,000	2.00
Granted	473,750	2.09
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2013:	498,750	$ 2.09

During the year ended December 31, 2012, the Company granted 25,000 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.00 per share for a term of seven years vesting immediately.

The fair value of the granted options of $43,291 for the year ended December 31, 2012 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	111.78%
Risk free rate:	0.97%

Expected term:		7 years
Estimated fair value of the Company's common stock	$	2.00

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

During the year ended December 31, 2013, the Company granted an aggregate of 473,750 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.09 per share for a term of seven years (30,000) to ten years (443,750), vesting immediately for 160,000 options, 30,000 vesting 1/9 per month on each month anniversary and with the remainder vesting at 48,611 per first three month anniversary with remainder vesting at 1/24 per month.

The fair value of the vesting options of $728,401 for the year ended December 31, 2013 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	110.18% to 121.59 %
Risk free rate:	1.23% to 3.04 %
Expected term:	7 to 10 years
Estimated fair value of the Company's common stock	$ 2.09

Warrants

The following table summarizes warrants outstanding and the related prices for the shares of the Company's common stock issued at December 31, 2013:

	Warrants Outstanding			Warrants Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 0.001	383,320	6.02	$ 0.001	383,320	$ 0.001
1.84	35,076	6.05	1.84	35,076	1.84
2.02	30,755	6.05	2.02	30,755	2.02
2.61	2,138,800	4.36	2.61	2,138,800	2.61
3.67	129,307	5.00	3.67	129,307	3.67
	2,717,258	4.66	2.23	2,717,258	2.28

Transactions involving warrants issued are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2011:	-	$ -
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	-	-
Granted	2,717,258	2.28
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2013:	2,717,258	$ 2.28

On January 7, 2013, the Company issued 383,320 warrants to purchase the Company stock in connection with the services rendered at the exercise price of $0.001 per share for a term of seven years exercisable immediately.

The fair value of the issued warrants were determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	114.99%
Risk free rate:	1.31%
Expected life:	7 years
Estimated fair value of the Company's common stock	$ 2.09

The fair value of $800,823 was charged to current period operations.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

On January 13, 2013, the Company issued an aggregate of 65,831 warrants to purchase the Company stock in connection with the placement services at the exercise prices of $1.84 (35,076 warrants) and $2.02 (30,775 warrants) per share for a term of five years exercisable immediately.

The fair value of the issued warrants were determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:		-0-%
Volatility		123.30%
Risk free rate:		0.72%
Expected life:		5 years
Estimated fair value of the Company's common stock	$	2.09

The fair value of $115,854 was charged to operations ratably as financing costs through December 31, 2014.

During the year ended December 31, 2013, the Company issued an aggregate of 1,516,386 warrants to purchase the Company stock in connection with the sale of the Series C 9% Convertible Preferred Stock at the exercise price of $2.61 per share for a term of five years exercisable immediately.

During the months of July and September, 2013, the Company issued an aggregate of 622,414 warrants to purchase the Company's stock to holders of Series C preferred stock as an inducement to amend and waive certain defined provisions of the Series C preferred stock.

The fair value of the issued warrants were determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:		-0-%
Volatility		125.33%
Risk free rate:		1.40%
Expected life:		5 years
Estimated fair value of the Company's common stock	$	2.09

The fair value of $1,074,833 was charged to current period operations

On December 31, 2013, the Company issued an aggregate of 129,307 warrants to purchase the Company's common stock at $3.67 per share for five years in connection with the sale of the Company's common stock.

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term. Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the term of the award. The Company's estimated volatility is an average of the historical volatility of the stock prices of its peer entities whose stock prices were publicly available. The Company's calculation of estimated volatility is based on historical stock prices over a period equal to the term of the awards. The Company used the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.

NOTE 12 - LOSS PER SHARE

The following table presents the computation of basic and diluted loss per share for the years ended December 31, 2013 and 2012:

		2013		2012
Net loss available to Common stockholders	$	(10,101,846)	$	(2,477,002)
Basic and diluted earnings (loss) per share	$	(1.23)	$	(0.30)
Weighted average common shares outstanding		8,187.648		8,142,222

NOTE 13 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows the provisions of ASC 825-10. For financial assets and liabilities included within the scope of ASC 825-10, the Company was required to adopt the provisions of ASC 825-10 prospectively as of the beginning of Fiscal 2009. The adoption of ASC 825-10 did not have a material impact on our consolidated financial position or results of operations.

There were no items required to be measured at fair value on a recurring basis in the consolidated financial statements as of December 31, 2013 and 2012.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Operating leases

On August 9, 2011, the Company entered into a three-year lease for office space in Los Angeles, California, with monthly payments escalating from $60,804 in the first year to $66,456 in the third year.

Future minimum lease payments under the operating lease are as follows:

Year Ending December 31,		
2014	$	43,504

In addition, the Company leases parking in aggregate of approximately $700 per month, on a month to month basis.

Total lease rental expenses for the years ended December 31, 2013 and 2012 was $70,950 and $72,408, respectively.

Litigation

Drachman vs. BioSig Technologies, Inc., (AAA Case No. 14 166 0001814). Mr. Drachman has asserted claims in aggregate of $612,000 plus 12 months health and dental coverage and 10% of the Company's common stock on a fully diluted basis with anti-dilution provisions relating to his employment with Company. In addition, Mr. Drachman is also seeking a declaratory judgment that certain intellectual property be adjudicated to belong to him. The Company contents the claims asserted are of little or no merit and will defend vigorously. For the year ended December 31, 2013, the Company has accrued an estimated cost of defense, arbitration and other court fees of $100,000.

The Company is subject at times to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity. There was no outstanding litigation as of December 31, 2012.

Employment and Consulting Agreements

The Company has consulting agreements with outside contractors to provide certain consulting and advisory services. The Agreements are generally for a term of 12 months from inception and renewable automatically from year to year unless either the Company or Consultant terminates such engagement by written notice. As of December 31, 2013, the Company has an aggregate of $252,000 (annualized) informal consulting/employment agreements.

NOTE 15 -INCOME TAXES

At December 31, 2013, the Company has available for federal income tax purposes a net operating loss carry forward of approximately $4,900,000, expiring in the year 2032, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history ofthe Company; it is more likely than not that the benefits will not be realized. Due to possible significant changes in the Company's ownership, the future use of its existing net operating losses may be limited. All or portion of the remaining valuation allowance may be reduced in future years based on an assessment of earnings sufficient to fully utilize these potential tax benefits.

We have adopted the provisions of ASC 740-10-25, which provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10-25 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax position that meet the more likely than not threshold are then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company had no tax positions relating to open income tax returns that were considered to be uncertain.

The Company is required to file income tax returns in the U.S. Federal jurisdiction and in California. The Company is no longer subject to income tax examinations by tax authorities for tax years ending before December 31, 2010.

The effective rate differs from the statutory rate of 34% for due to the following:

Statutory rate on pre-tax book loss	(34.00)%
Stock based compensation	11.70%
Financing costs	2.40%
Valuation allowance	19.90%
	0.00%

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

The Company's deferred taxes as of December 31, 2013 consist of the following:

Non-Current deferred tax asset:		
Net operating loss carry-forwards	$	1,400,000
Valuation allowance		(1,400,000)
Net non-current deferred tax asset	$	-

NOTE 16 – SUBSEQUENT EVENTS

On January 31, 2013, the Company entered into a securities purchase agreement with investors, pursuant to which the Company issued 107,708 shares of our common stock and five-year warrants to purchase 53,855 shares of our common stock for aggregate cash proceeds of $229,237.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

We are paying all of the selling stockholders' expenses related to this offering, except that the selling stockholders will pay any applicable underwriting discounts and commissions. The fees and expenses payable by us in connection with this Registration Statement are estimated as follows:

Securities and Exchange Commission Registration Fee	$	894.28
Accounting Fees and Expenses	$	12,500
Legal Fees and Expenses		50,000
Printing Expenses	$	6,000
Miscellaneous Fees and Expenses		2,605.72
Total	$	72,000

Item 14. Indemnification of Directors and Officers.

Section 145 of the General Corporation Law of the State of Delaware provides, in general, that a corporation incorporated under the laws of the State of Delaware, as we are, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or any other court in which such action was brought determines such person is fairly and reasonably entitled to indemnity for such expenses.

We are also permitted to apply for, and currently maintain, insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the General Corporation Law of the State of Delaware would permit indemnification.

Item 15. Recent Sales of Unregistered Securities.

In January, February and May 2011, we sold an aggregate of 153,125 shares of our common stock in a "friends and family" round of financing to nine investors at a purchase price of $0.80 per share. The securities sold were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) of the Securities Act of 1933, as amended.

In February, March, May and September 2011, we issued an aggregate of 583,113 shares of our common stock as payment for services provided by a total of nine service providers, including shares to our then members of the board of directors in lieu of a board fee. The shares were valued at $0.80 per share. The securities issued were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) of the Securities Act of 1933, as amended.

On May 15, 2011, we issued to each of an entity wholly-owned by Mr. Londoner and Miko Consulting Group, Inc., an entity jointly controlled by Dr. Drakulic and Ms. Mikolaitis, 1,700,000 shares of common stock issued at par value for services rendered as our founders in 2009. The shares were valued at $0.001 per share. The securities issued were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) of the Securities Act of 1933, as amended.

In August and December 2012, we issued an aggregate of 30,000 shares of our common stock as payment for services provided by a total of two service providers. The shares were valued at $2.00 per share. The securities issued were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) of the Securities Act of 1933, as amended.

On September 21, 2011, we entered into a securities purchase agreement with 20 accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued 184.4 shares of our Series A Preferred Stock for aggregate cash proceeds of $922,000. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On January 18, 2013, in connection the above described private placement, we issued a seven-year warrant to purchase up to 35,076 shares of common stock at an exercise price of $1.84 per share, to Laidlaw & Company (UK) Ltd., our placement agent in the private placement. The warrant was not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On April 30, 2012, we entered into a securities purchase agreement with 24 accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued 177.5 shares of our Series B Preferred Stock for aggregate cash proceeds of $877,500. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On January 18, 2013, in connection the above described private placement, we issued a seven-year warrant to purchase up to 30,755 shares of common stock at an exercise price of $2.02 per share, to Laidlaw & Company (UK) Ltd., our placement agent in the private placement. The warrant was not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

From July to December 2012, we entered into a securities purchase agreement with 6 accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued bridge notes in the aggregate amount of $600,000 and related warrants. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) of the Securities Act of 1933, as amended.

On January 7, 2013, as consideration for providing general financial advisory services, we issued to Jamess Capital Group LLC a seven-year warrant to purchase up to 383,320 shares of common stock at an exercise price of $0.001 per share. The warrant was not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On February 6, 2013, we entered into a securities purchase agreement with 9 accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued 1,400 shares of our Series C Preferred Stock and five-year warrants to purchase 669,857 shares of our common stock for aggregate cash proceeds of $800,000 and the conversion of $600,000 of our outstanding bridge notes. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On February 7, 2013, as consideration for providing placement support services, we issued to Ellis International Ltd. 15,500 shares of common stock, with a value of $.001 per share. The shares of common stock were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and issued in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On February 12, 2013, as consideration for providing placement support services, we issued to Ellis International Ltd. a five-year warrant to purchase up to 8,700 shares of common stock at an exercise price of $2.61 per share. The shares of common stock were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and issued in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On February 12, 2013, as consideration for consulting services, we granted 283,750 non-employee options to a consultant exercisable at a price equal to $2.09 per share. The options vest at 48,611 shares on each of the first, second and third month anniversaries, with the remainder of the shares vesting in equal amounts each monthly anniversary for the 24 months thereafter. The options and the underlying shares of common stock were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and issued in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

From February to July 2013, over four separate closings, we entered into a securities purchase agreement with 32 accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued 1,381 shares of our Series C Preferred Stock and five-year warrants to purchase 1,330,629 shares of our common stock for aggregate cash proceeds of $1,381,000. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On May 2, 2013, as consideration for providing advisory services, we issued to Mr. Chaussy, our chief financial officer, 5,862 shares of common stock, with a value of $2.09 per share. The shares of common stock were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and issued in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On July 15, 2013, we issued five-year warrants to purchase 289,730 shares of our common stock to certain holders of our Series C Preferred Stock in consideration for amending certain provisions of the securities purchase agreement and registration rights agreement related to our Series C Preferred Stock. The warrants issued were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were issued in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On July 15, 2013, in connection the above described private placement, we issued a five-year warrant to purchase up to 177,057 shares of common stock at an exercise price of $2.61 per share, to Laidlaw & Company (UK) Ltd., our placement agent in the private placement. The warrant was not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering. Laidlaw & Company (UK) Ltd. was an accredited investor (as defined by Rule 501 under the Securities Act of 1933, as amended) at the time of the private placement.

On August 7, 2013, we issued to the holders of our bridge notes in lieu of cash for payment of the interest accrued on the bridge notes that were exchanged for shares of our Series C Preferred Stock and the related warrants on February 6, 2013 an aggregate of 8,941 shares of common stock, with a value of $2.09 per share. The shares of common stock were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and was offered and issued in reliance on the exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended, and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On October 14, 2013, we issued five-year warrants to purchase 332,684 shares of our common stock to certain holders of our Series C Preferred Stock in consideration for amending certain provisions of the securities purchase agreement related to our Series C Preferred Stock. The warrants issued were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were issued in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On December 31, 2013 and January 31, 2014, in two separate closings, we entered into a securities purchase agreement with Mr. Londoner, Mr. Steinhouse and thirteen other accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued 323,218 shares of our common stock and five-year warrants to purchase 161,611 shares of our common stock for aggregate cash proceeds of $791,885, including a conversion of debt of $228,000. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

On April 4, 2014 and April 30, 2014, in two separate closings, we entered into a securities purchase agreement with twenty eight accredited investors (as defined by Rule 501 under the Securities Act of 1933, as amended), pursuant to which we issued 229,760 shares of our common stock and five-year warrants to purchase 114,880 shares of our common stock for aggregate cash proceeds of $574,400. The securities sold in this offering were not registered under the Securities Act of 1933, as amended, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act of 1933, as amended, provided by Section 4(2) and Regulation D (Rule 506) under the Securities Act of 1933, as amended.

Item 16. Exhibits and Financial Statement Schedules.

Exhibit No.	Description
3.1**	Amended and Restated Certificate of Incorporation
3.2**	Certificate of Amendment of the Amended and Restated Certificate of Incorporation (Amendment No. 1)
3.3**	Certificate of Amendment of the Amended and Restated Certificate of Incorporation (Amendment No. 2)
3.4**	By-Laws
3.5**	Certificate of Amendment of the Amended and Restated Certificate of Incorporation (Amendment No. 3)
3.6**	Certificate of Amendment of the Amended and Restated Certificate of Incorporation (Amendment No. 4)
5.1*	Opinion of Haynes and Boone, LLP
10.1**	BioSig Technologies, Inc. 2012 Equity Incentive Plan
10.2**	Form of Stock Option Agreement
10.3**	Securities Purchase Agreement, dated September 19, 2011, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.4**	Securities Purchase Agreement, dated December 27, 2011, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.5**	Securities Purchase Agreement, dated February 6, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.6**	Registration Rights Agreement, dated February 6, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.7**	Form of Warrant
10.8**	Amendment Agreement No. 1 to Securities Purchase Agreement and Registration Rights Agreement, dated February 25, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.9**	Amendment Agreement No. 2 to Securities Purchase Agreement, dated April 12, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.10**	Amendment Agreement No. 3 to Securities Purchase Agreement and Registration Rights Agreement, dated June 25, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.11**	Office Lease Agreement, dated August 9, 2011, by and between BioSig Technologies, Inc. and Douglas Emmett 1993, LLC
10.12**	Employment Agreement, dated March 1, 2013, by and between BioSig Technologies, Inc. and Kenneth Londoner
10.13**	Employment Agreement, dated March 1, 2013, by and between BioSig Technologies, Inc. and Budimir Drakulic
10.14**	Indemnity Agreement, dated May 2, 2013 by and between BioSig Technologies, Inc. and Seth H. Z. Fischer
10.15**	Consulting Agreement, dated August 1, 2012, by and between BioSig Technologies, Inc. and Asher Holzer
10.16**	Consulting Agreement, dated March 30, 2012, by and between BioSig Technologies, Inc. and Mauricio Arruda
10.17**	Consulting Agreement, dated February 12, 2013, by and between BioSig Technologies, Inc. and Rony Shimony
10.18**	Consulting Agreement, dated April 1, 2013, by and between BioSig Technologies, Inc. and Vivek Reddy

10.19**	Unsecured Promissory Note made by BioSig Technologies, Inc. in favor of Kenneth Londoner, dated November 21, 2012
10.20**	Form of Bridge Note
10.21**	Promissory Note made by BioSig Technologies, Inc. in favor of Kenneth Londoner, dated December 6, 2012
10.22**	Employment Agreement, dated September 10, 2013, by and between BioSig Technologies, Inc. and David J. Drachman
10.23**	Amendment Agreement No. 4 to Securities Purchase Agreement, dated October 14, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.24**	Securities Purchase Agreement, dated December 31, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.25**	Registration Rights Agreement, dated December 31, 2013, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.26**	Form of Warrant
10.27 **	Amendment No. 1 to the BioSig Technologies, Inc. 2012 Equity Incentive Plan
10.28	Amendment Agreement No. 5 to Securities Purchase Agreement, dated March 24, 2014, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.29	Patent Assignment, dated March 17, 2014, by and among Budimir Drakulic, Thomas Foxall, Sina Fakhar and Branislav Vlajinic and BioSig Technologies, Inc.
10.30	Securities Purchase Agreement, dated April 4, 2014, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.31	Registration Rights Agreement, dated April 4, 2014, by and between BioSig Technologies, Inc. and certain purchasers set forth therein
10.32	Form of Warrant
16.1**	Letter of Rosenberg Rich Baker Berman & Company, dated July 22, 2013
23.1	Consent of Rosenberg Rich Baker Berman & Company
23.2	Consent of Liggett, Vogt & Webb, P.A.
23.3*	Consent of Haynes and Boone, LLP (included in Exhibit 5.1)
24.1**	Power of Attorney (included on signature page)

* To be filed by amendment.
** Previously filed.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered that remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A (§230.430A of this chapter), shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the undersigned registrant under the Securities Act to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California on May 1, 2014.

BIOSIG TECHNOLOGIES, INC.

By: /s/ Kenneth L. Londoner
Name: Kenneth L. Londoner
Title: Executive Chairman

In accordance with the requirements of the Securities Act of 1933, as amended, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Kenneth L. Londoner Kenneth L. Londoner	Executive Chairman and Director (principal executive officer)	May 1, 2014
* Steve Chaussy	Chief Financial Officer (principal financial and accounting officer)	May 1, 2014
* Asher Holzer	Director	May 1, 2014
* Kalyanam Shivkumar	Director	May 1, 2014
* Roy Tanaka	Director	May 1, 2014
* Jonathan Steinhouse	Director	May 1, 2014
* Seth H. Z. Fischer	Director	May 1, 2014

* By: /s/ Kenneth L. Londoner
Kenneth L. Londoner
Attorney-in-fact

EXHIBIT 10.28

BIOSIG TECHNOLOGIES, INC.

12424 Wilshire Blvd, Suite 745

Los Angeles, CA 90025

March 24, 2014

Investors listed on signature page hereto

Re: Amendment Agreement

Ladies and Gentlemen:

Reference is made to that certain Securities Purchase Agreement, dated as of February 6, 2013 (the "***Securities Purchase Agreement***"), by and among BioSig Technologies, Inc., a Delaware corporation (the "***Company***"), and certain purchasers identified on the signature pages thereto, including the investors listed on the signature page hereto (the "***Investors***"), as amended to date, and that certain Amended and Restated Certificate of Incorporation of the Company, dated February 6, 2013 (the "***Charter***"), as amended to date. All capitalized terms in this letter (the "***Letter Agreement***") shall have the meanings assigned to them under the Securities Purchase Agreement, unless otherwise defined herein.

The Company is contemplating entering into a transaction pursuant to the terms set forth on the private placement memorandum attached hereto as Exhibit A (the "***New Financing Transaction***"). Amendments may be made to each of the Securities Purchase Agreement and the Charter by written instrument signed by the Company and the Purchasers holding at least 67% in interest of the Securities outstanding, which Purchasers must include Alpha Capital Anstalt. By signature and countersignature below, the Company and the Investors agree to the following:

1) The definition of "Exempt Issuance" in the Securities Purchase Agreement shall be amended to add the following at the end of the definition: "or (e) securities pursuant to such transaction entered into by the Company pursuant to the terms set forth on the private placement memorandum attached as Exhibit A to the letter agreement between the Company and certain Purchasers, dated March 4, 2014". If the Company issues any securities pursuant to the New Financing Transaction that include any ratchet anti-dilution protection rights, the Company shall grant such similar rights to the Investors.

2) The Charter shall be amended as set forth on Exhibit B hereto.

Except as modified pursuant hereto, no other changes or modifications to either the Securities Purchase Agreement or the Charter are intended or implied and in all other respects the Securities Purchase Agreement and the Charter are hereby specifically ratified, restated and confirmed by all parties hereto as of the effective date hereof. To the extent of a conflict between the terms of this Letter Agreement and the Securities Purchase Agreement, the terms of this Letter Agreement shall control. The Securities Purchase Agreement and this Letter Agreement shall be read and construed as one agreement.

Please return an executed, counter-signed copy of this Letter Agreement to Laidlaw & Company (UK) Ltd., either (i) by facsimile transmission by fax at (212) 297-0670, or (ii) by e-mail to your Laidlaw representative by **11:59 p.m. New York time, on March [ ], 2014** .

[Signature Page Follows]

[Signature Page to Side Letter]

Very truly yours,

BioSig Technologies, Inc.

By: /s/ Kenneth L. Londoner
Name: Kenneth L. Londoner
Title: Executive Chairman

Acknowledged and Agreed:

Name of Investor:

By:_____
Name:
Title:

Names of Investors (if held jointly, as tenants in common, or as community property):

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A

Confidential Private Placement Memorandum

Offering of a maximum of
$5,000,000 of shares of Common Stock and accompanying Warrants

March [ ], 2014

The information contained herein (the "Information") has been prepared solely by BioSig Technologies, Inc. (the "Company" or "BioSig", "we", "us", "our" and similar terms) for the private and confidential use of prospective investors considering the purchase of the securities summarized herein and is not to be reproduced or distributed by such prospective investors, other than in connection with confidentially sharing such Information with such prospective investors' financial advisors or consultants. All prospective investors are encouraged to conduct their own independent due diligence review before investing in the Company. The Information has not been reviewed or verified by the Company's or the Placement Agent's counsel and no reliance should be made upon any review or verification by the Company's or the Placement Agent's counsel.

The Information contains certain "forward-looking" statements, which are based on various assumptions made by the Company, which assumptions may prove to be incorrect. Accordingly, there can be no assurance that such forward-looking statements will accurately predict future events or the actual performance of the Company. In addition, any projections and representations, written or oral, which do not conform to those contained in this Memorandum must be disregarded, and their use is a violation of law. No representation or warranty can be given that the estimates, projections, opinions or assumptions made herein will prove to be accurate.

Table of Contents

*Incorporated by reference, provided as separate attachment

BioSig Technologies, Inc.

BioSig Technologies, Inc., a Delaware company ("BioSig," the "Company", "we" or "us") is submitting the information in this Private Placement Memorandum ("Memorandum") to you solely for your confidential use in evaluating an investment in the shares of common stock of the Company (the "Shares") and warrants to purchase shares of the Company's common stock (the "Warrants") (The Shares, together with the Warrants sometimes collectively referred to as the "Securities"). The information contained in this Memorandum is confidential. By acceptance of this Memorandum, you expressly agree and acknowledge that you must treat the information contained herein and the existence and nature of all conversations regarding BioSig and this Offering (as defined below) as strictly confidential and may only use such information for the sole purpose of evaluating a possible investment in the Securities and for no other purpose. You expressly agree and acknowledge that the reproduction or distribution of this Memorandum in whole or in part, or the divulgence of any of its contents, without our prior written consent, is prohibited. You should be aware that failure to comply with these restrictions could result in a violation of the federal securities laws. If you do not purchase the Shares and Warrants or if this Offering is terminated, you agree to promptly return this Memorandum and all documents delivered with it to us at our principal executive offices: BioSig Technologies, Inc., 12424 Wilshire Blvd, Suite 745 Los Angeles, CA 90025.

We are offering (this "Offering") a maximum of $5,000,000 of the Shares and accompanying Warrants. The Warrants are exercisable for shares of the Company's common stock as described more completely herein.

AN INVESTMENT IN THE SECURITIES IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. PLEASE SEE "RISK FACTORS" FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT YOU SHOULD CONSIDER BEFORE YOU INVEST IN THE SECURITIES. YOU ARE ENCOURAGED TO READ ALL THE DOCUMENTS CAREFULLY BEFORE MAKING AN INVESTMENT DECISION TO PURCHASE THE SECURITIES.

The securities offered hereby have not been approved or disapproved by the Securities and Exchange Commission ("SEC"), any state securities commission or any other regulatory authority, nor have any of the foregoing passed upon or endorsed the merits of the offering or the accuracy or adequacy of this memorandum. Any representation to the contrary is a criminal offense.

The Offering (1)	Price to Investors	Placement Fee (2)	Proceeds to Company (3)
Maximum Offering Amount	$ 5,000,000	$ 500,000	$ 4,500,000

(1) This Offering shall continue until March 31, 2014 (which period may be extended by the Company and the Placement Agent within their discretion to a date no later than April 30, 2014) (the "Offering Period"). The Company may conduct closings (each a "Closing") until a maximum of $5,000,000 has been received. Pending the Closings of this Offering, all proceeds of this Offering will be deposited in a non-interest bearing Escrow Account (the "Escrow") with the Signature Bank, New York, NY. In the event that this Offering is terminated for any reason or an investor's subscription is rejected for any reason all such funds will be promptly refunded to such subscribers without interest or deduction. See "Plan of Distribution" on page 51. This Offering is being made only to selected "accredited investors" as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act"). This Offering is intended solely for investors that purchase the Securities in the ordinary course of their business for their own accounts for investment and not with a view toward, or pursuant to or in connection with any arrangements or understandings regarding, any subsequent distributions. The Securities are being offered and sold pursuant to exemptions from registration provided by Section 4(a)(2) of the Securities Act, Section 4(a)(5) of the Securities Act, and/or Regulation D promulgated thereunder, and similar exemptions from registration provided by state securities laws in those states where this Offering will be made.

(2) The Company will offer the Securities through Laidlaw & Company (UK) Ltd (the "Placement Agent"). The Placement Agent will at each Closing be (a) paid a cash commission of up to eight percent (8%) of the gross dollar amount of the Shares sold in such Closing, (b) entitled to receive a nonaccountable expense fee of two percent (2%) of the gross dollar amount of the Shares sold in such Closing, and (c) issued a warrant (the "Agent Warrant") to purchase ten percent (10%) of the number of the Company's Securities sold in such Closing, including any shares of common stock issued or issuable (except for shares issuable upon the exercise pursuant to the exercise of Warrants), which Agent Warrant shall be in the form of the Warrants sold in this Offering. For the avoidance of doubt, the Agent Warrant shall be exercisable for that number of shares of the Company's common stock equal to ten percent (10%) of the number of the Company's Shares sold in such Closing.

(3) Such figures do not include deductions for expenses related to this Offering, including filing, printing, legal, accounting, "blue sky" filings and other miscellaneous expenses, estimated to be $[10,000].

THE INFORMATION PROVIDED HEREIN IS HIGHLY CONFIDENTIAL

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE "MEMORANDUM") AND THE ACCOMPANYING DOCUMENTS WERE PREPARED SOLELY BY BIOSIG TECHNOLOGIES, INC. (THE "COMPANY") TO PROVIDE TO POTENTIAL PURCHASERS OF THE SECURITIES OFFERED HEREBY.

THE SECURITIES OFFERED HEREBY ARE SPECULATIVE, INVOLVE A HIGH DEGREE OF RISK AND SHOULD ONLY BE PURCHASED BY PERSONS WHO CAN AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT. PROSPECTIVE INVESTORS SHOULD CAREFULLY READ AND EVALUATE THE INFORMATION SET FORTH IN THIS MEMORANDUM BEFORE PURCHASING ANY OF SUCH SECURITIES.

NOTICES RELATING TO U.S. SECURITIES LAWS

SALES OF THE SECURITIES OFFERED HEREBY WILL ONLY BE MADE TO U.S. PERSONS WHO ARE "ACCREDITED INVESTORS," AS DEFINED IN RULE 501(a) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). EACH INVESTOR WILL BE REQUIRED TO REPRESENT AND WARRANT THAT EACH SUCH INVESTOR IS AN "ACCREDITED INVESTOR" TO ESTABLISH "ACCREDITED INVESTOR" STATUS UNDER THE U.S. SECURITIES ACT.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE AND/OR ANY OTHER UNITED STATES OR FOREIGN JURISDICTION, AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTION ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY OTHER SUCH LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.

THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF THE SECURITIES (THE "OFFERING") OR THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

EXCEPT AS OTHERWISE INDICATED, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY AFTER THE DATE HEREOF.

IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF, AMONG OTHER ITEMS, THE COMPANY, MANAGEMENT OF THE COMPANY, THE FINANCIAL POSITION OF THE COMPANY, THE SECURITIES BEING OFFERED HEREBY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

BY EXECUTING THE APPLICABLE SIGNATURE PAGE TO THE SECURITIES PURCHASE AGREEMENT, EACH INVESTOR REPRESENTS THAT IT IS FAMILIAR WITH AND UNDERSTANDS THE TERMS OF THE OFFERING AND THE SECURITIES AND THAT IT OR ITS PURCHASER REPRESENTATIVES HAS SUCH KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS THAT IT IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF AN INVESTMENT IN THE SECURITIES BEING OFFERED HEREBY.

THIS MEMORANDUM IS MADE AVAILABLE ON A CONFIDENTIAL BASIS FOR USE BY A LIMITED NUMBER OF PROSPECTIVE ACCREDITED INVESTORS SOLELY IN CONNECTION WITH THEIR CONSIDERATION OF THE PURCHASE OF THE SECURITIES BEING OFFERED HEREBY. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY TO ANY PERSON IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION WOULD BE UNLAWFUL. ANY REPRODUCTION OR DISTRIBUTION OF THIS MEMORANDUM, IN WHOLE OR IN PART, OR THE DIVULGENCE OF ANY OF ITS CONTENTS, WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY, IS PROHIBITED. ANY DISTRIBUTION OF THIS MEMORANDUM TO ANY PERSON OTHER THAN THE OFFEREE TO WHICH IT IS PROVIDED IS UNAUTHORIZED. ANY PERSON ACTING CONTRARY TO THE FOREGOING RESTRICTIONS MAY BE IN VIOLATION OF U.S. AND/OR U.S. STATE SECURITIES LAWS.

NO REPRESENTATIONS OR WARRANTIES OF ANY KIND ARE MADE OR INTENDED TO BE MADE, NOR SHOULD ANY BE INFERRED, WITH RESPECT TO THE ECONOMIC RETURN, IF ANY, OR THE TAX ATTRIBUTES OF AN INVESTMENT IN THE SECURITIES BEING OFFERED HEREBY. EACH PROSPECTIVE INVESTOR MUST CONSULT HIS, HER OR ITS OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX, ECONOMIC AND RELATED MATTERS CONCERNING AN INVESTMENT IN THE SECURITIES BEING OFFERED HEREBY AND THE SUITABILITY OF SUCH AN INVESTMENT FOR THE PROSPECTIVE INVESTOR.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO AVAIL THEMSELVES OF THE OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE WRITTEN ANSWERS FROM, THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THE OFFERING, THE SECURITIES, THE FINANCIAL POSITION OF THE COMPANY, THE BUSINESS OF THE COMPANY AND TO OBTAIN ADDITIONAL WRITTEN INFORMATION REGARDING THE COMPANY AND THE OFFERING, TO THE EXTENT POSSESSED OR OBTAINABLE BY THE COMPANY WITHOUT UNREASONABLE EFFORT OR EXPENSE. THE PROSPECTIVE INVESTORS AGREE TO ADVISE THE COMPANY IN WRITING IF THEY ARE RELYING UPON ANY SUCH INFORMATION.BEFORE DECIDING TO INVEST IN THE OFFERING, PROSPECTIVE INVESTORS SHOULD CAREFULLY READ THIS ENTIRE MEMORANDUM, INCLUDING ALL OF ITS APPENDICES AND EXHIBITS AND THE DOCUMENTS INCORPORATED HEREIN BY THIS REFERENCE.

THE COMPANY IS PROVIDING THIS MEMORANDUM AT YOUR REQUEST. THIS MEMORANDUM IS CONFIDENTIAL. YOU MAY NOT REPRODUCE THIS MEMORANDUM, IN WHOLE OR IN PART, AND YOU MAY NOT DISTRIBUTE THIS MEMORANDUM OR DISCLOSE ANY OF ITS CONTENTS TO ANY OTHER PERSON. THE COMPANY HAS PROVIDED THE INFORMATION CONTAINED IN THIS MEMORANDUM. THE COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, AND NOTHING CONTAINED IN THIS MEMORANDUM OR THE DOCUMENTS DELIVERED HEREWITH IS, OR WILL BE RELIED UPON AS, A PROMISE OR REPRESENTATION BY THE COMPANY.

NO GENERAL SOLICITATION WILL BE CONDUCTED AND NO OFFERING LITERATURE OR ADVERTISING IN ANY FORM WILL OR MAY BE EMPLOYED IN THE OFFERING, EXCEPT FOR THIS MEMORANDUM (INCLUDING AMENDMENTS OR SUPPLEMENTS HERETO) AND THE DOCUMENTS SUMMARIZED HEREIN. NO PERSON IS AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMORANDUM OR THE DOCUMENTS SUMMARIZED HEREIN AND, IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON.

THE COMPANY RESERVES THE RIGHT TO ACCEPT OR REJECT ANY SUBSCRIPTION FOR THE SECURITIES OFFERED HEREBY, FOR ANY REASON OR FOR NO REASON, IN WHOLE OR IN PART, OR TO ALLOT TO ANY PROSPECTIVE INVESTOR FEWER THAN THE NUMBER OF SECURITIES SUCH INVESTOR HAS SUBSCRIBED TO PURCHASE.

THIS OFFERING MAY BE WITHDRAWN AT ANY TIME BEFORE TERMINATION AND IS SPECIFICALLY MADE SUBJECT TO THE TERMS DESCRIBED IN THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNAUTHORIZED AND MUST NOT BE RELIED UPON.

BY ACCEPTING DELIVERY OF THIS MEMORANDUM, YOU REPRESENT AND WARRANT TO THE COMPANY THAT YOU FULLY UNDERSTAND AND AGREE TO ALL OF THE ABOVE.

NASAA UNIFORM LEGEND

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

CONFIDENTIALITY

BY ACCEPTING DELIVERY OF THIS MEMORANDUM, SUBSCRIPTION AGREEMENT, THE SECURITIES PURCHASE AGREEMENT, FORM OF WARRANT AND REGISTRATION RIGHTS AGREEMENT ATTACHED HERETO, RESPECTIVELY, AS APPENDIX C, APPENDIX D, APPENDIX E AND APPENDIX F AND MADE A PART HEREOF (COLLECTIVELY, THE "TRANSACTION DOCUMENTS") AND READING THE INFORMATION CONTAINED HEREIN AND THEREIN, YOU REPRESENT AND WARRANT THAT YOU AGREE AND UNDERSTAND THAT INFORMATION CONTAINED HEREIN IS MATERIAL, NON-PUBLIC INFORMATION. YOU FURTHER AGREE (I) TO KEEP CONFIDENTIAL THE CONTENTS OF THE TRANSACTION DOCUMENTS AND NOT TO DISCLOSE THE SAME TO ANY THIRD PARTY OR OTHERWISE USE THE SAME FOR ANY PURPOSE OTHER THAN AN EVALUATION BY YOU OF A POTENTIAL PRIVATE INVESTMENT IN THE COMPANY, AND (II) TO RETURN THE SAME TO THE COMPANY IF (A) YOU DO NOT SUBSCRIBE TO PURCHASE ANY SECURITIES, (B) YOUR SUBSCRIPTION IS NOT ACCEPTED, OR (C) THE OFFERING IS TERMINATED OR WITHDRAWN.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISK FACTORS

*The Transaction Documents include "Forward-looking statements" within the meaning of various provisions of the Securities Act and the Securities Exchange Act of 1934, as amended (The "**Exchange Act**"). All statements, other than statements of historical facts, included in the transaction documents which address future activities, events, or developments, including but not limited to such things as future revenues, potential market, product and technology development, market acceptance, responses from competitors, capital expenditures (including the amount and nature thereof), business strategy and measures to implement strategy, competitive strengths, goals, expansion and growth of the Company's business and operations, plans, references to future success and other such matters, are "Forward-looking statements." These statements relate to future events or future predictions, including events or predictions relating to the Company's future financial performance, and are generally identifiable by the use of such words as "**may**," "**will**," "**should**," "**expect**," "**plan**," "**anticipate**," "**believe**," "**feel**," "**confident**," "**estimate**," "**predict**," "**potential**" or "**continue**" or the negative of such terms or other variations on these words or comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, that may cause the Company's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such Forward-looking statements.*

These statements are based on certain assumptions and analyses made by the Company in light of its experience and its assessment of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results will conform to the Company's expectations and predictions is subject to a number of risks and uncertainties that may cause actual results to differ materially from any expected or predicted results, including but not limited to: The Company's ability to consummate and sustain its business strategy, develop its technology, general economic, market or business conditions; the opportunities (or lack thereof) that may be presented to and pursued by the Company; competitive actions by other companies, and other factors, many of which are beyond the control of the Company. Consequently, all of the forward-looking statements made in the Transaction Documents are qualified by these cautionary statements and there can be no assurance that the actual results anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Company or its business or operations. The Forward-looking statements are made as of the date of this Memorandum and the Company assumes no obligation to update the Forward-looking statements. You should carefully review all of the information set forth herein.

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SECTION 1
Executive Summary

The following is a summary of the Memorandum. The following summary does not contain all the information that you should consider before investing in the Shares and Warrants. You should read this entire Memorandum carefully, including the documents that are attached to or enclosed with the Memorandum. Unless otherwise indicated, "BioSig", "Company", "we", "us", "our" and similar terms refer to BioSig Technologies, Inc.

Corporate Information

BioSig Technologies, Inc. is a development stage medical device company that is developing a proprietary technology platform to minimize noise and artifacts from cardiac recordings during electrophysiology studies, where signals that measure electrical activity of the heart, such as electrocardiograms and electrograms, are measured. These signals are also evaluated during ablation, a procedure that involves delivery of energy through the tip of a catheter that scars or destroys heart tissue in order to correct heart rhythm disturbances. Our product under development, the PURE EP System, is a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms required during electrophysiology studies and ablation procedures.

We were formed as BioSig Technologies, Inc., a Nevada corporation, in February 2009 and in April 2011 we merged with our wholly-owned subsidiary, BioSig Technologies Inc., a Delaware corporation, with the Delaware corporation continuing as the surviving entity. We have not generated any revenue to date and consequently our operations are subject to all risks inherent in the establishment of a new business enterprise.

In September 2011, we completed a private placement of our Series A Preferred Stock to certain accredited investors, with gross proceeds of $922,000 and, in April 2012, we completed a private placement of our Series B Preferred Stock to certain accredited investors, with gross proceeds of $887,500. In July 2013, we completed a private placement of our Series C Preferred Stock and warrants to purchase our common stock to certain accredited investors, with gross proceeds of $2,781,000, including the conversion of $600,000 of our outstanding bridge notes.

Our principal executive offices are located at 12424 Wilshire Boulevard, Suite 745, Los Angeles, California 90025. Our telephone number is (310) 820-8100.

The Company is currently raising up to $5 million in a private placement of Common Stock and Warrants at a $36 million pre-money valuation with Laidlaw & Co (UK) Ltd. as the lead placement agent for the transaction.

Overview

We are a development stage medical device company that is developing a proprietary technology platform to minimize noise and artifacts from cardiac recordings during electrophysiology studies and ablation. We are developing the PURE EP System, a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms required during electrophysiology studies and ablation procedures.

The PURE (Precise Uninterrupted Real-time evaluation of Electrograms) EP System is designed to assist electrophysiologists in making clinical decisions in real-time by providing information that, we believe, is not easily obtained, if at all, from any other equipment presently used in electrophysiology labs. PURE EP System's ability to acquire high fidelity cardiac signals will potentially increase these signals' diagnostic value, and therefore offer improved accuracy and efficiency of the EP studies and related procedures. We are developing signal processing tools within the PURE EP System, which we call confidence indexes. We believe that these will assist electrophysiologists in further differentiating true signals from noise, and will provide guidance in identifying ablation targets.

Since June 2011, we have collaborated with physicians affiliated with the Texas Cardiac Arrhythmia Institute at St. David's Medical Center in Austin, Texas for initial technology validation. The physicians affiliated with the Texas Cardiac Arrhythmia Institute has provided us with digital recordings obtained with conventional electrophysiology recording systems during different stages of electrophysiology studies. Using our proprietary signal processing tools that are part of the PURE EP System, we analyzed these recordings and successfully removed baseline wander, noise and artifacts from the data thereby providing better diagnostic quality signals.

We are focused on improving the quality of cardiac recordings obtained during ablation of atrial fibrillation, the most common cardiac arrhythmia, and ventricular tachycardia, an arrhythmia evidenced by a fast heart rhythm originating from the lower chambers of the heart, which can be life-threatening. Cardiac ablation is a procedure that corrects conduction of electrical impulses in the heart that cause arrhythmias. During this invasive procedure, a catheter is usually inserted using a venous access into a specific area of the heart. A special radiofrequency generator delivers energy through the catheter to small areas of the heart muscle that cause the abnormal heart rhythm. According to a 2009 article in *Circulation: Arrhythmia and Electrophysiology*, ablation is superior to pharmacological treatments and is becoming a first line of therapy for certain patients with arrhythmias ("Treatment of Atrial Fibrillation With Antiarrhythmic Drugs or Radiofrequency Ablation," *Circulation: Arrhythmia and Electrophysiology* 2: 349-361 (2009)).

Our overall goal is to establish our proprietary technology as a new platform that will have the following advantages over the electrophysiology recording systems currently available on the market:

- Higher quality cardiac signal acquisition for accurate and more efficient electrophysiology studies;
- Precise, uninterrupted, real time evaluations of electrograms;
- Reliable cardiac recordings to better determine precise ablation targets, strategy and end point of procedures; and
- A portable device that can be fully integrated into existing electrophysiology lab environments.

If we are able to develop our product as designed, we believe that the PURE EP System and its signal processing tools will contribute to an increase in the number of procedures performed in each electrophysiology lab and possibly improved patient outcomes.

Our significant scientific achievements to date include:

- Initial system concept validation has been performed in collaboration with physicians at the Texas Cardiac Arrhythmia Institute at St. David's Medical Center in Austin, Texas in June 2011. The Texas Cardiac Arrhythmia Institute provided challenging recordings obtained with electrophysiology recording systems presently in use at the institute during various electrophysiology studies. Our technology team successfully imported the data into the PURE EP System and using proprietary signal processing, the PURE EP System was able to reduce baseline wander, noise, and artifacts from the data and therefore provide better diagnostic quality signals.
- We have established clinical and/or advisory relationships for both technology development and validation studies with physicians and researchers affiliated with the following medical centers: Texas Cardiac Arrhythmia Institute, Austin, TX; Cardiac Arrhythmia Center at the University of California at Los Angeles, Los Angeles, CA; Mount Sinai Medical Center, New York, NY; Beaumont Medical Center, Detroit, MI; University Hospitals Case Medical Center, Cleveland, OH; and The Heart Rhythm Institute, University of Oklahoma Health Sciences Center, Oklahoma City, OK.
- As part of our pre-clinical trials, physicians affiliated with the Texas Cardiac Arrhythmia Institute, University Hospitals Case Medical Center and Mount Sinai Medical Center provide us with recordings from challenging ablation procedures, mainly for ventricular tachycardia and atrial fibrillation, where the attending electrophysiologists face clinical dilemmas with the recordings obtained by their current recording systems. We believe that the recordings that the PURE EP System has provided them, which show a significant reduction in baseline wander, noise, and artifacts, are of materially higher diagnostic value than the original recordings.
- The Cardiac Arrhythmia Center at the University of California at Los Angeles and Dr. Kalyanam Shivkumar, a member of our board of directors, have played a significant role in the initial functional testing of our hardware. Dr. Shivkumar and his team have enabled us to learn the connectivity of the lab and its devices that pertain to where our PURE EP System will fit in.
- We are developing a confidence index that will assist electrophysiologists in further differentiating true signals from noise, which may potentially provide guidance in identifying ablation targets. The confidence index is expected to be an integral part of the software of the PURE EP System, which we believe will significantly facilitate the locating of ablation targets.

Because we are an early development stage company, with our initial product under development, we currently do not have any customers. We anticipate that our initial customers will be hospitals and other health care facilities that operate electrophysiology labs.

Use of Proceeds

The gross proceeds from this Offering, assuming that the maximum Shares and Warrants are sold, will be $5,000,000. Our estimated expenses in connection with this Offering, excluding the Placement Agent's fees, are approximately $[10,000] (the "Estimated Expenses"). In addition, the Placement Agent's fee (excluding expense reimbursements and the Agent Warrant) will be a maximum of $500,000 if we raise $5,000,000. We anticipate that the net proceeds from this Offering (after deduction of the Placement Agent's fees and Estimated Expenses payable by us in connection with this Offering) will be used as follows**:**

Net Proceeds	G&A Expenses	R&D Expenses	Clinical Evaluation
$ 4,500,000	$ 3,300,000	$ 900,000	$ 300,000

Our management will have discretion and flexibility in applying the net proceeds of this Offering for the uses described above. Our management is prohibited from using the net proceeds of this Offering (a) for the satisfaction of any portion of our debt (other than payment of trade payables in the ordinary course of our business and prior practices), or (b) for the redemption of our common stock or securities that are convertible into, exchangeable into, exercisable for or would otherwise entitle the holder thereof to receive our common stock. Pending any uses, as described above, we intend to invest the net proceeds from this Offering in short-term, interest bearing, investment grade securities.

SECTION 2
The Offering

The following is a summary of certain information relating to this Offering made hereby. This summary is not complete and is qualified in its entirety by reference to the detailed information provided elsewhere in this Memorandum or available to prospective investors upon request to us. In this regard, this Memorandum, the Securities Purchase Agreement, and the other documents attached hereto should be read and understood in their entireties by the prospective investors. In addition, refer to the Securities Purchase Agreement for definitions of terms used but not otherwise defined herein.

You are encouraged to seek the advice of your attorney, tax consultant, and business advisor with respect to the legal, tax, and business aspects of an investment in the Company.

Issuer: BioSig Technologies, Inc.

Form of the Offering: Shares of the Company's Common Stock, $0.001 par value per share, (individually a "Share" and together the "Shares") at a price of $2.50 per Share, and warrants exercisable to purchase 50% of the aggregate number of Shares sold pursuant to the Offering (collectively, the "Warrants") (The Shares, together with the Warrants sometimes collectively referred to as the "Securities").

Amount of the Offering: Maximum Amount: $5,000,000.

Minimum Purchase: $100,000 comprised of 40,000 Shares and accompanying Warrants, with lesser amounts accepted solely at the Company's discretion.

Offering Period: This Offering will be open until March 31, 2014 (the "Offering Period"). The Offering Period may be extended, without notice, at the election of the Company and the Placement Agent to a date not later than April 30, 2014 (the "Termination Date"). The Company may conduct closings (each a "Closing") until a maximum of $5,000,000 has been received prior to the Termination Date. The proceeds of this Offering will be delivered to the Company at each Closing.

Terms of the Shares of Common Stock: Each share of common stock entitles the holder to one vote, either in person or by proxy, at meetings of stockholders. The holders are not permitted to vote their shares cumulatively. Accordingly, the stockholders of our common stock who hold, in the aggregate, more than fifty percent of the total voting rights can elect all of our directors and, in such event, the holders of the remaining minority shares will not be able to elect any of such directors. The vote of the holders of a majority of the issued and outstanding shares of common stock entitled to vote thereon is sufficient to authorize, affirm, ratify or consent to such act or action, except as otherwise provided by law.

Subject to the rights of the holders of any preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of funds legally available. We have not paid any dividends since our inception, and, subject to our obligations to pay dividends to the holders of our preferred stock as described below, we presently anticipate that all earnings, if any, will be retained for development of our business. Any future disposition of dividends will be at the discretion of our board of directors and will depend upon, among other things, our future earnings, operating and financial condition, capital requirements, and other factors.

In the event of our liquidation, dissolution, or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities. The common stock has no preemptive or conversion rights, other subscription rights, or redemption or sinking fund provisions.

Terms of the Warrants: The Warrants exercisable to purchase 50% of the aggregate number of Shares sold pursuant to the Offering. The Warrants have an initial exercise price of $3.75 per share and expire five years from the issuance date. The Warrants contain customary anti-dilution protections. The Warrants shall be exercisable for cash; or if at any time after six (6) months from the issuance date, there is no effective registration statement registering the resale of the shares of the Company's common stock underlying the Warrants (the "Warrant Shares") or no current prospectus available for the resale of the Warrant Shares by the holder, the Warrants may be exercised by means of a "cashless exercise".

Each Warrant contains a "Beneficial Ownership Limitation" that shall be 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon the exercise of the Warrant. The holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions, provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock upon the exercise of the Warrant held by the holder.

Registration Rights: Pursuant to the terms of the Registration Rights Agreement, the Company shall use its best efforts to file a registration statement on Form S-1 covering the Shares and the shares of the Company's Common Stock underlying the Warrants sold in this Offering (the "Registrable Securities") as soon as practicable but no later than 45 calendar days from the Termination Date (the "Filing Deadline"). The Company shall use its best efforts to cause the registration statement covering such shares of the Company's common stock sold in this Offering to be declared effective within 180 calendar days of the Filing Deadline (in the event the registration statement is reviewed by the SEC) or with 30 calendar days following the date on which the Company is notified by the SEC that the registration statement will not be reviewed or is no longer subject to further review and comments (unless the Company is required to update its financial statements prior to requesting acceleration of such registration statement, which will require the Company to file an amendment to such registration statement, in which case the Company shall file any necessary amendment to such registration statement and request effectiveness thereof as soon as reasonably practicable and in no event later than the 60th calendar day following the Filing Deadline) (either such date, the "Effectiveness Deadline"). If (i) the registration statement is not filed by the Filing Deadline, (ii) the Company fails to file with the SEC a request for acceleration of a registration statement in accordance with Rule 461 promulgated by the SEC pursuant to the Securities Act of 1933, as amended, within five trading days of the date that the Company is notified by the SEC that such registration statement will not be reviewed or will not be subject to further review, (iii) prior to the effective date of a registration statement, the Company fails to file a pre-effective amendment and otherwise respond in writing to comments made by the SEC in respect of such registration statement within thirty (30) calendar days after the receipt of comments by or notice from the SEC that such amendment is required in order for such registration statement to be declared effective, (iv) the registration statement is not declared effective by the Effectiveness Deadline, or (v) if after the effective date of the registration statement, such registration statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such registration statement, or the holders are otherwise not permitted to utilize the prospectus therein to resell such Registrable Securities, for more than ten (10) consecutive calendar days or more than an aggregate of fifteen (15) calendar days (which need not be consecutive calendar days) during any 12-month period (any such failure or breach being referred to as an "Event"), then the Company shall pay to the investors in cash a fee equal to 1.00% of the dollar amount invested by each investor, on the monthly anniversary of the occurrence of the Event, provided that such Event is still occurring; provided, however, that the total amount of such fees payable to any investor shall not exceed 3.00% of the amount invested by such investor.

Placement Agent:	Laidlaw & Company (UK) Ltd. (the "Placement Agent")
Placement Agent Fee:	The Placement Agent will at each Closing be (a) paid a cash commission of up to eight percent (8%) of the gross dollar amount of the Shares sold in such Closing, (b) entitled to receive a nonaccountable expense fee of two percent (2%) of the gross dollar amount of the Shares sold in such Closing, and (c) issued a warrant (the "Agent Warrant") to purchase ten percent (10%) of the number of the Company's Securities sold in such Closing, including any shares of common stock issued or issuable (except for shares issuable upon the exercise pursuant to the exercise of Warrants), which Agent Warrant shall be in the form of the Warrants sold in this Offering. For the avoidance of doubt, the Agent Warrant shall be exercisable for that number of shares of the Company's common stock equal to ten percent (10%) of the number of the Company's Shares sold in such Closing. See "Plan of Distribution" on page 51 for further information with respect to the compensation of the Placement Agent.
Use of Proceeds (Dist.):	The proceeds of this Offering will be used for general corporate purposes, including, but not necessarily limited to, growth and capital initiatives, research and development, filing of patents to protect the intellectual property of the Company and expanding the human resources of the Company. See "Use of Proceeds" on page 40 for additional information.
Transferability:	The Shares, the Warrants, and any shares of common stock issuable upon the exercise of the Warrants will be restricted securities and will only be transferable if properly registered under the Securities Act or pursuant to an exemption therefrom.
Permitted Offerees:	Only "accredited investors" as that term is defined in Rule 501 of Regulation D under the Securities Act. Investors will be required to make certain representations with respect to their status and business experience and to represent, among other things, that they have received a copy of this Memorandum, understand the terms of this Offering and are accredited investors as required under the investor suitability standards. See "Terms of this Offering – Investor Suitability Standards" beginning on page 54 for more information.
Deposit of Funds:	All funds received from prospective investors will be deposited in a non-interest bearing account with Signature Bank, 261 Madison Avenue, New York, NY 10016 pending the earliest of (a) the acceptance of the prospective investor's subscription at a Closing under this Offering; (b) the termination of this Offering without a Closing; or (c) the rejection of a prospective investor's subscription. If the Company has not closed this Offering prior to the Termination Date or has not accepted the subscriptions of one or more prospective investors, all funds received from such prospective investors will be returned to such investors without interest thereon or deduction therefrom.
Risks:	The purchase of the Shares offered hereby involves significant risks. Please see "Risk Factors".

SECTION 3
Risk Factors

Our business faces many risks and an investment in our securities involves significant risks. Prospective investors in this Offering are strongly encouraged carefully to consider the risks described below as well as other information contained in this Memorandum before investing. Investors are further advised that the risks described below may not be the only risks we face. Additional risks that we do not yet know of, or that we currently think are immaterial, may also negatively impact our business operations or financial results. If any of the events or circumstances described in this section occur, our business, financial condition or results of operations could suffer. Prospective investors in our Shares should consider the following risks before deciding whether to invest in the Shares.

Risks Related to Our Business and Industry

Because our condition as a going concern is in doubt, we will be forced to cease our business operations unless we can raise sufficient funds to satisfy our working capital needs.

As shown in the accompanying financial statements during years ended December 31, 2012 and 2011, we incurred net losses attributable to common stockholders of $2,477,002 and $1,178,101, respectively and used $1,524,956 in cash for operating activities for the year ended December 31, 2012. As of February 24, 2014, we had cash on hand of approximately $7,000. These factors, among others, raise substantial doubt that we will be able to continue as a going concern for a reasonable period of time.

Our existence is dependent upon management's ability to develop profitable operations. Our management is devoting substantially all of its efforts to developing its products and services and there can be no assurance that our efforts will be successful. There is no assurance that can be given that management's actions will result in our profitable operations or the resolution of our liquidity problems.

Because we are an early development stage company with no products near commercialization, we expect to incur significant additional operating losses.

We are an early development stage company and we expect to incur substantial additional operating expenses over the next several years as our research, development, pre-clinical testing, regulatory approval and clinical trial activities increase. The amount of our future losses and when, if ever, we will achieve profitability are uncertain. We have no products that have generated any commercial revenue and do not expect to generate revenues from the commercial sale of our products in the near future, if ever. Our ability to generate revenue and achieve profitability will depend on, among other things, the following:

- successful completion of the preclinical and clinical development of our products;
- obtaining necessary regulatory approvals from the U.S. Food and Drug Administration or other regulatory authorities;
- establishing manufacturing, sales, and marketing arrangements, either alone or with third parties; and
- raising sufficient funds to finance our activities.

We might not succeed at all, or at any, of these undertakings. If we are unsuccessful at some or all of these undertakings, our business, prospects, and results of operations may be materially adversely affected.

Our product candidates are at an early stage of development and may not be successfully developed or commercialized.

Our main product candidate, the PURE EP System, is in the early stage of development and will require substantial further capital expenditures, development, testing, and regulatory clearances prior to commercialization, especially given that we have not yet completed pre-clinical testing on this product. The development and regulatory approval process takes several years and it is not likely that the PURE EP System, even if successfully developed and approved by the U.S. Food and Drug Administration, may not be commercially available for a number of years. In addition, due to budgetary constraints, we recently have not been able to devote the level of resources that we desired to our research and development efforts. The continued development of our product candidates is dependent upon our ability to obtain sufficient financing. However, even if we are able to obtain the requisite financing to fund our development program, we cannot assure you that our product candidates will be successfully developed or commercialized. Our failure to develop, manufacture or receive regulatory approval for or successfully commercialize any of our product candidates could result in the failure of our business and a loss of all of your investment in our company.

Our former chief executive officer and president filed a statement of claims against us with the American Arbitration Association and we may owe material obligations to our former chief executive officer and president related to such arbitration.

David Drachman, our former chief executive officer and president, resigned from his positions with us in November 2013. On January 7, 2014, Mr. Drachman filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us. Mr. Drachman alleges, among other things, that (i) we misled him with respect to the status of our technology and required him to perform capital raising duties that had not been previously agreed upon, (ii) he resigned from his positions with us for good reason, as such term was defined in his employment agreement with us, and (iii) he, in his individual capacity, has full rights to the ownership and control of a patent application describing a combined ablation and recording unit directed at the use of electrocardiography sensing for control of radiofrequency renal denervation that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. Mr. Drachman is seeking, among other things, (a) payment of his salary and pro-rated bonus for the time he served in his positions with us and his severance payments that he would be due under his employment agreement, which include 12 months of base salary and full bonus payments, with the total sum of payments equaling approximately $612,000, including $58,000 of accrued and unpaid salary, (b) full vesting of stock options equivalent to 10% of our outstanding common stock, and (c) a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us.

While we believe that Mr. Drachman did not have good reason to resign and should therefore only be entitled to receive any accrued and unpaid salary and reimbursements and payment for accrued and unused vacation due under his employment agreement, if we receive an adverse outcome in arbitration or if we settle the dispute with Dr. Drachman, we may be obligated to pay or award to him some or all of the monetary relief that he is seeking, which could have a material adverse effect on our business and results of operations. In addition, while wefully dispute his rights to the ownership and control of the aforementioned patent application and related patent(s) and intend to challenge his claim to the fullest extent permitted by law, if we are obligated to transfer the ownership and control of such patent application and related patent(s) to Mr. Drachman, we would lose rights to a portion of our intellectual property, which could have a material adverse effect on our business.

We expect to derive our revenue from sales of our PURE EP System and other products we may develop. If we fail to generate revenue from these sources, our results of operations and the value of our business will be materially and adversely affected.

We expect our revenue to be generated from sales of our PURE EP System and other products we may develop. Future sales of these products, if any, will be subject to, among other things, the receipt of regulatory approvals and commercial and market uncertainties that may be outside our control. If we fail to generate our intended revenues from these products, our results of operations and the value of our business and securities would be materially and adversely affected.

We may need to finance our future cash needs through public or private equity offerings, debt financings or corporate collaboration and licensing arrangements. Any additional funds that we obtain may not be on terms favorable to us or our stockholders and may require us to relinquish valuable rights.

Until and unless we receive approval from the U.S. Food and Drug Administration and other regulatory authorities for our products, we will not generate revenues from our products. Therefore, for the foreseeable future, we will have to fund all of our operations and capital expenditures from cash on hand, public or private equity offerings, debt financings, bank credit facilities or corporate collaboration and licensing arrangements. We believe that our existing cash on hand will be sufficient to enable us to fund our projected operating requirements for approximately the next five months. However, we may need to raise additional funds more quickly if one or more of our assumptions prove to be incorrect or if we choose to expand our product development efforts more rapidly than we presently anticipate. We also may decide to raise additional funds before we require them if we are presented with favorable terms for raising capital.

If we seek to sell additional equity or debt securities, obtain a bank credit facility or enter into a corporate collaboration or licensing arrangement, we may not obtain favorable terms for us and/or our stockholders or be able to raise any capital at all, all of which could result in a material adverse effect on our business and results of operations. The sale of additional equity or debt securities, if convertible, could result in dilution to our stockholders. The incurrence of indebtedness would result in increased fixed obligations and could also result in covenants that would restrict our operations. Raising additional funds through collaboration or licensing arrangements with third parties may require us to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates, or to grant licenses on terms that may not be favorable to us or our stockholders. In addition, we could be forced to discontinue product development, reduce or forego sales and marketing efforts and forego attractive business opportunities, all of which could have an adverse impact on our business and results of operations.

We may be unable to develop our existing or future technology.

Our product, the PURE EP System, may not deliver the levels of accuracy and reliability needed to make it a successful product in the market place. Additionally, the development of such accuracy and reliability may be indefinitely delayed or may never be achieved. Failure to develop this or other technology could have an adverse material effect on our business, financial condition, results of operations and future prospects.

The results of clinical studies may not support the usefulness of our technology.

Conducting clinical trials is a long, expensive and uncertain process that is subject to delays and failure at any stage. Clinical trials can take months or years. The commencement or completion of any of our clinical trials may be delayed or halted for numerous reasons, including:

- the U.S. Food and Drug Administration may not approve a clinical trial protocol or a clinical trial, or may place a clinical trial on hold;
- subjects may not enroll in clinical trials at the rate we expect or we may not follow up on subjects at the rate we expect;
- subjects may experience events unrelated to our products;
- third-party clinical investigators may not perform our clinical trials consistent with our anticipated schedule or the clinical trial protocol and good clinical practices, or other third-party organizations may not perform data collection and analysis in a timely or accurate manner;
- interim results of any of our clinical trials may be inconclusive or negative;
- regulatory inspections of our clinical trials may require us to undertake corrective action or suspend or terminate the clinical trials if investigators find us not to be in compliance with regulatory requirements; or
- governmental regulations or administrative actions may change and impose new requirements, particularly with respect to reimbursement.

Results of pre-clinical studies do not necessarily predict future clinical trial results and previous clinical trial results may not be repeated in subsequent medical trials. We may experience delays, cost overruns and project terminations despite achieving promising results in pre-clinical testing or early clinical testing. In addition, the data obtained from clinical trials may be inadequate to support approval or clearance of a submission. The U.S. Food and Drug Administration may disagree with our interpretation of the data from our clinical trials, or may find the clinical trial design, conduct or results inadequate to demonstrate the safety and effectiveness of the product candidate. The U.S. Food and Drug Administration may also require us to conduct additional pre-clinical studies or clinical trials that could further delay approval of our products. If we are unsuccessful in receiving U.S. Food and Drug Administration approval of a product, we would not be able to commercialize the product in the U.S., which could seriously harm our business. Moreover, we face similar risks in other jurisdictions in which we may sell or propose to sell our products.

The medical device industry is subject to stringent regulation and failure to obtain regulatory approval will prevent commercialization of our products.

Medical devices are subject to extensive and rigorous regulation by the U.S. Food and Drug Administration pursuant to the Federal Food, Drug, and Cosmetic Act, by comparable agencies in foreign countries and by other regulatory agencies and governing bodies. Under the Federal Food, Drug, and Cosmetic Act and associated regulations, manufacturers of medical devices must comply with certain regulations that cover the composition, labeling, testing, clinical study, manufacturing, packaging and distribution of medical devices. In addition, medical devices must receive U.S. Food and Drug Administration clearance or approval before they can be commercially marketed in the U.S., and the U.S. Food and Drug Administration may require testing and surveillance programs to monitor the effects of approved products that have been commercialized and can prevent or limit further marketing of a product based on the results of these post-market evaluation programs. The process of obtaining marketing clearance from the U.S. Food and Drug Administration for new products could take a significant period of time, require the expenditure of substantial resources, involve rigorous pre-clinical and clinical testing, require changes to the products and result in limitations on the indicated uses of the product. In addition, if we seek regulatory approval in non-U.S. markets, we will be subject to further regulatory approvals, that will require additional costs and resources. There is no assurance that we will obtain necessary regulatory approvals in a timely manner, or at all.

Our product, the PURE EP System, will need to receive 510(k) marketing clearance from the U.S. Food and Drug Administration in order permit us to market this product in the U.S. In addition, if we intend to market our product for additional medical uses or indications, we will need to submit additional 510(k) applications to the U.S. Food and Drug Administration that are supported by satisfactory clinical trial results specifically for the additional indication. The results of our initial clinical trials may not provide sufficient evidence to allow the U.S. Food and Drug Administration to grant us such additional marketing clearances and even additional trials requested by the U.S. Food and Drug Administration may not result in our obtaining 510(k) marketing clearance for our product. The failure to obtain U.S. Food and Drug Administration marketing clearance for the PURE EP System, any additional indications for the PURE EP System or any other of our future products would have a material adverse effect on our business.

Even if regulatory approval is obtained, our products will be subject to extensive post-approval regulation.

Once a product is approved by the relevant regulatory body for our targeted commercialization market, numerous post-approval requirements apply, including but not limited to requirements relating to manufacturing, labeling, packaging, advertising and record keeping. Even if regulatory approval of a product is obtained, the approval may be subject to limitations on the uses for which the product may be marketed, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. Any such post-approval requirement could reduce our revenues, increase our expenses and render the approved product candidate not commercially viable. If we fail to comply with the regulatory requirements of the applicable regulatory authorities, or if previously unknown problems with any approved commercial products, manufacturers or manufacturing processes are discovered, we could be subject to administrative or judicially imposed sanctions or other negative consequences, including:

- restrictions on our products, manufacturers or manufacturing processes;
- warning letters and untitled letters;
- civil penalties and criminal prosecutions and penalties;
- fines;
- injunctions;
- product seizures or detentions;
- import or export bans or restrictions;
- voluntary or mandatory product recalls and related publicity requirements;
- suspension or withdrawal of regulatory approvals;
- total or partial suspension of production; and
- refusal to approve pending applications for marketing approval of new products or of supplements to approved applications.

Regulations are constantly changing, and in the future our business may be subject to additional regulations that increase our compliance costs.

We believe that we understand the current laws and regulations to which our products will be subject in the future. However, federal, state and foreign laws and regulations relating to the sale of our products are subject to future changes, as are administrative interpretations of regulatory agencies. If we fail to comply with such federal, state or foreign laws or regulations, we may fail to obtain regulatory approval for our products and, if we have already obtained regulatory approval, we could be subject to enforcement actions, including injunctions preventing us from conducting our business, withdrawal of clearances or approvals and civil and criminal penalties. In the event that federal, state, and foreign laws and regulations change, we may need to incur additional costs to seek government approvals, in addition to the clearance we intend to seek from the U.S. Food and Drug Administration in order to sell or market our products. If we are slow or unable to adapt to changes in existing regulatory requirements or the promulgation of new regulatory requirements or policies, we or our licensees may lose marketing approval for our products which will impact our ability to conduct business in the future.

The market for our technology and revenue generation avenues for our products may be slow to develop, if at all.

The market for our products may be slower to develop or smaller than estimated or it may be more difficult to build the market than anticipated. The medical community may resist our products or be slower to accept them than we anticipate. Revenues from our products may be delayed or costs may be higher than anticipated which may result in our need for additional funding. We anticipate that our principal route to market will be through commercial distribution partners. These arrangements are generally non-exclusive and have no guaranteed sales volumes or commitments. The partners may be slower to sell our products than anticipated. Any financial, operational or regulatory risks that affect our partners could also affect the sales of our products. In the current economic environment, hospitals and clinical purchasing budgets may exercise greater restraint with respect to purchases, which may result in purchasing decisions being delayed or denied. If any of these situations were to occur this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

If we seek to market our products in foreign jurisdictions, we may need to obtain regulatory approval in these jurisdictions.

In order to market our products in the European Union and many other foreign jurisdictions, we may need to obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. Approval procedures vary among countries (except with respect to the countries that are part of the European Economic Area) and can involve additional clinical testing. The time required to obtain approval may differ from that required to obtain U.S. Food and Drug Administration approval. Should we decide to market our products abroad, we may fail to obtain foreign regulatory approvals on a timely basis, if at all. Approval by the U.S. Food and Drug Administration does not ensure approval by regulatory authorities in other countries, and approval by one foreign regulatory authority, including obtaining CE Mark approval, does not ensure approval by regulatory authorities in other foreign countries or by the U.S. Food and Drug Administration. We may be unable to file for, and may not receive, necessary regulatory approvals to commercialize our products in any foreign market, which could adversely affect our business prospects.

If we fail to obtain an adequate level of reimbursement for our system by third-party payors, there may be no commercially viable markets for our system or the markets may be much smaller than expected.

The availability and levels of reimbursement by governmental and other third-party payors significantly affect the market for our system. Reimbursement by third-party payors in the U.S. typically is based on the device's perceived benefit and whether it is deemed medically reasonable and necessary. Reimbursement levels of third-party payors in the U.S. are also based on established payment formulas that take into account part or all of the cost associated with these devices and the related procedures performed. We cannot assure you the level of reimbursement we might obtain in the U.S., if any, for our system. If we do not obtain adequate levels of reimbursement for our system by third-party payors in the U.S., which we believe is largest potential market for our system, our financial condition, results of operations and prospects would be harmed.

Reimbursement and health care payment systems in international markets vary significantly by country, and include both government-sponsored health care and private insurance. To obtain reimbursement or pricing approval in some countries, we may be required to produce additional clinical data, which may involve one or more additional clinical trials, that compares the cost-effectiveness of our system to other available therapies. We may not obtain international reimbursement or pricing approvals in a timely manner, if at all. Our failure to receive international reimbursement or pricing approvals would negatively impact market acceptance of our system in the international markets in which those approvals are sought.

We believe that future reimbursement may be subject to increased restrictions both in the U.S. and in international markets. Future legislation, regulation or reimbursement policies of third-party payors may adversely affect the demand for the PURE EP System or any of our other future products and limit our ability to sell the PURE EP System or any of our other future products on a profitable basis. In addition, third-party payors continually attempt to contain or reduce the costs of health care by challenging the prices charged for health care products and services. If reimbursement for our system is unavailable in any market or limited in scope or amount, or if pricing is set at unsatisfactory levels, market acceptance of our system would be significantly impaired and our future revenues, if any, would be significantly harmed.

The electrophysiology market is highly competitive.

There are a number of groups and organizations, such as healthcare, medical device and software companies in the electrophysiology market that may develop a competitive offering to our products, especially given that we have not yet filed for patent protection for any of our intellectual property. The largest companies in the electrophysiology market are GE, Johnson & Johnson, C.R. Bard, Inc., Siemens and St. Jude Medical. All of these companies have significantly greater resources, experience and name recognition than we possess. There is no assurance that they will not attempt to develop similar or superior products, that they will not be successful in developing such products or that any products they may develop will not have a competitive advantage over our products. If we experience delayed regulatory approvals or disputed clinical claims, we may not have a commercial or clinical advantage over competitors' products that we believe we currently possess. Should a superior offering come to market, this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

We rely on key officers, consultants and scientific and medical advisors, and their knowledge of our business and technical expertise would be difficult to replace.

We are highly dependent on our officers, consultants and scientific and medical advisors because of their expertise and experience in medical device development. We do not have "key person" life insurance policies for any of our officers. Our former chief executive officer and president relieved most of our employees and consultants of their duties in October 2013 and, after the resignation of our former chief executive officer and president in November 2013, we rehired such employees and consultants. Due to our funding constraints, we made irregular payments to such employees and consultants until January 2014, at which time we compensated them in full for their accrued but unpaid service. If we are unable to obtain additional funding, we will be unable to meet our current and future compensation obligations to such employees and consultants. In light of the foregoing, we are at risk that one or more of our consultants or employees may leave our company for other opportunities where there is no concern about such employers fulfilling their compensation obligations, or for other reasons. The loss of the technical knowledge and management and industry expertise of any of our key personnel could result in delays in product development, loss of customers and sales and diversion of management resources, which could adversely affect our results of operations.

We may fail to attract and retain qualified personnel.

We expect to rapidly expand our operations and grow our sales, research and development and administrative operations. This expansion is expected to place a significant strain on our management and will require hiring a significant number of qualified personnel. Accordingly, recruiting and retaining such personnel in the future will be critical to our success. There is intense competition from other companies, research and academic institutions, government entities and other organizations for qualified personnel in the areas of our activities. Many of these companies, institutions and organizations have greater resources than we do, along with more prestige associated with their names. If we fail to identify, attract, retain and motivate these highly skilled personnel, we may be unable to continue our marketing and development activities, and this could have a material adverse effect on our business, financial condition, results of operations and future prospects.

If we do not effectively manage changes in our business, these changes could place a significant strain on our management and operations.

Our ability to grow successfully requires an effective planning and management process. The expansion and growth of our business could place a significant strain on our management systems, infrastructure and other resources. To manage our growth successfully, we must continue to improve and expand our systems and infrastructure in a timely and efficient manner. Our controls, systems, procedures and resources may not be adequate to support a changing and growing company. If our management fails to respond effectively to changes and growth in our business, including acquisitions, there could be a material adverse effect on our business, financial condition, results of operations and future prospects.

Our strategic business plan may not produce the intended growth in revenue and operating income.

Our strategies ultimately include making significant investments in sales and marketing programs to achieve revenue growth and margin improvement targets. If we do not achieve the expected benefits from these investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting and our results of operations may be adversely affected. We may also fail to secure the capital necessary to make these investments, which will hinder our growth.

In addition, as part of our strategy for growth, we may make acquisitions and enter into strategic alliances such as joint ventures and joint development agreements. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully, and our strategic alliances may not prove to be successful. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. Although we will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will properly ascertain all such risks. In addition, acquisitions could result in the incurrence of substantial additional indebtedness and other expenses or in potentially dilutive issuances of equity securities. There can be no assurance that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

We currently have no sales, marketing or distribution operations and will need to expand our expertise in these areas.

We currently have no sales, marketing or distribution operations and, in connection with the expected commercialization of our system, will need to expand our expertise in these areas. To increase internal sales, distribution and marketing expertise and be able to conduct these operations, we would have to invest significant amounts of financial and management resources. In developing these functions ourselves, we could face a number of risks, including:

- we may not be able to attract and build an effective marketing or sales force;
- the cost of establishing, training and providing regulatory oversight for a marketing or sales force may be substantial; and
- there are significant legal and regulatory risks in medical device marketing and sales that we have never faced, and any failure to comply with applicable legal and regulatory requirements for sales, marketing and distribution could result in an enforcement action by the U.S. Food and Drug Administration, European regulators or other authorities that could jeopardize our ability to market the system or could subject us to substantial liability.

The liability of our directors and officers is limited.

The applicable provisions of the Delaware General Corporation Law and our Amended and Restated Certificate of Incorporation and By-laws limit the liability of our directors to us and our stockholders for monetary damages for breaches of their fiduciary duties, with certain exceptions, and for other specified acts or omissions of such persons. In addition, the applicable provisions of the Delaware General Corporation Law and of our Amended and Restated Certificate of Incorporation and Bylaws provide for indemnification of such persons under certain circumstances. In the event we are required to indemnify any of our directors or any other person, our financial strength may be harmed.

Our product development program depends upon third-party researchers who are outside our control and whose negative performance could materially hinder or delay our pre-clinical testing or clinical trials.

We do not have the ability to conduct all aspects of pre-clinical testing or clinical trials ourselves. We depend upon independent investigators and collaborators, such as commercial third-parties, government, universities and medical institutions, to conduct our preclinical and clinical trials under agreements with us. These collaborators are not our employees and we cannot control the amount or timing of resources that they devote to our programs. These investigators may not assign as great a priority to our programs or pursue them as diligently as we would if we were undertaking such programs ourselves. The failure of any of these outside collaborators to perform in an acceptable and timely manner in the future, including in accordance with any applicable regulatory requirements, such as good clinical and laboratory practices, or pre-clinical testing or clinical trial protocols, could cause a delay or otherwise adversely affect our pre-clinical testing or clinical trials, our success in obtaining regulatory approvals and, ultimately, the timely advancement of our development programs. In addition, these collaborators may also have relationships with other commercial entities, some of whom may compete with us. If our collaborators assist our competitors at our expense, our competitive position would be harmed.

Negative publicity or unfavorable media coverage could damage our reputation and harm our operations.

In the event that the marketplace perceives our products as not offering the benefits which we believe they offer, we may receive negative publicity. This publicity may result in litigation and increased regulation and governmental review. If we were to receive such negative publicity or unfavorable media attention, whether warranted or unwarranted, our ability to market our products would be adversely affected. We may be required to change our products and services and become subject to increased regulatory burdens, and we may be required to pay large judgments or fines and incur significant legal expenses. Any combination of these factors could further increase our cost of doing business and adversely affect our financial position, results of operations and cash flows.

We may face risks associated with current or future litigation and claims.

Although we do not believe that we currently face any litigation or claims, there can be no guarantee that we will not, in the future, be involved in one or more lawsuits, claims or other proceedings. These suits could concern issues including contract disputes, employment actions, employee benefits, taxes, environmental, health and safety, personal injury and product liability matters. Due to the uncertainties of litigation, we can give no assurance that we will prevail on any claims made against us in any such lawsuit. Also, we can give no assurance that any other lawsuits or claims brought in the future will not have an adverse effect on our financial condition, liquidity or operating results.

Specifically, we believe we will be subject to product liability claims or product recalls, particularly in the event of false positive or false negative reports, because we plan to develop and manufacture medical diagnostic products. We intend to obtain appropriate insurance coverage once we reach a manufacturing stage. A product recall or a successful product liability claim or claims that exceed our planned insurance coverage could have a material adverse effect on us. In addition, product liability insurance is expensive. In the future we may not be able to obtain coverage on acceptable terms, if at all. Moreover, our insurance coverage may not adequately protect us from liability that we incur in connection with clinical trials or sales of our products. In the event of an award against us during a time when we have no available insurance or insufficient insurance, we may sustain significant losses of our operating capital. In addition, any products liability litigation, regardless of outcome or strength of claims, may divert time and resources away from the day-to-day operation of our business and product development efforts. Any of these outcomes could adversely impact our business and results of operations, as well as impair our reputation in the medical and investment communities.

Recent global economic trends could adversely affect our business, liquidity and financial results.

Recent global economic conditions, including disruption of financial markets, could adversely affect us, primarily through limiting our access to capital and disrupting our potential clients' businesses. In addition, continuation or worsening of general market conditions in economies important to our businesses may adversely affect our potential customers' level of spending and ability to obtain financing, leading to us being unable to generate the levels of sales that we anticipate. Continued disruption of financial markets could have a material adverse effect on our business, financial condition, results of operations and future prospects.

We may be subject, directly or indirectly, to U.S. federal and state health care fraud and abuse and false claims laws and regulations. Prosecutions under such laws have increased in recent years and we may become subject to such litigation. If we are unable to, or have not fully complied with such laws, we could face substantial penalties.

If we are successful in achieving regulatory approval to market our PURE EP System, our operations will be directly, or indirectly through our customers and health care professionals, subject to various U.S. federal and state fraud and abuse laws, including, without limitation, the federal Anti-Kickback Statute, federal False Claims Act, and federal Foreign Corrupt Practices Act. These laws may impact, among other things, our proposed sales, and marketing and education programs.

The federal Anti-Kickback Statute prohibits persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual, or the furnishing or arranging for a good or service, for which payment may be made under a federal health care program such as the Medicare and Medicaid programs. Several courts have interpreted the statute's intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal health care covered business, the statute has been violated. The Anti-Kickback Statute is broad and, despite a series of narrow safe harbors, prohibits many arrangements and practices that are lawful in businesses outside of the health care industry. Penalties for violations of the federal Anti-Kickback Statute include criminal penalties and civil and administrative sanctions such as fines, imprisonment and possible exclusion from Medicare, Medicaid and other federal health care programs. An alleged violation of the Anti-Kickback Statute may be used as a predicate offense to establish liability pursuant to other federal laws and regulations such as the federal False Claims Act. Many states have also adopted laws similar to the federal Anti-Kickback Statute, some of which apply to the referral of patients for health care items or services reimbursed by any source, not only the Medicare and Medicaid programs.

The federal False Claims Act prohibits persons from knowingly filing, or causing to be filed, a false claim to, or the knowing use of false statements to obtain payment from, the federal government. Suits filed under the False Claims Act, known as "qui tam" actions, can be brought by any individual on behalf of the government and such individuals, commonly known as "relators" or "whistleblowers," may share in any amounts paid by the entity to the government in fines or settlement. The frequency of filing qui tam actions has increased significantly in recent years, causing greater numbers of medical device and health care companies to have to defend a False Claim Act action. The federal Patient Protection and Affordable Care Act includes provisions expanding the ability of certain relators to bring actions that would have been previously dismissed under prior law. When an entity is determined to have violated the federal False Claims Act, it may be required to pay up to three times the actual damages sustained by the government, plus civil penalties for each separate false claim. The Deficit Reduction Act of 2005 encouraged states to enact or modify their state false claims act to be at least as effective as the federal False Claims Act by granting states a portion of any federal Medicaid funds recovered through Medicaid-related actions. Most states have enacted state false claims laws, and many of those states included laws including qui tam provisions. States have until March 31, 2013 to enact or amend their false claims laws modeled after the federal False Claims Act for review and approval to receive a greater portion of any recovery.

The federal Patient Protection and Affordable Care Act includes provisions known as the Physician Payments Sunshine Act, which requires manufacturers of drugs, biologics, devices and medical supplies covered under Medicare and Medicaid starting in 2012 to record any transfers of value to physicians and teaching hospitals and to report this data beginning in 2013 to the Centers for Medicare and Medicaid Services for subsequent public disclosure. Manufacturers must also disclose investment interests held by physicians and their family members. Failure to submit the required information may result in civil monetary penalties of up to $1 million per year for knowing violations and may result in liability under other federal laws or regulations. Similar reporting requirements have also been enacted on the state level in the U.S., and an increasing number of countries worldwide either have adopted or are considering similar laws requiring transparency of interactions with health care professionals. In addition, some states such as Massachusetts and Vermont impose an outright ban on certain gifts to physicians. If we receive U.S. Food and Drug Administration clearance to market our system in the U.S., these laws could affect our promotional activities by limiting the kinds of interactions we could have with hospitals, physicians or other potential purchasers or users of our system. Both the disclosure laws and gift bans will impose administrative, cost and compliance burdens on us.

We are unable to predict whether we could be subject to actions under any of these laws, or the impact of such actions. If we are found to be in violation of any of the laws described above and other applicable state and federal fraud and abuse laws, we may be subject to penalties, including civil and criminal penalties, damages, fines, or an administrative action of suspension or exclusion from government health care reimbursement programs and the curtailment or restructuring of our operations.

In addition, to the extent we commence commercial operations overseas, we will be subject to the Foreign Corrupt Practices Act and other countries' anti-corruption/anti-bribery regimes, such as the U.K. Bribery Act. The Foreign Corrupt Practices Act prohibits improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. Safeguards we implement to discourage improper payments or offers of payments by our employees, consultants, sales agents or distributors may be ineffective, and violations of the Foreign Corrupt Practices Act and similar laws may result in severe criminal or civil sanctions, or other liabilities or proceedings against us, any of which would likely harm our reputation, business, financial condition and results of operations.

Risks Related to Our Intellectual Property

If we do not obtain protection for our intellectual property rights, our competitors may be able to take advantage of our research and development efforts to develop competing products.

We intend to rely on a combination of patents, trade secrets, and nondisclosure and non-competition agreements to protect our proprietary intellectual property. We have filed two patent applications in the U.S. and plan to file additional patent applications in the U.S. and in other countries, as we deem appropriate for our products. Our applications have and will include claims intended to provide market exclusivity for certain commercial aspects of the products, including the methods of production, the methods of usage and the commercial packaging of the products. However, we cannot predict:

- the degree and range of protection any patents will afford us against competitors, including whether third parties will find ways to invalidate or otherwise circumvent our patents;
- if and when such patents will be issued, and, if granted, whether patents will be challenged and held invalid or unenforceable;
- whether or not others will obtain patents claiming aspects similar to those covered by our patents and patent applications; or
- whether we will need to initiate litigation or administrative proceedings which may be costly regardless of outcome.

Our success also depends upon the skills, knowledge and experience of our scientific and technical personnel, our consultants and advisors as well as our licensors and contractors. To help protect our proprietary know-how and our inventions for which patents may be unobtainable or difficult to obtain, we rely on trade secret protection and confidentiality agreements. To this end, it is our policy to require all of our employees, consultants, advisors and contractors to enter into agreements which prohibit the disclosure of confidential information and, where applicable, require disclosure and assignment to us of the ideas, developments, discoveries and inventions important to our business. These agreements may not provide adequate protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure or the lawful development by others of such information. If any of our trade secrets, know-how or other proprietary information is disclosed, the value of our trade secrets, know-how and other proprietary rights would be significantly impaired and our business and competitive position would suffer.

Given the fact that we may pose a competitive threat, competitors, especially large and well-capitalized companies that own or control patents relating to electrophysiology recording systems, may successfully challenge our patent applications, produce similar products or products that do not infringe our patents, or produce products in countries where we have not applied for patent protection or that do not respect our patents.

If any of these events occurs, or we otherwise lose protection for our trade secrets or proprietary know-how, the value of our intellectual property may be greatly reduced. Patent protection and other intellectual property protection are important to the success of our business and prospects, and there is a substantial risk that such protections will prove inadequate.

Our former chief executive officer and president has filed a statement of claims against us with the American Arbitration Association that challenges the ownership of one of our patent applications with the U.S. Patent and Trademark Office.

David Drachman, our former chief executive officer and president, filed a statement of claim against us with the American Arbitration Association with respect to his resignations from his positions with us in November 2013, pursuant to which Mr. Drachman is seeking a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application related to a combined ablation and recording unit directed at the use of electrocardiography sensing for control of radiofrequency renal denervation that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. We fully dispute his rights to the ownership and control of such patent application and related patent(s) and intend to challenge his claim to the fullest extent permitted by law. However, if we are obligated to transfer the ownership and control of such patent application and related patent(s) to Mr. Drachman, we would lose rights to a portion of our intellectual property, which could have a material adverse effect on our business.

If we infringe upon the rights of third parties, we could be prevented from selling products and forced to pay damages and defend against litigation.

If our products, methods, processes and other technologies infringe the proprietary rights of other parties, we could incur substantial costs and we may be required to:

- obtain licenses, which may not be available on commercially reasonable terms, if at all;
- abandon an infringing product candidate;
- redesign our product candidates or processes to avoid infringement;
- cease usage of the subject matter claimed in the patents held by others;
- pay damages; and/or
- defend litigation or administrative proceedings which may be costly regardless of outcome, and which could result in a substantial diversion of our financial and management resources.

Any of these events could substantially harm our earnings, financial condition and operations.

Risks Related to our Common Stock

There is no current trading market for our common stock, and there is no assurance of an established public trading market, which would adversely affect the ability of our investors to sell their securities in the public market.

Our common stock is not currently listed or quoted for trading on any national securities exchange or national quotation system. We believe that our common stock will be quoted on the OTC Bulletin Board. The OTC Bulletin Board is an inter-dealer, over-the-counter market that provides significantly less liquidity than the NASDAQ Global Market and NYSE MKT. Quotes for stocks included on the OTC Bulletin Board are not listed in the financial sections of newspapers as are those for the NASDAQ Stock Market and NYSE MKT. Therefore, prices for securities traded solely on the OTC Bulletin Board may be difficult to obtain and holders of common stock may be unable to resell their securities at or near their original offering price or at any price.

If our common stock is quoted on the OTC Bulletin Board, we could face significant consequences, including:

- a limited availability for market quotations for our shares of common stock;
- reduced liquidity with respect to our shares of common stock;
- a determination that our shares of common stock is a “penny stock,” which will require brokers trading in our common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our common stock; and
- limited amount of news and analyst coverage.

Our common stock will not be registered under the Securities Exchange Act of 1934, as amended, and as a result we will have limited reporting duties which could make our common stock less attractive to investors.

We do not intend to register our common stock under the Securities Exchange Act of 1934, as amended, for the foreseeable future, provided that, we will register our common stock under the Exchange Act if we have, after the last day of our fiscal year, more than either (i) 2,000 shareholders of record; or (ii) 500 shareholders of record who are not accredited investors, in accordance with Section 12(g) of the Securities Exchange Act of 1934, as amended. As a result, although, upon the effectiveness of the registration statement of which this prospectus forms a part, we will be required to file annual, quarterly, and current reports pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended, so long as our common stock is not registered under the Securities Exchange Act of 1934, as amended, we will not be subject to Section 14 of the Securities Exchange Act of 1934, as amended, which, among other things, prohibits companies that have securities registered under the Securities Exchange Act of 1934, as amended, from soliciting proxies or consents from shareholders without furnishing to shareholders and filing with the Securities and Exchange Commission a proxy statement and form of proxy complying with the proxy rules. In addition, so long as our common stock is not registered under the Securities Exchange Act of 1934, as amended, our directors and executive officers and beneficial holders of 10% or more of our outstanding shares of common stock will not be subject to Section 16 of the Securities Exchange Act of 1934, as amended. Section 16(a) of the Securities Exchange Act of 1934, as amended, requires executive officers and directs, and persons who beneficially own more than 10% of a registered class of equity securities to file with the Securities and Exchange Commission initial statements of beneficial ownership, reports of changes in ownership and annual reports concerning their ownership of common stock and other equity securities, on Forms 3, 4 and 5, respectively. Such information about our directors, executive officers, and beneficial holders will only be available through this (and any subsequent) registration statement, and periodic reports we file thereunder. Furthermore, so long as our common stock is not registered under the Securities Exchange Act of 1934, as amended, our obligation to file reports under Section 15(d) of the Securities Exchange Act of 1934, as amended, will be automatically suspended if, on the first day of any fiscal year (other than a fiscal year in which a registration statement under the Securities Act of 1933, as amended, has gone effective), we have fewer than 300 shareholders of record. This suspension is automatic and does not require any filing with the Securities and Exchange Commission. In such an event, we may cease providing periodic reports and current or periodic information, including operational and financial information, may not be available with respect to our results of operations. Our limited reporting duties, as compared to issuers with common stock registered under Section 12(g) of the Securities Exchange Act of 1934, as amended, may make our common stock less attractive to the investing public.

Unless we are required to register our securities under Section 12(g) of the Securities Exchange Act of 1934, as amended, we do not intend to voluntarily comply with the registration requirements of Section 12(g) of the Securities Exchange Act of 1934, as amended.

Since we believe that that our securities will be listed on the OTC Bulletin Board, our securities holders may face significant restrictions on the resale of our securities due to state "Blue Sky" laws.

Each state has its own securities laws, often called "blue sky" laws, which (i) limit sales of securities to a state's residents unless the securities are registered in that state or qualify for an exemption from registration, and (ii) govern the reporting requirements for broker-dealers doing business directly or indirectly in the state. Before a security is sold in a state, there must be a registration in place to cover the transaction, or the transaction must be exempt from registration. The applicable broker must be registered in that state. We do not know whether our common stock will be registered or exempt from registration under the laws of any state. Since we believe that our common stock will be listed on the OTC Bulletin Board, a determination regarding registration will be made by those broker-dealers, if any, who agree to serve as the market-makers for our common stock. There may be significant state blue sky law restrictions on the ability of investors to sell, and on purchasers to buy, our common stock. The resale market for our common stock may be limited, as holders may be unable to resell their shares of common stock without the significant expense of state registration or qualification.

The market price and trading volume of shares of our common stock may be volatile.

When and if a market develops for our securities, the market price of our common stock could fluctuate significantly for many reasons, including reasons unrelated to our specific performance, such as limited liquidity for our stock, reports by industry analysts, investor perceptions, or announcements by our competitors regarding their own performance, as well as general economic and industry conditions. For example, to the extent that other large companies within our industry experience declines in their share price, our share price may decline as well. Fluctuations in operating results or the failure of operating results to meet the expectations of public market analysts and investors may negatively impact the price of our securities. Quarterly operating results may fluctuate in the future due to a variety of factors that could negatively affect revenues or expenses in any particular quarter, including vulnerability of our business to a general economic downturn, changes in the laws that affect our products or operations, competition, compensation related expenses, application of accounting standards and our ability to obtain and maintain all necessary government certifications and/or licenses to conduct our business. In addition, when the market price of a company's shares drops significantly, stockholders could institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

The interests of our controlling stockholders may not coincide with yours and such controlling stockholder may make decisions with which you may disagree.

As of February 25, 2014, two of our stockholders beneficially owned over 85% of our common stock. As a result, our controlling stockholders control substantially all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions. In addition, this concentration of ownership may delay or prevent a change in control of our company and make some future transactions more difficult or impossible without the support of our controlling stockholders. The interests of our controlling stockholders may not coincide with our interests or the interests of other stockholders.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have research coverage by securities and industry analysts and you should not invest in our common stock in anticipation that we will obtain such coverage. If we obtain securities or industry analyst coverage and if one or more of the analysts who covers us downgrades our stock or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our stock could decrease, which could cause our stock price and trading volume to decline.

Upon becoming a publicly-reporting company, we will be obligated to develop and maintain proper and effective internal controls over financial reporting. We may not complete our analysis of our internal controls over financial reporting in a timely manner, or these internal controls may have one or more material weaknesses, which may adversely affect investor confidence in our company and, as a result, the value of our common stock.

Ensuring that we have adequate internal financial and accounting controls and procedures in place so that we can produce accurate financial statements on a timely basis is a costly and time-consuming effort that will need to be evaluated frequently. Section 404 of the Sarbanes-Oxley Act requires public companies to conduct an annual review and evaluation of their internal controls and attestations of the effectiveness of internal controls by independent auditors. Upon becoming a publicly-reporting company, we will be required to perform an annual review and evaluation of our internal controls no later than for the fiscal year ending December 31, 2015.

We are in the early stages of the costly and challenging process of compiling the system and processing documentation necessary to evaluate and correct a material weakness in internal controls needed to comply with Section 404 of the Sarbanes-Oxley Act. The material weakness relates to our being a small company with a limited number of employees which limits our ability to assert the controls related to the segregation of duties. During the evaluation and testing process, if we identify one or more additional material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal controls are effective. If we are unable to assert that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our common stock to decline.

While we currently qualify as an "emerging growth company" under the Jumpstart of Business Startups Act of 2012, or the JOBS Act, when we lose that status, it will increase the costs and demands placed upon our management.

Once we become a publicly-reporting company, we will continue to be deemed an emerging growth company until the earliest of (i) the last day of the fiscal year during which we had total annual gross revenues of $1 billion (as indexed for inflation); (ii) the last day of the fiscal year following the fifth anniversary of the date of the first sale of common stock under this registration statement; (iii) the date on which we have, during the previous 3-year period, issued more than $1 billion in non-convertible debt; or (iv) the date on which we are deemed to be a 'large accelerated filer,' as defined by the Securities and Exchange Commission, which would generally occur upon our attaining a public float of at least $700 million. Once we lose emerging growth company status, we expect the costs and demands placed upon our management to increase, as we would have to comply with additional disclosure and accounting requirements, particularly if we would also no qualify as a smaller reporting company.

We are an "emerging growth company" and we cannot be certain that the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

The JOBS Act permits "emerging growth companies" like us, upon becoming a publicly-reporting company, to rely on some of the reduced disclosure requirements that are already available to smaller reporting companies. As long as we qualify as an emerging growth company or a smaller reporting company, we would be permitted to omit the auditor's attestation on internal control over financial reporting that would otherwise be required by the Sarbanes-Oxley Act, as described above, and are also exempt from the requirement to submit "say-on-pay", "say-on-pay frequency" and "say-on-parachute" votes to our stockholders and may avail ourselves of reduced executive compensation disclosure that is already available to smaller reporting companies.

In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the exemption from complying with new or revised accounting standards provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, as long as we are an emerging growth company. An emerging growth company can therefore delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of this exemption. Our financial statements may therefore not be comparable to those of companies that comply with such new or revised accounting standards.

We will cease to be an emerging growth company at such time as described in the risk factor immediately above. Until such time, however, we cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile and could cause our stock price to decline.

Delaware law and our corporate charter and bylaws contain anti-takeover provisions that could delay or discourage takeover attempts that stockholders may consider favorable.

Our board of directors is authorized to issue shares of preferred stock in one or more series and to fix the voting powers, preferences and other rights and limitations of the preferred stock. Accordingly, we may issue shares of preferred stock with a preference over our common stock with respect to dividends or distributions on liquidation or dissolution, or that may otherwise adversely affect the voting or other rights of the holders of common stock. Issuances of preferred stock, depending upon the rights, preferences and designations of the preferred stock, may have the effect of delaying, deterring or preventing a change of control, even if that change of control might benefit our stockholders. In addition, we are subject to Section 203 of the Delaware General Corporation Law. Section 203 generally prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (ii) the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or (iii) on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Section 203 could delay or prohibit mergers or other takeover or change in control attempts with respect to us and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

The terms of our Series C Preferred Stock prohibit us from paying dividends in the future. As a result, any return on investment may be limited to the value of our common stock.

The terms of our Series C Preferred Stock prohibit us from paying dividends in the future on our common stock, absent consent from the holders representing a super-majority of the outstanding shares of our Series C Preferred Stock and a certain investor. Because we will likely not pay dividends, our common stock may be less valuable because a return on an investment in our common stock will only occur if our stock price appreciates.

Risks Related to our Series C Preferred Stock

Our Series C Preferred Stock contains covenants that could limit our financing options and liquidity position, which would limit our ability to grow our business.

Covenants in the certificate of designation for our Series C Preferred Stock impose operating and financial restrictions on us. These restrictions prohibit or limit our ability to, among other things:

- incur additional indebtedness;
- permit liens on assets;
- repay, repurchase or otherwise acquire more than a de minimis number of shares of common stock, Series A Preferred Stock or Series B Preferred Stock;
- pay cash dividends to our stockholders; and
- engage in transactions with affiliates.

These restrictions may limit our ability to obtain financing, withstand downturns in our business or take advantage of business opportunities. Moreover, debt financing we may seek may contain terms that include more restrictive covenants, may require repayment on an accelerated schedule or may impose other obligations that limit our ability to grow our business, acquire needed assets, or take other actions we might otherwise consider appropriate or desirable.

In addition, the certificate of designation for our Series C Preferred Stock requires us to redeem shares of our Series C Preferred Stock, at each holder's option and for an amount greater than their stated value, upon the occurrence of certain events, including a change of control or the initiation of bankruptcy proceedings. In addition, if we fail to compete a financing or series of related financings by February 12, 2014 that results in gross proceeds to us of at least $3 million at a valuation of at least $30 million or, if at any time after February 12, 2014, we fail to maintain the listing of our common stock on a trading market for more than five trading days in any twelve month period, the conversion price of the Series C Preferred Stock will be reduced to $1.50 per share.

The holders of our Series C Preferred Stock are entitled to receive a dividend, which may be increased if we do not comply with certain covenants, and are also entitled to receive a make-whole payment if the Series C Preferred Stock is converted into common stock prior to February 12, 2016.

The holders of the Series C Preferred Stock are entitled to a 9% annual dividend on the $1,000 per share stated value of our Series C Preferred Stock, which is payable in cash or, subject to the satisfaction of certain conditions, in pay-in-kind shares. The dividend may be increased to a 18% annual dividend upon the occurrence of certain events, including a change of control or the initiation of bankruptcy proceedings. In addition, if a holder of the Series C Preferred Stock converts its shares of Series C Preferred Stock into shares of common stock any time prior to February 12, 2016, the holder will be deemed to have earned a make whole amount equal to the amount that would have been due if such shares of Series C Preferred Stock had been outstanding until such date, which may be paid in cash or pay-in-kind shares, depending upon the availability of funds to us to make such payments and the fulfillment of certain conditions relating to our company and our common stock. As a result of the payment of dividends and the make whole amounts related to our Series C Preferred Stock, we may be obligated to pay significant sums of money or issue significantly more shares of common stock than our Series C Preferred Stock would otherwise be convertible into, which could negatively affect our operations or result in the dilution of the holders of our common stock, respectively.

Our Series C Preferred Stock and our warrants contain anti-dilution provisions that may result in the reduction of their conversion prices or exercise prices in the future.

Our Series C Preferred Stock and our warrants contain anti-dilution provisions, which provisions require the lowering of the conversion price or exercise price, as applicable, to the purchase price of future offerings. Furthermore, with respect to our warrants, if we complete an offering below the exercise price of such warrants, the number of shares issuable under such warrants will be proportionately increased such that the aggregate exercise price payable after taking into account the decrease in the exercise price, shall be equal to the aggregate exercise price prior to such adjustment. If in the future we issue securities for less than the conversion or exercise price of our Series C Preferred Stock and our warrants, respectively, we will be required to further reduce the relevant conversion or exercise prices, and the number of shares underlying the warrants will be increased. We may find it more difficult to raise additional equity capital while our Series C Preferred Stock and our warrants are outstanding.

In addition, in connection with the sale and issuance of our Series C Preferred Stock, we amended the terms of our Series A Preferred Stock and Series B Preferred Stock to reduce each preferred stock's conversion price. Although we do not intend to reduce the conversion or exercise prices of our outstanding securities in the future, if we do so, the holders of our common stock may experience greater dilution upon the conversion or exercise of our outstanding securities convertible or exercisable into our common stock.

SECTION 4

The Company and its Business

History

We were formed as BioSig Technologies, Inc., a Nevada corporation, in February 2009 and in April 2011 we merged with our wholly-owned subsidiary, BioSig Technologies Inc., a Delaware corporation, with the Delaware corporation continuing as the surviving entity. In September 2011, we completed a private placement of our Series A Preferred Stock to certain accredited investors, with gross proceeds of $922,000 and, in April 2012, we completed a private placement of our Series B Preferred Stock to certain accredited investors, with gross proceeds of $887,500. In July 2013, we completed a private placement of our Series C Preferred Stock and warrants to purchase our common stock to certain accredited investors, with gross proceeds of $2,781,000, including the conversion of $600,000 of our outstanding bridge notes. In January 2014, we completed a private placement of our common stock and warrants to purchase common stock to certain accredited investors, with gross proceeds of $791,885, including the conversion of $228,000 of our outstanding indebtedness.

Overview

We are a development stage medical device company that is developing a proprietary technology platform to minimize noise and artifacts from cardiac recordings during electrophysiology studies and ablation. We are developing the PURE EP System, a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms required during electrophysiology studies and ablation procedures.

The PURE (Precise Uninterrupted Real-time evaluation of Electrograms) EP System is designed to assist electrophysiologists in making clinical decisions in real-time by providing information that, we believe, is not easily obtained, if at all, from any other equipment presently used in electrophysiology labs. PURE EP System's ability to acquire high fidelity cardiac signals will potentially increase these signals' diagnostic value, and therefore offer improved accuracy and efficiency of the EP studies and related procedures. We are developing signal processing tools within the PURE EP System, which we call confidence indexes. We believe that these will assist electrophysiologists in further differentiating true signals from noise, and will provide guidance in identifying ablation targets.

Since June 2011, we have collaborated with physicians affiliated with the Texas Cardiac Arrhythmia Institute at St. David's Medical Center in Austin, Texas for initial technology validation. The physicians affiliated with the Texas Cardiac Arrhythmia Institute has provided us with digital recordings obtained with conventional electrophysiology recording systems during different stages of electrophysiology studies. Using our proprietary signal processing tools that are part of the PURE EP System, we analyzed these recordings and successfully removed baseline wander, noise and artifacts from the data thereby providing better diagnostic quality signals.

We are focused on improving the quality of cardiac recordings obtained during ablation of atrial fibrillation, the most common cardiac arrhythmia, and ventricular tachycardia, an arrhythmia evidenced by a fast heart rhythm originating from the lower chambers of the heart, which can be life-threatening. Cardiac ablation is a procedure that corrects conduction of electrical impulses in the heart that cause arrhythmias. During this invasive procedure, a catheter is usually inserted using a venous access into a specific area of the heart. A special radiofrequency generator delivers energy through the catheter to small areas of the heart muscle that cause the abnormal heart rhythm. According to a 2009 article in Circulation: Arrhythmia and Electrophysiology, ablation is superior to pharmacological treatments and is becoming a first line of therapy for certain patients with arrhythmias ("Treatment of Atrial Fibrillation With Antiarrhythmic Drugs or Radiofrequency Ablation," Circulation: Arrhythmia and Electrophysiology 2: 349-361 (2009)).

Our overall goal is to establish our proprietary technology as a new platform that will have the following advantages over the electrophysiology recording systems currently available on the market:

- Higher quality cardiac signal acquisition for accurate and more efficient electrophysiology studies;
- Precise, uninterrupted, real time evaluations of electrograms;
- Reliable cardiac recordings to better determine precise ablation targets, strategy and end point of procedures; and
- A portable device that can be fully integrated into existing electrophysiology lab environments.

If we are able to develop our product as designed, we believe that the PURE EP System and its signal processing tools will contribute to an increase in the number of procedures performed in each electrophysiology lab and possibly improved patient outcomes.

Our significant scientific achievements to date include:

- Initial system concept validation has been performed in collaboration with physicians at the Texas Cardiac Arrhythmia Institute at St. David's Medical Center in Austin, Texas in June 2011. The Texas Cardiac Arrhythmia Institute provided challenging recordings obtained with electrophysiology recording systems presently in use at the institute during various electrophysiology studies. Our technology team successfully imported the data into the PURE EP System and using proprietary signal processing, the PURE EP System was able to reduce baseline wander, noise, and artifacts from the data and therefore provide better diagnostic quality signals.
- We have established clinical and/or advisory relationships for both technology development and validation studies with physicians and researchers affiliated with the following medical centers: Texas Cardiac Arrhythmia Institute, Austin, TX; Cardiac Arrhythmia Center at the University of California at Los Angeles, Los Angeles, CA; Mount Sinai Medical Center, New York, NY; Beaumont Medical Center, Detroit, MI; University Hospitals Case Medical Center, Cleveland, OH; and The Heart Rhythm Institute, University of Oklahoma Health Sciences Center, Oklahoma City, OK.
- As part of our pre-clinical trials, physicians affiliated with the Texas Cardiac Arrhythmia Institute, University Hospitals Case Medical Center and Mount Sinai Medical Center provide us with recordings from challenging ablation procedures, mainly for ventricular tachycardia and atrial fibrillation, where the attending electrophysiologists face clinical dilemmas with the recordings obtained by their current recording systems. We believe that the recordings that the PURE EP System has provided them, which show a significant reduction in baseline wander, noise, and artifacts, are of materially higher diagnostic value than the original recordings.
- The Cardiac Arrhythmia Center at the University of California at Los Angeles and Dr. Kalyanam Shivkumar, a member of our board of directors, have played a significant role in the initial functional testing of our hardware. Dr. Shivkumar and his team have enabled us to learn the connectivity of the lab and its devices that pertain to where our PURE EP System will fit in.
- We are developing a confidence index that will assist electrophysiologists in further differentiating true signals from noise, which may potentially provide guidance in identifying ablation targets. The confidence index is expected to be an integral part of the software of the PURE EP System, which we believe will significantly facilitate the locating of ablation targets.

Because we are an early development stage company, with our initial product under development, we currently do not have any customers. We anticipate that our initial customers will be hospitals and other health care facilities that operate electrophysiology labs.

Our Industry

Electrophysiology is the study of the propagation of electrical impulses throughout the heart. Electrophysiology studies are focused on the diagnosis and treatment of arrhythmias, a medical condition in which conduction of electrical impulses within the heart vary from the normal. Such conditions may be associated with significant health risks to patients. The invasive cardiac electrophysiology study for the evaluation of cardiac conduction disorders has evolved rapidly from a research tool to an established clinical treatment. This technique permits detailed analyses of the mechanism underlying cardiac arrhythmias and determines precise locations of the sites of origin of these arrhythmias, thereby aiding in treatment strategies.

Pharmacological, or medicine-based, therapies have traditionally been used as initial treatments, but they often fail to adequately control the arrhythmia and may have significant side effects. Catheter ablation is now often recommended for an arrhythmia that medicine cannot control. Catheter ablation involves advancing several flexible catheters into the patient's blood vessels, usually either in the femoral vein, internal jugular vein or subclavian vein. The catheters are then advanced towards the heart. Electrical impulses are then used to induce the arrhythmia and local heating or freezing is used to ablate (destroy) the abnormal tissue that is causing it. Catheter ablation of most arrhythmias has a high success rate and multiple procedures per patient have been found to be more successful. One recent study found that arrhythmia-free survival rates after a single catheter ablation procedure were 40%, 37%, and 29% at one, two and five years, respectively, with most recurrences over the first six months ("Catheter Ablation for Atrial Fibrillation - Are Results Maintained at 5 Years of Follow-Up?" J Am Coll Cardiol. 2011;57(2):160-166). Another study stated that catheter ablation of atrial fibrillation has been shown to be effective in approximately 80% of patients after 1.3 procedures per patient, with approximately 70% of such patients requiring no further antiarrhythmic drugs during intermediate follow-up (Updated Worldwide Survey on the Methods, Efficacy, and Safety of Catheter Ablation for Human Atrial Fibrillation Circulation: Arrhythmia and Electrophysiology. 2010; 3: 32-38).

Catheter ablation is usually performed by an electrophysiologist (a specially trained cardiologist) in a catheterization lab or a specialized electrophysiology lab. It is estimated that there are about 2,000 electrophysiology labs in the U.S. and 2,000 electrophysiology labs outside the U.S., each with an electrophysiology recording system costing an average of $250,000. We believe that the current value of the electrophysiology recording device market in the U.S. is approximately $500 million, based upon the number of electrophysiology labs in U.S. and the average cost of the recording system in each lab. With the potential of 12 million atrial fibrillation patients by the year 2050 (according to the Atrial Fibrillation Fact Sheet, February 2010, published by the Centers for Disease Control and Prevention) and improvements in technology for atrial fibrillation ablation therapy, significant growth is predicted for the number of hospitals building electrophysiology labs. A July 2012 report published by the Millennium Research Group predicted rapid growth in the U.S. market for electrophysiology mapping and ablation devices from 2012 to 2016, due to the medical community's growing focus on treating atrial fibrillation. The report further predicts that even with advances in drug treatments and management devices to treat or manage arrhythmias, the electrophysiology mapping and ablation device market will be sustained by the continued development of advanced technologies that decrease ablation procedure times and improve success rates. According to a 2011 report by Axis Research Mind, "Global Electrophysiology Devices – Market Growth Analysis, 2009-2015," total global electrophysiology devices market is forecasted to reach at $4.4 billion by 2015 with a compound annual growth rate of 9.7%.

Treatment of Atrial Fibrillation and Ventricular Tachycardia

We believe that the clearer recordings and additional information provided by the PURE EP System may improve outcomes during electrophysiology studies and ablation procedures for a variety of arrhythmias. For patients who are candidates for ablation, an electrophysiology study is necessary to define the targeted sites for the ablation procedure. Two common, yet complex, conditions for which ablation procedures are performed are atrial fibrillation and ventricular tachycardia. We believe that in the near future, the PURE EP System may have a great impact on assisting ablation strategies for these conditions.

Most cardiac arrhythmias are well understood and ablation simply requires destroying a small area of heart tissue possessing electrical abnormality. In contrast, complex arrythmias, such as atrial fibrillation and ventricular tachycardia, have complex pathophysiology and because knowledge of their origins and mechanisms are incomplete, ablation treatments for these arrhythmias are largely empirical. Catheter ablation is now an important option to control recurrent ventricular tachycardias ("EHRA/HRS Expert Consensus on Catheter Ablation of Ventricular Arrhythmias," Europace (2009)11 (6): 771-817). Catheter ablation of ventricular tachycardia in nonischemic heart diseases can be challenging, and outcomes across different diseases are incompletely defined ("Catheter Ablation of Ventricular Tachycardia in Nonischemic Heart Disease," Circulation: Arrhythmia and Electrophysiology (2012) 5: 992-1000). In addition, limitations of atrial fibrillation ablation include the use of catheters designed for pinpoint lesions to perform large area ablations in a point-by-point fashion, and the dexterity required to perform the procedure ("New Technologies in Atrial Fibrillation Ablation," Circulation (2009)). Furthermore, the length of these procedures exposes the physician and staff to extensive radiation, requiring them to wear heavy lead vests. Consequently, ablating atrial fibrillation and ventricular tachycardia have been regarded as being extremely difficult. Therefore, access to these procedures has been limited to being performed by only especially well-trained cardiologists.

According to the National Institute of Health National Heart Lung and Blood Institute, there are approximately 3 million Americans suffering with atrial fibrillation and about 850,000 patients are hospitalized annually for this condition. As many as 600,000 new cases of atrial fibrillation are diagnosed each year. According to the Millennium Research Group, despite the fact that physicians have been performing radiofrequency ablations since the 1990s, catheter-based treatment is offered to less than 1% of the atrial fibrillation patient population in the U.S. and Europe. We believe that the number of ablation procedures will grow with further advances in ablation treatment and diagnostic techniques. Studies have demonstrated the effectiveness of atrial fibrillation ablation as compared to anti- arrhythmic drug therapy, which has led to ablation's acceptance as a primary treatment strategy. The American College of Cardiology Foundation/American Heart Association Task Force reported that catheter-directed ablation of atrial fibrillation represents a substantial achievement that promises better therapy for a large number of patients presently resistant to pharmacological or electrical conversion to sinus rhythm ("2011 ACCF/AHA/HRS Focused Update on the Management of Patients With Atrial Fibrillation (Updating the 2006 Guideline)"). However, rates of success and complications may vary, sometimes considerably.

According to the Heart Rhythm Society, ventricular tachycardia is the most dangerous arrhythmia since it may result in ventricular fibrillation, a rapid chaotic heartbeat in the lower chambers of the heart. Because the fibrillating muscle cannot contract and pump blood to the brain and vital organs, ventricular fibrillation is the number one cause of sudden cardiac death accounting for more than 350,000 deaths in the U.S. each year. Ventricular tachycardia is typically treated with implantable cardioverter defibrillators, or ICDs, or a combination of ablation along with an ICD. The American College of Cardiology/American Heart Association Task Force on Practice Guidelines/European Society of Cardiology Committee for Practice Guidelines, or ACC/AHA/ESC, 2009 guidelines recommend ablation in patients who either have sustained predominantly monomorphic ventricular tachycardia that is drug resistant, are drug intolerant or do not wish for long-term drug therapy. According to a recent study, catheter ablation has been found to reduce ventricular tachycardia/ventricular fibrillation recurrences and thereby ICD interventions, including ICD shocks, by approximately 75% in patients that have undergone multiple ICD shocks (Kuck, "Should Catheter Ablation be the Preferred Therapy for Reducing ICD Shocks? Ventricular Tachycardia in Patients With an Implantable Defibrillator Warrants Catheter Ablation," Circulation: Arrhythmia and Electrophysiology (2009; 2: 713-720)). More importantly, according to Kuck, catheter ablation is the only treatment that can terminate and eliminate incessant ventricular tachycardia and acutely abolish electrical storm in ICD patients. Typically, patients who receive ICDs are at high risk for recurrent arrhythmia; hence, most patients receive one or more ICD therapies for spontaneous arrhythmias after implantation. Despite the technological evolution of ICD systems, more than 20% of shocks are due to supraventricular arrhythmia and hence are inappropriate. Although the ICD aborts ventricular tachycardia/ventricular fibrillation, many patients continue to have symptoms. These shocks are physically and emotionally painful and lead to poor quality of life and adverse psychological outcomes in patients and their families.

According to Mahapatra S., the status of ventricular tachycardia ablation is growing at a 14-17% growth rate due to the fact that ablation of ventricular tachycardia may help patients feel better and live longer, despite the risks, including the occurrence of stroke, and the modest success rates. The success of ventricular tachycardia ablation varies, depending on the patient's specific heart condition that caused ventricular tachycardia. The procedure is most effective in patients with otherwise normal hearts, in whom the success rate exceeds 90%. In patients with structural heart disease resulting from scar or cardiomyopathy, success rates range between 50% and 75% at six to 12 months. In cases in which a patient experiences a recurrence, two of three patients will still have less ventricular tachycardia than before the initial ablation (Circulation, 2010; 122: e389-e391). Therefore, we believe that ablation will continue to become a preferred treatment for ventricular tachycardia, especially in light of the challenges presented by ICD therapies; this increase in demand for ablation procedures will likely also increase the demand for technological advances in medical devices essential to ablation procedures, including electrophysiology recorders, in order to better support and ablation procedures.

Electrophysiology Lab Environment and Electrophysiology Recording Systems

The electrophysiology lab environment and recording systems create significant amounts of noise and artifacts during electrophysiology procedures. Current surface and intracardiac recording systems typically consist of large workstations interconnected by a complex set of cables that contribute to significant amounts of noise during signal acquisition. Additional noise and artifacts generated from the electrophysiology lab equipment further hamper recordings of small electrophysiological potentials. Preserving spaciotemporal (space and time) characteristics of the signal in a very challenging electrophysiology recording environment is a difficult task. To remove noise and artifacts, recorders that are currently on the market offer a family of low pass, high pass and notch filters, but these filters alter signal information context.

The shape and amplitude of electrocardiograms, unipolar and bipolar electrograms, and, consequently, reconstructed endocardial and epicardial maps, are influenced not only by electrophysiological and structural characteristics of the myocardial tissue involved, but with characteristics of the recording system. Amplitude and morphology of electrocardiogram and intracardiac signals are significantly affected by filters used to remove noise. Because of the number of amplitude and interval measurements made during an electrophysiology study, it is imperative that the recording system faithfully acquires surface electrocardiogram and intracardiac electrograms. We believe that the recording systems that are currently available on the market are ineffective in preserving the optimal amount of original information contained in the cardiac signals.

In addition, the electrophysiology lab consists of sophisticated equipment that requires an electrophysiologist to mentally integrate information from a number of sources during procedures. There are numerous monitors in an electrophysiology lab that provide and display this variety of information. An electrophysiologist needs to evaluate the acquired cardiac signals and the patient's responses to any induced arrhythmias during the procedure. However, it is difficult for an electrophysiologist to synthesize the disparate information produced by the numerous monitors in the lab and calculate the real-time, three-dimensional orientation of the anatomy and the location of the recording and ablation catheters. As the number of electrophysiology procedures increase, a variety of diagnostic and therapeutic ablation catheters are becoming more widely available and new highly specialized catheters are being developed. In addition, remote robotic and magnetic navigation systems are being developed to address limitations of dexterity in controlling the catheter tip, especially during complex arrhythmia ablation procedures. We believe that, considering the improvements being made with respect to other equipment used in the electrophysiology lab and the continual increase of ablation procedures, the electrophysiology recorders currently available on the market are not sufficiently advanced with respect to the quality of their recordings to deliver adequate results. We believe that the PURE EP System will be able to deliver superior quality of recordings that will allow it to successfully integrate with the other advanced equipment found in the electrophysiology lab.

The requirement for optimal signal integrity is further amplified during ablation treatments of atrial fibrillation and ventricular tachycardia. Presently, one of the main objectives of the atrial fibrillation ablation procedure is to precisely identify, ablate and eliminate pulmonary vein potentials and one of the main objectives of the ventricular tachycardia procedure is to map the arrhythmia substrate and precisely identify, ablate and eliminate small abnormal potentials. The information provided by recorders is essential for an electrophysiologist to determine ablation strategy during termination of both pulmonary vein potentials and ventricular tachycardia. Therefore, it is important that the recording system's noise removal technique does not alter appearance and fidelity of these potentials. As a result, it is necessary that any new signal processing preserves signal fidelity as much as possible during electrophysiology recordings; otherwise, the signals that are needed to guide the ablation procedures will be difficult to distinguish due to noise interference.

Our Products

We intend to bring to the electrophysiology market the PURE EP System, an electrocardiogram/intracardiac recorder that will be coupled with an array of software tools intended for electrophysiology studies and procedures ranging from simple diagnostic tests to ablation for the most complex cases of arrhythmias. We believe that this system will provide unique recording capabilities because we are developing it to allow precise, uninterrupted, real-time evaluations of electrocardiograms and electrograms, and allow electrophysiologists to obtain data that cannot be acquired from present day recorders.

The PURE EP System uses a combination of analog and digital signal processing to acquire and display cardiac data. Because our technology consists of proprietary hardware, software and algorithms, the original cardiac data is not distorted. In addition, we are developing a library of software tools that are designed to be configured to fit the needs of electrophysiologists in different settings and/or for different arrhythmia treatments. With the software, the PURE EP System can be positioned to provide information that can be used by electrophysiologists to help guide the ablation catheter; shorten procedure times; and can reduce the complexity of maneuvers necessary for identifying ablation targets for various arrhythmias, including atrial fibrillation and ventricular tachycardia. The PURE EP system is intended to be used in addition to existing electrophysiology recorders. We believe that the less distorted cardiac data provided by the PURE EP system will increase the workload ability and enhance the capabilities of the typical electrophysiology laboratory.

Initial Analysis

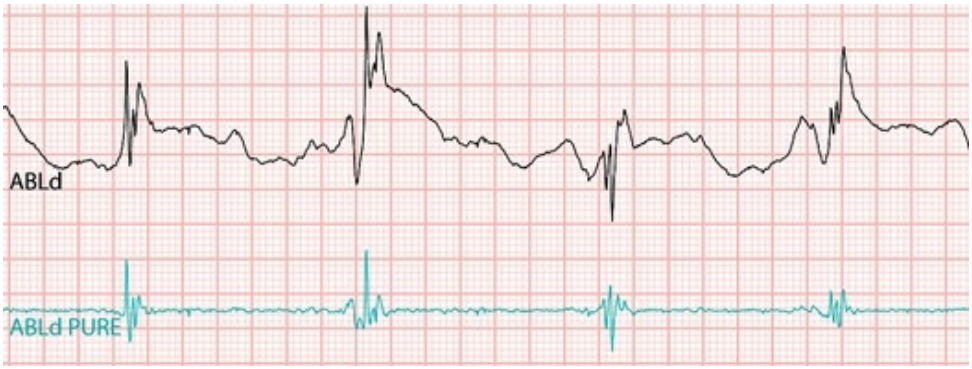
According to S. J. Asirvatham, MD, et. al. ("Signals and Signal Processing for the Electrophysiologist," Circ Arrhythm Electrophysiol. 2011;4:965-973), recording environments in a typical electrophysiology laboratory presents challenging situations. S. J. Asirvatham, MD, et. al., state, "Successful mapping and ablation in the electrophysiology laboratory is critically dependent on acquiring multiple, low-amplitude, intracardiac signals in the presence of numerous sources of electric noise and interference and displaying these signals in an uncomplicated and clinically relevant fashion, with minimal artifacts. This represents a significant engineering challenge and, in real-life electrophysiology laboratory, is not always successful."

To determine and validate the state of present electrophysiology recording technology in the field, we completed a detailed analysis of the effect of filters used by existing EP recorders to reduce noise on spaciotemporal characteristics of electrocardiograms and intracardiac electrograms. We used a custom built electrocardiogram/intracardiac simulator with a database of various electrocardiogram signals combined with electrophysiology signals, along with waveforms from publicly available databases. The ability to faithfully reproduce database waveforms generated by an electrocardiogram/intracardiac simulator was tested using the PURE EP System and conventional electrophysiology recorders, the GE CardioLab and St. Jude EP-WorkMate.

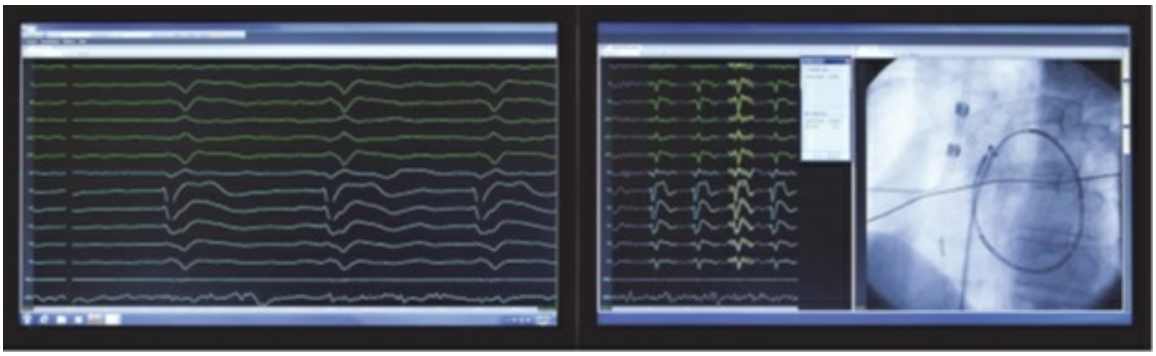
We evaluated the signal quality (amplitude, morphology and duration) of the different recorders, along with the ability of the recorders to reduce noise level and remove baseline wander, which are the cardiac signals that have shifted from the isoelectric line (the base line of the signal tracing). The electrocardiogram and intracardiac signals subjected to the PURE EP System's signal processing showed less baseline wander, noise and artifacts compared to the conventional electrophysiology recorders (as evidenced in the picture below from our initial validation). Further, spaciotemporal characteristics of signals were greatly distorted by the conventional electrophysiology system, particularly when a notch filter was used, as compared to the recording of the same spaciotemporal characteristics by the PURE EP System. A notch filter is used to remove a specific frequency from the signal, especially either 60Hz in the U.S. and 50Hz in Europe, and can be implemented in hardware or software.

While preliminary analysis of the data from this study has been performed, the analysis of the data will be presented more formally in the future in conjunction with data from our other studies. As such, our data has not been subjected to any third-party review, as would be required for the publication of a formal study. If we are able to demonstrate a similar level of success in removing baseline wander and reducing noise level for our planned pre-clinical, animal and clinical studies and trials, we believe that the PURE EP System's signal processing will become a vital part of electrophysiology labs and will greatly assist in the ablation treatment for complex arrhythmias, including atrial fibrillation and ventricular tachycardia.

During initial software validation of the PURE EP System , Texas Cardiac Arrhythmia Institute provided data from its current recording system (ABLd, the ablation catheter's distal electrode situated at the tip of the catheter, furthest from the handle) that was recorded in an electrophysiology laboratory that presented a real-life challenging recording environment . The PURE EP System removed baseline wander, noise and artifacts and provided a clean signal (ABLd PURE) to assist in identification of ablation sites.



Screen shot of the PURE EP System's software analyzing data from an EP study.



Growth Strategy

Technology and Development Plan

Our technology team consists of six engineers with expertise in digital signal processing, low power analog and digital circuit design, software development, embedded system development, electromechanical design, testing and system integration, and the regulatory requirements for medical devices. We have also entered into collaboration agreements with advisors and medical institutions in the fields of cardiology and electrophysiology, including the Texas Cardiac Arrhythmia Institute (see "–Strategic Alliances"). We currently intend to outsource manufacturing, assembling, and testing.

We are currently conducting retrospective studies using the PURE EP System to analyze electrophysiology recordings obtained by existing electrophysiology recorders. We believe these retrospective studies will be completed by the first half of 2014. We intend to conduct animal studies using the PURE EP System and initial human clinical trials. Our objective is to complete all studies by the fourth quarter of 2014. We have also begun planning and implementing steps for obtaining 510(k) approval from the U.S. Food and Drug Administration for the PURE EP System. We believe that by first half of 2015, we will have obtained 510(k) marketing clearance from the FDA and will be able to commence marketing and commercialization of the PURE EP System.

Strategic Alliances

We formed a scientific advisory board in order to foster collaborations with physicians in the global electrophysiology market to help test and commercialize our PURE EP System. We also plan to develop studies, beginning with studies with physicians and researchers affiliated with the UCLA Cardiac Arrhythmia Center and the Texas Cardiac Arrhythmia Institute that are intended to demonstrate clinical advantages, build scientific evidence and accelerate technology awareness and market adoption of the PURE EP System. Thus far, we have we have developed both formal, compensated relationships with physicians and researchers, as well as more informal relationships with physicians and researchers that have provided us with data to be read by the PURE EP System, as well as advice and consulting services at no cost to us.

Beginning in the second quarter of 2011, we have collaborated, and continue to collaborate, with Dr. Andrea Natale of the Texas Cardiac Arrhythmia Institute and Dr. Luigi Di Biase of the Montefiore Einstein Center for Heart and Vascular Care in New York, who had previously worked with other companies such as St. Jude Medical, Boston Scientific, Biosense Webster, Inc., and Medtronic, Inc. Drs. Natale and Di Biase have provided their advisory and consulting services to us at no cost. We have also developed informal advisory relationships with physicians and researchers at other electrophysiology centers including Beaumont Medical Center, Detroit, MI, and the Heart Rhythm Institute at the University of Oklahoma Health Sciences Center. These relationships consist of the physicians and researchers reviewing our data and technology and providing us advice. To date, we have not entered into any agreements with these physicians and researchers, nor have we compensated them in any way. As explained below, we have entered into formal agreements with physicians affiliated with University Hospitals Case Medical Center in Cleveland, University of California at Los Angeles Cardiac Arrhythmia Center and Mount Sinai Hospital Cardiovascular Institute in New York. We envision beginning clinical trials or other further studies of our products at some or all of these institutions in 2014.

On March 30, 2012, we entered into a consulting agreement with Dr. Mauricio Arruda, who is affiliated with University Hospitals Case Medical Center in Cleveland, pursuant to which Dr. Arruda would provide us with advisory services related to the development and implementation of software and/or hardware designed for the purpose of mapping cardiac signals during electrophysiologic studies in exchange for a fee of $3,000 per day or occurrence or $300 per hour, depending upon the nature of the services we requested, in addition to reimbursement for reasonable expenses. Our agreement with Dr. Arruda renews annually unless terminated by either party at least 30 days prior to the renewal.

On February 12, 2013, we entered into a consulting agreement with Dr. Rony Shimony, who is affiliated with Mount Sinai Hospital Cardiovascular Institute in New York, pursuant to which Dr. Shimony would provide us with advisory services related to our PURE EP System in exchange for a grant of an option to purchase 283,750 shares of our common stock with an exercise price of $2.09 per share with the following vesting schedule: (i) 48,611 shares vest on the first, second and third monthly anniversaries of the February 12, 2013, and (ii) one twenty fourth (1/24) of the remaining 137,917 shares vest on each monthly anniversary of the February 12, 2013, provided on each such vesting date Dr. Shimony is still providing services to us. We will also reimburse Dr. Shimony for reasonable expenses. Our agreement with Dr. Shimony has a term of two years unless otherwise earlier terminated by either party.

On April 1, 2013, we entered into a consulting agreement with Dr. Vivek Reddy, who is affiliated with Mount Sinai Hospital Cardiovascular Institute in New York, pursuant to which Dr. Reddy would provide us with advisory services related to our PURE EP System in exchange for a grant of an option to purchase 30,000 shares of our common stock with an exercise price of $2.09 per share and vesting in equal amounts every month for nine months, in addition to reimbursement for reasonable expenses. Our agreement with Dr. Reddy has a term of one year unless otherwise earlier terminated by either party.

Competition

The electrophysiology market is characterized by intense competition and rapid technological advances. There are currently four large companies that share the majority of the electrophysiological recording market share. They produce the following electrophysiology recording systems, each with a unit price of approximately $250,000 per unit:

- GE's CardioLab Recording System was developed in the early 1990s by Prucka Engineering and was acquired by GE in 1999.
- Bard's LabSystem PRO EP Recording System was originally designed in the late 1980s.
- Siemens developed the Axiom Sensis XP in 2002.
- St. Jude Medical's EP-WorkMate Recording System was acquired from EP MedSystems in 2008, which had received approval for the product from the U.S. Food and Drug Administration in 2003.

Based upon our analysis of data taken from patent applications filed with the U.S. Patent and Trademark Office and 510(k) approval applications filed with the U.S. Food and Drug Administration, we believe that the above recording systems are built on relatively old technologies and all use the identical approach in applying digital filters to remove noise and artifacts. We are of the opinion that such an approach sacrifices cardiac signal fidelity and, in the case of ablation, the filters have a direct impact on the ablation strategy of an electrophysiologist. The imprecise method to remove noise and artifacts used by the old recorders could be a contributing factor to the multiple (or repeated) ablation procedures that are frequently required in order to completely cure patients from atrial fibrillation and ventricular tachycardia. We are not currently aware of any other companies that are developing new recording technology for electrophysiology recorders.

Suppliers

The PURE EP System contains proprietary hardware and software modules that are assembled into the system. Hardware boards contain components that are available from different distributors. The parts used to manufacture analog and digital boards are readily available from a number of distributors or manufacturers. We obtained components from various suppliers and have assembled our first prototype in-house. We envision outsourcing manufacturing of the complete PURE EP System to a local medical device manufacturer in California.

Research and Development Expenses

Research and development expenses for the fiscal years ended December 31, 2012 and 2011 were $888,948 and $582,525, respectively.

Sales, Marketing and Customer Service

We plan to implement a market development program prior to launch of our PURE EP System. As the product progresses through development and testing, we intend to gather the data produced by the PURE EP System's processing and presenting electrocardiogram and intracardiac signals and use such data for posters, presentations at cardiology conferences, and, if appropriate, submissions to scientific journals. We believe that as we gather additional data from our planned animal and clinical studies and user preference studies, we will be able to better determine the focus of our marketing efforts. We also plan to leverage our relationships with cardiac research and treatment centers to gain early product evaluation and validation. We believe that through these efforts, we may be able to gain preliminary acceptance of our PURE EP product by experienced professionals and academics in the electrophysiology field.

We also intend to simultaneously develop a branding strategy to introduce and support the PURE EP System. The strategy may include our presence at major relevant cardiology meetings on a national and regional basis to engage and educate physicians concerning the PURE EP System and any of our other products, as well as engaging in a variety of other direct marketing methods. We also intend to develop a small direct sales force together with a distribution network that has existing relationships with hospitals and electrophysiologists. We believe that we may be able to begin commercial sales of the PURE EP System in 2015.

Intellectual Property

Patents

Our success depends in large part on our ability to establish and maintain the proprietary nature of our technology. Our co-founder and former chief technology officer, Budimir S. Drakulic, Ph.D., conceived of the proprietary elements of the PURE EP System in 2009 and 2010. We filed a patent application with the U.S. Patent and Trademark Office in December 2013 directed at systems and methods for the evaluation of electrophysiology systems. In addition, we filed a patent application with the U.S. Patent and Trademark Office in October 2013 directed at the use of electrocardiography sensing for control of radiofrequency renal denervation. Our former chief executive officer and president has challenged our ownership and control of our patent application filed in October 2013 and related patent(s). We fully dispute his challenge to the ownership and control of such patent application and related patent(s) and intend to challenge his claim to the fullest extent permitted by law. While we believe any such transfer, should it occur, would not have a material impact on our rights to our fundamental technologies, which we believe were developed prior to our former chief executive officer and president joining our company in September 2013, if we are nonetheless obligated to transfer the ownership and control of such patent application and related patent(s) to our former chief executive officer and president, we could lose rights to a portion of our intellectual property.

We intend to file one or more additional patents in the U.S. in the future. We believe that our existing rights to the technology relating to the proprietary elements of the PURE EP System and the invention rights not contained in our patent applications are based upon the fiduciary duties owed to us by Dr. Drakulic as an officer and director of our company, which obligate him to grant us rights to technology essential to our products. In addition, under the work-for-hire doctrine, we have rights to all works of authorship (including for software products developed related to the PURE EP System) by our employees acting within the scope of their employment.

Trademarks

Our trademark application to register "PURE EP" in the U.S. was accepted and our trademark application to register "BioSig" in the U.S. is pending.

Government Regulation

Our solutions include software and hardware, which will be used for patient diagnosis and, accordingly, are subject to regulation by the U.S. Food and Drug Administration and other regulatory agencies. U.S. Food and Drug Administration regulations govern, among other things, the following activities that we perform and will continue to perform in connection with:

- Product design and development;
- Product testing;
- Product manufacturing;
- Product labeling and packaging;
- Product handling, storage, and installation;
- Pre-market clearance or approval;
- Advertising and promotion; and
- Product sales, distribution, and servicing.

U.S. Food and Drug Administration's Pre-market Clearance and Approval Requirements

The U.S. Food and Drug Administration classifies all medical devices into one of three classes. Devices deemed to pose lower risks are placed in either Class I or II, which requires the manufacturer to submit to the U.S. Food and Drug Administration a pre-market notification, known as a PMN, and a 510(k) approval, requesting clearance of the device for commercial distribution in the U.S. Class III devices are devices which must be approved by the pre-market approval process. These tend to be devices that are permanently implanted into a human body or that may be necessary to sustain life. For example, an artificial heart meets both these criteria. Based on analysis of predicate devices, we believe that our products will be classified as Class II. Pursuant to U.S. Food and Drug Administration guidelines, Class II devices include a programmable diagnostic computer, which is a device that can be programmed to compute various physiologic or blood flow parameters based on the output from one or more electrodes, transducers, or measuring devices; this device includes any associated commercially supplied programs. Because the PURE EP System is a surface electrocardiogram and intracardiac multichannel recording and analysis system that acquires, processes and displays electrocardiogram and electrograms, we believe it will be classified as a Class II device. We must, therefore, first receive a 510(k) clearance from the U.S. Food and Drug Administration for our PURE EP system before we can commercially distribute it in the U.S. In the event that our PURE EP system is classified as a Class III device, which we believe is unlikely to occur, the U.S. Food and Drug Administration regulatory approval process and the subsequent commercialization of our product will require significantly greater time and resources than if it is classified as a Class II device, which would require us to reassess our strategic business plan of operations.

510(k) Clearance Process

For our PURE EP System, we must submit a pre-market notification to the U.S. Food and Drug Administration demonstrating that the proposed device is substantially equivalent to a previously cleared 510(k) device, a device that was in commercial distribution before May 28, 1976 for which the U.S. Food and Drug Administration has not yet called for the submission of pre-market approval applications, or is a device that has been reclassified from Class III to either Class II or I.

The U.S. Food and Drug Administration's 510(k) clearance process usually takes three to six months from the date the application is submitted and filed with the U.S. Food and Drug Administration, but it can take significantly longer. A device that reaches market through the 510(k) process is not considered to be "approved" by the U.S. Food and Drug Administration. They are generally referred to as "cleared" or "510(k) cleared" devices. Nevertheless, it can be marketed and sold in the U.S.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, will require a new 510(k) clearance or could require a pre-market approval, which requires more data and is generally a significantly longer process than the 510(k) clearance process. The U.S. Food and Drug Administration requires each manufacturer to make this determination initially, but the U.S. Food and Drug Administration can review any such decision and can disagree with a manufacturer's determination. If the U.S. Food and Drug Administration disagrees with a manufacturer's determination, the U.S. Food and Drug Administration can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or a pre-market approval is obtained.

Pervasive and continuing U.S. Food and Drug Administration regulation

After a medical device is placed on the market, numerous U.S. Food and Drug Administration regulatory requirements apply, including, but not limited to the following:

- Quality System regulation, which requires manufacturers to follow design, testing, control, documentation and other quality assurance procedures during the manufacturing process;
- Establishment Registration, which requires establishments involved in the production and distribution of medical devices intended for commercial distribution in the U.S. to register with the U.S. Food and Drug Administration;
- Medical Device Listing, which requires manufacturers to list the devices they have in commercial distribution with the U.S. Food and Drug Administration;
- Labeling regulations, which prohibit "misbranded" devices from entering the market, as well as prohibit the promotion of products for unapproved or "off-label" uses and impose other restrictions on labeling; and
- Medical Device Reporting regulations, which require that manufacturers report to the U.S. Food and Drug Administration if their device may have caused or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a death or serious injury if it were to recur.

Failure to comply with applicable regulatory requirements can result in enforcement action by the U.S. Food and Drug Administration, which may include one or more of the following sanctions:

- Fines, injunctions, and civil penalties;
- Mandatory recall or seizure of our products;
- Administrative detention or banning of our products;
- Operating restrictions, partial suspension or total shutdown of production;
- Refusing our request for 510(k) clearance or pre-market approval of new product versions;
- Revocation of 510(k) clearance or pre-market approvals previously granted; and
- Criminal penalties.

International Regulation

International sales of medical devices are subject to foreign government regulations, which vary substantially from country to country. The time required to obtain approval by a foreign country may be longer or shorter than that required for U.S. Food and Drug Administration approval, and the requirements may differ significantly.

The European Union has adopted legislation, in the form of directives to be implemented in each member state, concerning the regulation of medical devices within the European Union. The directives include, among others, the Medical Device Directive that establishes standards for regulating the design, manufacture, clinical trials, labeling, and vigilance reporting for medical devices. Our PURE EP system may be affected by this legislation. Under the European Union Medical Device Directive, medical devices are classified into four classes, I, IIa, IIb, and III, with class I being the lowest risk and class III being the highest risk. Under the Medical Device Directive, a competent authority is nominated by the government of each member state to monitor and ensure compliance with the Medical Device Directive. The competent authority of each member state then designates a notified body to oversee the conformity assessment procedures set forth in the Medical Device Directive, whereby manufacturers demonstrate that their devices comply with the requirements of the Medical Device Directive and are entitled to bear the CE mark. CE is an abbreviation for Conformite Europeenne (or European Conformity) and the CE mark, when placed on a product, indicates compliance with the requirements of the applicable directive. Medical devices properly bearing the CE mark may be commercially distributed throughout the European Union. Failure to obtain the CE mark will preclude us from selling the PURE EP System and related products in the European Union.

Employees

As of February 25, 2014, we had 8 full-time employees and 1 part-time employee. Additionally, we use consultants as needed to perform various specialized services. None of our employees are represented under a collective bargaining agreement.

Properties

Our headquarters are located in Los Angeles, California, where we lease office space. Because we do not have any manufacturing requirements at this time, we believe our current headquarters is sufficient to meet our current needs.

Legal Proceedings

On January 7, 2014, David Drachman, our former chief executive officer and president, filed a statement of claim against us with the American Arbitration Association with respect to his resignation from his positions with us in November 2013. Mr. Drachman alleges, among other things, that (i) we misled him with respect to the status of our technology and required him to perform capital raising duties that had not been previously agreed upon, (ii) he resigned from his positions with us for good reason, as such term was defined in his employment agreement with us, and (iii) he, in his individual capacity, has full rights to the ownership and control of a patent application describing a combined ablation and recording unit directed at the use of electrocardiography sensing for control of radiofrequency renal denervation that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. Mr. Drachman's claims against us include breach of agreement, breach of good faith and fair dealing and unjust enrichment. Mr. Drachman is seeking, among other things, (a) payment of his salary and pro-rated bonus for the time he served in his positions with us and the severance payments due under his employment agreement, which include 12 months of base salary and full bonus payments, with the total sum of payments equaling approximately $612,000, including $58,000 of accrued and unpaid salary, (b) full vesting of stock options equivalent to 10% of our outstanding common stock, and (c) a declaration by us that Mr. Drachman has full rights to the ownership and control of the patent application related to a combined ablation and recording unit that we filed with the U.S. Patent and Trademark Office during the time Mr. Drachman served in his positions with us. We intend to fully dispute Mr. Drachman's allegations and his relief sought to the fullest extent permitted by the law and believe them to be wholly without merit.

USE OF PROCEEDS

The gross proceeds from this Offering, assuming that the maximum Shares and Warrants are sold, will be $5,000,000. Our estimated expenses in connection with this Offering, excluding the Placement Agent's fees, are approximately $[10,000] (the "Estimated Expenses"). In addition, the Placement Agent's fee (excluding expense reimbursements and the Agent Warrant) will be a maximum of $500,000 if we raise $5,000,000. We anticipate that the net proceeds from this Offering (after deduction of the Placement Agent's fees and Estimated Expenses payable by us in connection with this Offering) will be used as follows:

Net Proceeds	G&A Expenses	R&D Expenses	Clinical Evaluation
$ 4,500,000	$ 3,300,000	$ 900,000	$ 300,000

Our management will have discretion and flexibility in applying the net proceeds of this Offering for the uses described above. Our management is prohibited from using the net proceeds of this Offering (a) for the satisfaction of any portion of our debt (other than payment of trade payables in the ordinary course of our business and prior practices), or (b) for the redemption of our common stock or securities that are convertible into, exchangeable into, exercisable for or would otherwise entitle the holder thereof to receive our common stock. Pending any uses, as described above, we intend to invest the net proceeds from this Offering in short-term, interest bearing, investment grade securities.

SECTION 5
MANAGEMENT, BOARD AND ADVISORS

The following table sets forth information regarding our executive officers and the members of our board of directors.

Name	Age	Position with the Company
Kenneth L. Londoner	46	Executive Chairman and Director
Steve Chaussy	59	Chief Financial Officer
Asher Holzer, Ph.D.	63	Chief Scientific Advisor and Director
Kalyanam Shivkumar, MD, Ph.D.	45	Director
Roy Tanaka	65	Director
Jeffrey O'Donnell	53	Director
Jonathan Steinhouse	46	Director
Seth H. Z. Fischer	56	Director

Biographical Information

Kenneth L. Londoner. Mr. Londoner has served as our director since February 2009 and as our executive chairman since November 2013. He previously served as our chairman and chief executive officer from February 2009 to September 2013. Mr. Londoner has served as the managing partner of Endicott Management Partners, LLC, a firm dedicated to assisting emerging growth companies in their corporate development, since February 2010. From April 2007 to October 2009, he served as executive vice president – corporate business development and senior director of business development and, from November 2009 to December 2010, he served as a consultant to NewCardio, Inc., a medical device designer and developer. Mr. Londoner has also served as a director of Alliqua, Inc. since May 2012 and a director of chatAND Inc. since January 2012. Mr. Londoner is a co-founder and board member of Safe Ports Holdings, Charleston, South Carolina. Mr. Londoner also served as a director of MedClean Technologies, Inc. from November 2008 to September 2010. Mr. Londoner was an investment officer and co-manager of the Seligman Growth Fund, Seligman Capital Fund, and approximately $2 billion of pension assets at J & W Seligman & Co, Inc. in New York from 1991 to 1997. Mr. Londoner graduated from Lafayette College in 1989 with a degree in economics and finance and received his MBA from New York University's Leonard N. Stern School of Business in 1994.

Steve Chaussy. Mr. Chaussy has served as our chief financial officer on a part time basis since May 2011. Since 2001, Mr. Chaussy has acted both as a consultant and as a chief financial officer with small publicly traded entities with special emphasis towards SEC reporting and compliance. Most recently, Mr. Chaussy has provided consulting services both directly and through his wholly-owned entity, Anna & Co., Inc., to a number of public companies, including Tonix Pharmaceuticals Holding Corp., a specialty pharmaceutical company, Bioheart, Inc., a biotechnology company focused on the treatment of chronic and acute heart damage, and Energy Telecom, Inc., a company specializing in the personal protection equipment industry. Prior to 2001, Mr. Chaussy served as chief financial officer for a large private distribution and wholesaling company, where he gained international experience. Mr. Chaussy is a graduate of Virginia Polytechnic Institute and State University and is a licensed certified public accountant in Virginia, California and Florida.

Asher Holzer, Ph.D. Dr. Holzer has served as our chief scientific officer and our director since September 2012. Dr. Holzer serves as a director of InspireMD, Inc., an Israeli-based developer of a new stent platform, and served as that company's president from March 2011 until June 2012 and chairman from March 2011 until November 2011. In addition, Dr. Holzer co-founded InspireMD Ltd., the predecessor and later wholly-owned subsidiary of InspireMD, Inc., and served as its president and chairman of the board from April 2007 until June 2012. Previously, Dr. Holzer founded Adar Medical Ltd., an investment firm specializing in medical device startups, and served as its chief executive officer from 2002 through 2004. Dr. Holzer currently serves on the board of directors of Adar Medical Ltd., O.S.H.-IL The Israeli Society of Occupational Safety and Health Ltd., Theracoat Ltd., 2to3D Ltd., and S.P. Market Windows Cyprus. Dr. Holzer earned his Ph.D. in Applied Physics from the Hebrew University. Dr. Holzer is also an inventor and holder of numerous patents.

Kalyanam Shivkumar, MD, Ph.D. Dr. Shivkumar has served as our director since September 2012. Since 2002, Dr. Shivkumar serves as Professor of Medicine at the University of California at Los Angeles and currently holds a joint appointment in the department of Radiology at the university. Dr. Shivkumar serves as a director of Epicardial Technologies, Inc., a company developing percutaneous (minimally invasive), single-use products for heart treatment through the epicardial surface. He also co-founded and serves on the board of EP Dynamics, a company developing innovative products using electrophysiology for invasive cardiology. Dr. Shivkumar is certified by the American Board of Internal Medicine in the subspecialties of cardiovascular disease and clinical cardiac electrophysiology. His field of specialization is interventional cardiac electrophysiology and he heads a group at University of California at Los Angeles that is involved in developing innovative techniques for the non-pharmacological management of cardiac arrhythmias. In 2002, he joined the newly created UCLA Cardiac Arrhythmia Center at the David Geffen School of Medicine at University of California at Los Angeles. Dr. Shivkumar received his medical degree from the University of Madras, India in 1991 and his Ph.D. from UCLA in 2000.

Roy Tanaka. Mr. Tanaka has served as our director since July 2012. From 2004 until his retirement in September 2008, Mr. Tanaka served as the worldwide president of Biosense Webster, Inc., a Johnson & Johnson company, a market and technology leader in the field of electrophysiology. He joined Biosense Webster, Inc. as its U.S. president in 1997. Previously he held a variety of senior management positions at Sorin Biomedical, Inc., including president and chief executive officer, and leadership roles at CooperVision Surgical and Shiley, a division of Pfizer, Inc. He currently serves on the boards of directors of Volcano Corporation, Coherex Medical, Inc., Advanced Cardiac Therapeutics Inc., a company using electrophysiology to develop technology to measure the temperature in a lesion during cardiac ablation procedures, and VytronUS Inc. In addition, Mr. Tanaka served as a director of Tomo Therapy until its acquisition in June 2011.

Jeffrey O'Donnell. Mr. O'Donnell has served as our director since October 2011. Since 2009, Mr. O'Donnell has served as managing director and venture partner of Biostar Ventures, a venture capital partnership investing primarily in early stage medical device companies. Since January 2012, Mr. O'Donnell has also served as the executive chairman of the board of directors of Trice Orthopedics, Inc., a biomedical company focused on integrating miniaturized opto-electronics into well-designed clinical solutions. From 2009 to 2011, he was chairman and chief executive officer of Embrella Cardiovascular, Inc., a medical device startup company. Until July 2009, Mr. O'Donnell was the president, chief executive officer and director of PhotoMedex, Inc., a medical device and specialty pharmaceutical company. In addition, Mr. O'Donnell served on the board of Endologix, Inc. until May 2011. He has held several senior management positions at Boston Scientific Corporation, Guidant Corporation and Johnson & Johnson's Orthopedic Division.

Jonathan Steinhouse. Mr. Steinhouse has served as our director since February 2011. Since 2012, Mr. Steinhouse has served as vice president of sales for Sandlot Solutions in Philadelphia, PA, a health information exchange and analytics software company. From 2008 to 2011, he served as director of healthcare for Oracle Corporation in Philadelphia, PA, where he was responsible for overall sales (acquiring new, maintaining revenue and growing existing accounts) for direct and the channel sales to hospitals. From 2005 to 2008, he was regional manager of Concerro Incorporated, where he was responsible for new "software as a service" to increase utilization of internal employee resources.

Seth H. Z. Fischer. Mr. Fischer has served as our director since May 2013. Since September 2013, Mr. Fischer has served as the chief executive officer and director of Vivus, Inc., a biopharmaceutical company focusing on the treatment of obesity, sleep apnea, diabetes and sexual health. Prior to that, Mr. Fischer served in positions of increasing responsibility with Johnson & Johnson until 2012. Most recently Mr. Fischer served as Company Group Chairman Johnson & Johnson, Worldwide Franchise Chairman Cordis Corporation from 2008 to 2012, which included responsibility for Cordis and Biosense Webster Inc., a market and technology leader in the field of electrophysiology. Previously, he served as Company Group Chairman North America Pharmaceuticals from 2004 to 2007. In this position he had responsibilities for Ortho-McNeil Pharmaceuticals, Janssen and Scios. Mr. Fischer serves on the board of directors of Trius Therapeutics, Inc.

Employment Agreements

On March 1, 2013, we entered into employment agreements with both Kenneth Londoner and Budimir S. Drakulic, Ph.D., who served as our chief technology officer from February 2009 to November 2013. Mr. Londoner's employment agreement terminates on March 1, 2015, after which Mr. Londoner's employment will be on at-will basis. Dr. Drakulic resigned as our chief technology officer in October 2012, pursuant to which his employment agreement was terminated; however, we intend to enter into a consulting agreement with Dr. Drakulic on similar terms as his employment agreement. Mr. Londoner's annual base salary is $225,000, which will be paid entirely as salary. Dr. Drakulic's annual base salary was $225,000, which was paid partially as salary and partially as consulting fees. Each executive officer will also be eligible for annual discretionary bonuses and equity-based incentives, as our board may determine. Each executive officer is subject to non-competition and non-solicitation obligations, whereby, for a period lasting until one year after the termination of such executive officer's employment with us, such executive officer is not permitted to, directly or indirectly, (i) in any state in the U.S. or country that we conduct business and for which such executive officer had responsibility, work for, invest in, provide financing to or establish a business that competes with our business, other than an exception that permits limited investment in publicly-traded competitors, (ii) solicit business from or do business with any customer, client, manufacturer or vendor with whom we did business or who we solicited within the preceding two years, and (iii) solicit, engage or hire any person employed by or who served as a consultant to us within the preceding twelve months. In September 2013, Mr. Londoner resigned as our chief executive officer, but remained in an executive function as our executive chairman and will continue to be compensated pursuant to his employment agreement for his contributions with respect to corporate finance, investor relations, and business development.

Lora Mikolaitis, our former director of administration, is an at-will employee and, prior to entering into each executive officer's employment agreement, each of Mr. Londoner and Dr. Drakulic was an at-will employee.

Potential Payments Upon Termination or Change In Control

For each of Mr. Londoner and Dr. Drakulic, prior to Dr. Drakulic's resignation as our chief technology officer, pursuant to such executive officer's employment agreement, upon such executive officer's termination without cause, including in the event of our change of control, such executive officer will receive severance pay equal to such executive officer's base salary until March 1, 2015, which represents the end of such executive officer's employment agreement, so long as such executive officer executes a release that releases any of his claims against us. In the event the executive officer voluntarily resigns, such executive officer will not be entitled to any further payments, other than those accrued through the date of resignation. Cause means, with respect to the executive officer, termination because of (i) an act of willful or material misrepresentation, fraud or willful dishonesty, (ii) any willful misconduct with regard to us; (iii) any violation of any fiduciary duties owed to us; (iv) conviction of, or pleading nolo contendere or guilty to, a felony (other than a traffic infraction) or (v) any other material breach such executive officer's employment agreement that is not cured within twenty days after receipt of a written notice.

BioSig Technologies, Inc. 2011 Long-Term Incentive Plan

On October 19, 2011, our board of directors and stockholders adopted and approved the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan. Under the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan, we reserved 1,500,000 shares of our common stock as awards to our employees, consultants, and service providers.

The purpose of the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan was to provide an incentive to attract and retain employees, officers, consultants, directors, and service providers whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in our development and financial success. The BioSig Technologies, Inc. 2011 Long-Term Incentive Plan was administered by our board of directors. On October 19, 2012, our board of directors elected to terminate the BioSig Technologies, Inc. 2011 Long Term Incentive Plan. We did not grant options to purchase common stock under the BioSig Technologies, Inc. 2011 Long-Term Incentive Plan to any of our named executive officers:

BioSig Technologies, Inc. 2012 Equity Incentive Plan

On October 19, 2012, our board of directors adopted the BioSig Technologies, Inc. 2012 Equity Incentive Plan, which provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units to employees, directors and consultants, to be granted from time to time as determined by our board of directors or its designees. An aggregate of 2,000,000 shares of common stock are reserved for issuance under the BioSig Technologies, Inc. 2012 Equity Incentive Plan. In addition, 1,500,000 shares under the BioSig Technologies, Inc. 2011 Long Term Incentive Plan that were not subject to outstanding stock options or similar awards were rolled into the BioSig Technologies, Inc. 2012 Equity Incentive Plan. As of February 25, 2014, the number of options granted the under the BioSig Technologies, Inc. 2012 Equity Incentive Plan are 2,990,977.

Since its adoption, we have granted options to purchase common stock under the BioSig Technologies, Inc. 2012 Equity Incentive Plan that are currently outstanding to the following named executive officers. Each option to purchase common stock was granted on January 16, 2013.

Name	Shares Subject to Options	Exercise Price	Date of Grant	Vesting Schedule	Expiration
Kenneth L. Londoner	250,000	$ 2.09	01/16/2013	Exercisable immediately	01/16/2020
Budimir S. Drakulic, Ph.D.	250,000	$ 2.09	01/16/2013	Exercisable immediately	01/16/2020
Lora Mikolaitis	100,000	$ 2.09	01/16/2013	Exercisable immediately	01/16/2020

On September 10, 2013, as part of the employment agreement with our former chief executive officer and president, we awarded him options to purchase up to 1,756,123 shares of our common stock. Due to the resignation of our former chief executive officer and president without good reason, as such term is defined in his employment agreement, we believe that he has forfeited all of the options awarded to him. However, he alleges that he resigned for good reason and is entitled to full vesting of all options awarded to him. As such, we may be required to award him some or all of the options in the future.

Family Relationships

We have no family relationships amongst our directors and executive officers.

SECTION 6
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS; DIRECTOR INDEPENDENCE

Certain Relationships and Related Party Transactions

On May 15, 2011, we issued to each of an entity wholly-owned by Mr. Londoner and Miko Consulting Group, Inc., an entity jointly controlled by Dr. Drakulic and Ms. Mikolaitis, 1,700,000 shares of common stock issued at par value for services rendered as our founders in 2009.

On August 1, 2012, we entered into a consulting agreement with Asher Holzer, Ph.D., a member of our board of directors. Pursuant to the consulting agreement, Dr. Holzer was to serve as our chief scientific officer and assist in the development of our technology and our PURE EP System, in exchange for monthly payments of $10,000. We have paid Dr. Holzer an initial payment of $7,500 pursuant to the consulting agreement and we are negotiating an amendment to the consulting agreement with Dr. Holzer that will reflect the parties' current relationship.

On November 21, 2012, we issued an unsecured promissory note for $218,000 to Kenneth L. Londoner, our chairman and chief executive officer, for previously advanced funds with interest payable annually, in arrears, on each anniversary at the short term "Applicable Federal Rate" within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended, which was 0.22% in November 2012, and which will be adjusted each anniversary date. The promissory note matures November 21, 2021 and may be prepaid, without premium or penalty, at any time. In connection with the private placement of our Series C Preferred Stock and warrants, on February 6, 2013, Mr. Londoner agreed not to receive payments (by voluntary prepayment, acceleration, set-off or otherwise) associated with the unsecured promissory note absent the prior written consent of the purchasers holding at least 67% interest of our Series C Preferred Stock outstanding, which purchasers must include Alpha Capital Anstalt so long as Alpha Capital Anstalt holds not less than $100,000 of our Series C Preferred Stock. As of September 30, 2013, aggregate interest of $393 has accrued on this unsecured promissory note.

On December 6, 2012, we issued an unsecured promissory note for $30,000 to a company under the control of Mr. Londoner for previously advanced funds, interest free and due the earlier of (i) the next financing of not less than $300,000; (ii) February 28, 2013 or (iii) occurrence of an event of default, as defined. The promissory note has been paid in full.

In the fourth quarter of 2012, we sold $600,000 principal amount of certain bridge notes and related warrants in a private placement to selected accredited investors. These bridge notes and related warrants were converted into shares of our Series C Preferred Stock and warrants on February 6, 2013. Kenneth L. Londoner, our chairman and chief executive officer, purchased $200,000 principal amount of notes, which were converted into 200 shares of Series C Preferred Stock and a warrant to purchase 95,694 shares of our common stock, and Jonathan Steinhouse; a member of our board of directors, purchased $25,000 principal amount of notes, which were converted into 25 shares of Series C Preferred Stock and a warrant to purchase 11,962 shares of our common stock. We also issued to Mr. Londoner and Mr. Steinhouse, in lieu of cash payments on the interest accrued on their respective bridge notes, 2,579 and 383 shares of common stock, respectively.

From 2010 to 2013, Mr. Londoner made four different advances of funds to us in the aggregate amount of $22,000, of which $12,000 has been repaid. In 2013, Mr. Steinhouse made an advance of funds to us in the amount of $20,000, which has been repaid in full. These advances were interest-free and not made on condition of any specific terms.

On May 2, 2013, we entered into an indemnity agreement with Seth H. Z. Fischer in connection with our appointment of Mr. Fischer to our board of directors. Pursuant to the indemnity agreement, we agreed to indemnify Mr. Fischer for all costs and losses relating to proceedings arising out of his service on our board of directors, to the fullest extent permitted by applicable law, subject to certain exceptions, including, but limited to, a final adjudication that Mr. Fischer's conduct was in bad faith, knowingly fraudulent or deliberately dishonest or constituted willful misconduct, or a final adjudication that established Mr. Fischer breached his duty of loyalty to us or that his conduct resulted in illegal personal profits. In addition, we agreed to advance Mr. Fischer expenses when properly requested and we will be entitled to assume the defense of Mr. Fischer if he requests payment of expenses under the indemnity agreement.

On December 31, 2013, Mr. Londoner converted $228,000 of indebtedness that we owed to him into 93,061 shares of our common stock and a warrant to purchase 46,531 shares of our common stock.

On January 31, 2014, Mr. Steinhouse, as part of a private placement transaction, purchased from us an aggregate 24,490 shares of our common stock and warrants to purchase an aggregate of 12,246 shares of our common stock, in exchange for an aggregate payment of $60,000.

Independent Directors

Our board of directors has determined that each of Kalyanam Shivkumar, MD, Ph.D., Roy Tanaka, Jeffrey O'Donnell, Jonathan Steinhouse and Seth H. Z. Fischer is independent within the meaning of applicable listing rules of the Section 803A(2) of the NYSE MKT Rules and the rules and regulations promulgated by the Securities and Exchange Commission.

SECTION 7
PRINCIPAL SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of February 25, 2014 by:

- each person known by us to beneficially own more than 5.0% of our common stock;
- each of our directors;
- each of the named executive officers; and
- all of our directors and executive officers as a group.

The percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Securities and Exchange Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. With respect to the Series C Preferred Stock and warrants held by the beneficial owners listed below, there exist contractual provisions limiting conversion and exercise to the extent such conversion or exercise would cause such beneficial owner, together with its affiliates or members of a "group," to beneficially own a number of shares of common stock which would exceed from 4.99% to 9.99% of our then outstanding shares of common stock following such conversion or exercise. The shares and percentage ownership of our outstanding shares indicated in the table below do not give effect to these limitations. Except as indicated in the footnotes to this table, to our knowledge and subject to community property laws where applicable, each beneficial owner named in the table below has sole voting and sole investment power with respect to all shares beneficially owned and each person's address is c/o BioSig Technologies, Inc., 12424 Wilshire Boulevard, Suite 745, Los Angeles, California 90025. As of February 25, 2014, we had 8,519,809 shares outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage of Common Stock Owned (1)(2)
5% Owners		
Miko Consulting Group, Inc.	3,467,474	40.7 %
Alpha Capital Anstalt (3)	1,208,833 (4)	13.0 %
Officers and Directors		
Kenneth L. Londoner	4,109,883 (5)	45.3 %
Asher Holzer, Ph.D.	81,000 (6)	*
Kalyanam Shivkumar, MD, Ph.D.	50,000 (7)	*
Roy Tanaka	119,821 (8)	1.4 %
Jeffrey O'Donnell	183,300 (9)	2.1 %
Jonathan Steinhouse	232,650 (10)	2.7 %
Seth H. Z. Fischer	156,250 (11)	1.8
All directors and executive officers as a group (8 persons)	5,026,266	52.2 %

* Less than 1%

(1) Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assume the exercise of all options and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of February 25, 2014, except as otherwise noted. Shares issuable pursuant to the exercise of stock options and other securities convertible into common stock exercisable within 60 days are deemed outstanding and held by the holder of such options or other securities for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) These percentages have been calculated based on 8,519,809 shares of common stock outstanding as of February 25, 2014.

(3) The address for Alpha Capital Anstalt is Pradafant 7, 9490 Furstentums, Vaduz, Lichtenstein.

(4) Comprised of (i) 400,000 shares of common stock, (ii) shares of Series C Preferred Stock that are convertible into 299,043 shares of common stock, and (iii) warrants to purchase 509,790 shares of common stock. With respect to the Series C Preferred Stock and warrants, there exist contractual provisions limiting conversion and exercise to the extent such conversion or exercise would cause Alpha Capital Anstalt, together with its affiliates or members of a "group," to beneficially own a number of shares of common stock which would exceed from 4.99% to 9.99% of our then outstanding shares of common stock following such conversion or exercise. The shares and percentage ownership of our outstanding shares indicated in the table do not give effect to these limitations.

(5) Comprised of (i) 101,890 shares of common stock directly held by Mr. Londoner, (ii) 3,447,474 shares of common stock are held by Endicott Management Partners, LLC, an entity for which Mr. Londoner is deemed the beneficial owner, (iii) shares of Series B Preferred Stock that are convertible into 24,752 shares of common stock, (iv) shares of Series C Preferred Stock that are convertible into 95,694 shares of common stock, (v) warrants to purchase 190,073 shares of common stock, and (vi) options to purchase 250,000 shares of common stock that are currently exercisable.

(6) Comprised of options to purchase 81,000 shares of common stock that are currently exercisable .

(7) Comprised of options to purchase 50,000 shares of common stock that are currently exercisable .

(8) Comprised of options to purchase 119,821 shares of common stock that are currently exercisable.

(9) Comprised of (i) 87,500 shares of common stock, and (ii) options to purchase 95,800 shares of common stock that are currently exercisable .

(10) Comprised of (i) 190,498 shares of common stock, (ii) shares of Series C Preferred Stock that are convertible into 11,962 shares of common stock, and (iii) warrants to purchase 30,190 shares of common stock.

(11) Consists of options to purchase 156,250 shares of common stock that are currently exercisable or exercisable within 60 days of February 25, 2014.

SECTION 8
DESCRIPTION OF UNITS AND CAPITAL STOCK

DESCRIPTION OF SECURITIES

We have authorized 51,000,000 shares of capital stock, par value $0.001 per share, of which 50,000,000 are shares of common stock and 1,000,000 are shares of "blank check" preferred stock, of which 200 are authorized as Series A Preferred Stock, 600 are authorized as Series B Preferred Stock and 4,200 are authorized as Series C Preferred Stock. On February 25, 2014, there were 8,519,809 shares of common stock issued and outstanding, 184.4 shares of Series A Preferred Stock issued and outstanding, 177.5 shares of Series B Preferred Stock issued and outstanding and 2,781 shares of Series C Preferred Stock issued and outstanding.

Pursuant to the terms of our Series A Preferred Stock and our Series B Preferred Stock, upon us becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act, as amended, all shares of our Series A Preferred Stock and our Series B Preferred Stock will automatically convert into shares of our common stock. As a result, upon the effectiveness of this registration statement, the outstanding shares of our Series A Preferred Stock and our Series B Preferred Stock will convert into an aggregate of 1,037,974 shares of our common stock, including dividends accrued on the shares of preferred stock that will be paid in kind and automatically converted. In addition, there will be 43 additional holders of our common stock. Therefore, upon the effectiveness of this registration statement, there will be an aggregate of 9,225,624 shares of our common stock outstanding, separate from any shares registered on this registration statement.

The shares of common stock offered by this prospectus are issuable upon the exercise of common stock purchase warrants or the conversion of shares of Series C Preferred Stock. As such, if a selling stockholder exercises all or any portion of its warrants on a cash basis, we will receive the aggregate exercise price paid by such selling stockholder in connection with any such warrant exercise. The maximum amount of proceeds we would receive upon the exercise of all the warrants on a cash basis would be approximately $4,690,000. However, certain of the selling stockholders may also exercise their warrants through a cashless exercise. In the event a selling stockholder exercises a warrant through a cashless exercise, we will not receive any proceeds from such exercise. We expect to use the proceeds received from the exercise of the warrants, if any, for general working capital purposes.

Holders of Capital Stock

As of February 25, 2014, we had 37 holders of our common stock, 20 holders of our Series A Preferred Stock, 24 holders of our Series B Preferred Stock and 41 holders of our Series C Preferred Stock.

Rule 144 Shares

As of February 25, 2014, we do not have any shares of our common stock that are currently available for sale to the public.

Common Stock

The holders of common stock are entitled to one vote per share on all matters to be voted upon by stockholders. Holders of our common stock are entitled to receive ratably dividends as may be declared by the board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution, or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities. The common stock has no preemptive or conversion rights, other subscription rights, or redemption or sinking fund provisions.

Each share of common stock entitles the holder to one vote, either in person or by proxy, at meetings of stockholders. The holders are not permitted to vote their shares cumulatively. Accordingly, the stockholders of our common stock who hold, in the aggregate, more than fifty percent of the total voting rights can elect all of our directors and, in such event, the holders of the remaining minority shares will not be able to elect any of such directors. The vote of the holders of a majority of the issued and outstanding shares of common stock entitled to vote thereon is sufficient to authorize, affirm, ratify or consent to such act or action, except as otherwise provided by law.

Subject to the rights of the holders of any preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of funds legally available. We have not paid any dividends since our inception, and, subject to our obligations to pay dividends to the holders of our preferred stock as described below, we presently anticipate that all earnings, if any, will be retained for development of our business. Any future disposition of dividends will be at the discretion of our board of directors and will depend upon, among other things, our future earnings, operating and financial condition, capital requirements, and other factors.

Holders of our common stock have no preemptive rights or other subscription rights, conversion rights, redemption or sinking fund provisions. Subject to the rights of the holders of our preferred stock, upon our liquidation, dissolution or winding up, the holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities. There are no provisions in our certificate of incorporation or our by-laws that would prevent or delay a change in our control.

Series A Preferred Stock

The holders of the Series A Preferred Stock are entitled to a five percent (5%) dividend on the $5,000 per share stated value. From and after May 31, 2011, cumulative, preferential dividends on outstanding shares of Series A Preferred Stock have accrued and have been payable quarterly, in arrears, beginning on August 31, 2011. Dividends are payable at our option in cash or in shares of Series A Preferred Stock. If not previously converted, the shares of the Series A Preferred Stock will be redeemed by us on December 31, 2014. In the event of our liquidation or winding up of affairs, the holders of the Series A Preferred Stock will be entitled to a liquidation preference of the stated value plus any accrued but unpaid dividends.

Upon us being required to file reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the shares of Series A Preferred Stock will automatically convert into shares of common stock at a conversion price equal to $1.84 per share. In addition, at any time prior to the automatic conversion of the Series A Preferred Stock, the holders of the Series A Preferred Stock have the option to convert some or all of their shares of Series A Preferred Stock into shares of common stock at a conversion price equal to $1.84 per share.

The holders of the Series A Preferred Stock have no voting rights, except as required by law. Any amendment to our certificate of incorporation that adversely affects the Series A Preferred Stock requires the approval of the holders of a majority of the shares of Series A Preferred Stock then outstanding.

Series B Preferred Stock

The holders of the Series B Preferred Stock are entitled to a five percent (5%) dividend on the $5,000 per share stated value. From and after December 31, 2011, cumulative, preferential dividends on outstanding shares of Series B Preferred Stock have accrued and have been payable quarterly, in arrears, beginning on March 31, 2012. Dividends are payable at our option in cash or in shares of Series B Preferred Stock. If not previously converted, the shares of the Series B Preferred will be redeemed by us on December 31, 2014. In the event of our liquidation or winding up of affairs, the holders of the Series B Preferred Stock, subject to the rights of the holders of the Series A Preferred Stock, will be entitled to a liquidation preference of the stated value plus any accrued but unpaid dividends.

Upon us being required to file reports with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the shares of Series B Preferred will automatically convert into shares of common stock at a conversion price equal to $2.02 per share. In addition, at any time prior to the automatic conversion of the Series B Preferred Stock, the holders of the Series B Preferred Stock have the option to convert some or all of their shares of Series B Preferred Stock into shares of common stock at a conversion price equal to $2.02 per share.

The holders of the Series B Preferred Stock have no voting rights, except as required by law. Any amendment to our certificate of incorporation that adversely affects the Series B Preferred Stock requires the approval of the holders of a majority of the shares of Series B Preferred Stock then outstanding.

Series C Preferred Stock

The holders of the Series C Preferred Stock are entitled to a nine percent (9%) dividend on the $1,000 per share Stated Value. Unless the Series C Preferred Stock is converted into shares of common stock, from and after February 12, 2013, the dividends have accrued and have been payable in cash or, subject to the satisfaction of certain conditions, in pay-in-kind shares. Such cumulative dividends are payable quarterly, commencing on September 30, 2013 and on each conversion date; provided, however, that if a holder converts its shares of Series C Preferred Stock into shares of common stock any time prior to February 12, 2016, the holder will be deemed to have earned a make whole amount as if such shares of Series C Preferred Stock had been outstanding until such date.

In the event that

(i) we fail to, or announce our intention not to, deliver common stock share certificates upon conversion of our Series C Preferred Stock prior to the seventh trading day after such shares are required to be delivered,

(ii) we fail for any reason to pay in full the amount of cash due pursuant to our failure to deliver common stock share certificates upon conversion of our Series C Preferred Stock within five calendar days after notice therefor is delivered,

(iii) we fail to have available a sufficient number of authorized and unreserved shares of common stock to issue to upon a conversion of our Series C Preferred Stock,

(iv) we fail to observe or perform any other covenant, agreement or warranty contained in, or otherwise commit any breach of our obligations under, the securities purchase agreement, the registration rights agreement, the certificate of designation or the warrants entered into pursuant to the private placement transaction for our Series C Preferred Stock, which failure or breach could have a material adverse effect, and such failure or breach is not cured within 30 calendar days after written notice was delivered,

(v) we are party to a change of control transaction,

(vi) we file for bankruptcy or a similar arrangement or are adjudicated insolvent, or

(vii) we are subject to a judgment of greater than $100,000, and such judgment remains unvacated, unbonded or unstayed for a period of 45 calendar days,

the holders of the Series C Preferred Stock are entitled, among other rights, to redeem their shares of Series C Preferred Stock at any time for greater than their stated value, or increase the dividend rate on their shares of Series C Preferred Stock to 18%.

In the event that we fail to complete a financing or series of related financings by February 12, 2014 that results in gross proceeds to us of at least $3 million at a valuation of at least $30 million, or at any time after February 12, 2014, we fail to maintain the listing of our common stock on a trading market for more than five trading days in any twelve month period, the conversion price of the Series C Preferred Stock will be reduced to $1.50 per share.

In the event of our liquidation or winding up of affairs, the holders of the Series C Preferred Stock will be entitled to a liquidation preference of the stated value plus any accrued but unpaid dividends or any other fees due the holder. The shares of the Series C Preferred Stock rank senior to the rights of the common stock and all other securities exercisable or convertible into shares of common stock.

Any holder of Series C Preferred Stock is entitled at any time to convert any whole or partial number of shares of Series C Preferred Stock into shares of our common stock at a price based on a pre-money valuation of $20 million, or $2.09 per share. The Series C Preferred Stock is subject to full ratchet anti-dilution price protection upon the issuance of equity or equity-linked securities at an effective common stock purchase price of less than $2.09 per share as well as other customary anti-dilution protection. As noted above, in the event that we fail to complete a financing pursuant to which we raise at least $3 million at a valuation of at least $30 million within 12 months following the closing, the conversion price of the Series C Preferred Stock may be reset to $1.50 per share at the discretion of the holders.

In the event we issue any equity or equity-linked securities with terms more favorable than those of the Series C Preferred Stock, any holder of the Series C Preferred Stock may request to amend the terms of such holder's Series C Preferred Stock to be equivalent to the terms of such issued equity or equity-linked securities, subject to certain exempted issuances.

The holders of the Series C Preferred Stock vote together with the holders of our common stock on an as-converted basis, but may not vote the Series C Preferred Stock in excess of 4.99% or 9.99% of our then outstanding shares of common stock following such conversion or exercise. In addition, absent the approval of holders representing at least 67% of the outstanding shares of the Series C Preferred Stock, which holders must include Alpha Capital Anstalt, so long as Alpha Capital Anstalt holds not less than $100,000 of Series C Preferred Stock, we may not (i) increase the number of authorized shares of preferred stock, (ii) amend our charter documents, including the terms of the Series C Preferred Stock, in any manner adverse to the holders of the Series C Preferred Stock, including authorizing or creating any class of stock ranking senior to, or otherwise pari passu with, the shares of Series C Preferred Stock as to dividends, redemption or distribution of assets upon a liquidation, or (iii) perform certain covenants, including:

- incur additional indebtedness;
- permit liens on assets;
- repay, repurchase or otherwise acquire more than a de minimis number of shares of common stock, Series A Preferred Stock or Series B Preferred Stock;
- pay cash dividends to our stockholders; and
- engage in transactions with affiliates.

Pursuant to the securities purchase agreement for the Series C Preferred Stock, each holder of Series C Preferred Stock has a right to participate in any of our financings, subject to certain exceptions, on a pro-rata basis, for a period expiring 12 months after the effectiveness date of this registration statement.

The following table sets forth information with respect to each person known by us to beneficially own more than 5.0% of our Series C Preferred Stock as of February 25, 2014. The percentages of common stock beneficially owned are reported on the basis of regulations of the Securities and Exchange Commission governing the determination of beneficial ownership of securities. Under the rules of the Securities and Exchange Commission, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or to direct the voting of the security, or investment power, which includes the power to dispose of or to direct the disposition of the security. With respect to the Series C Preferred Stock, there exist contractual provisions limiting conversion to the extent such conversion would cause such stockholder, together with its affiliates or members of a "group," to beneficially own a number of shares of common stock which would exceed from 4.99% to 9.99% of our then outstanding shares of common stock following such conversion. As of February 25, 2014, we had 2,781 shares of Series C Preferred Stock outstanding.

Name of Beneficial Owner	Number of Shares Beneficially Owned(1)	Percentage of Common Stock Owned
Alpha Capital Anstalt (1)	625	22.5 %
Kenneth L. Londoner	200 (3)	7.2 %
Michael N. Emmerman (2)	200 (4)	7.2 %
David W. Frost (3)	150 (5)	5.4
Michael B Carroll & Sheila J Carroll JTWROS (4)	150 (6)	5.4

(1) The address of this stockholder is Pradafant 7, 9490 Furstentums, Vaduz, Lichtenstein.

(2) The address of this stockholder is 151 East 63rd Street, New York, NY 10065.

(3) The address of this stockholder is 4701 Pleasant Street, Apartment 361, West Des Moines, Iowa 50266.

(4) The address of this stockholder is 3919 Happy Valley Road, Lafayette, California 94549.

Warrants

Five-Year Warrants

In connection with the private placement of our Series C Preferred Stock, we issued to the holders of our Series C Preferred Stock warrants to purchase up to an aggregate of 1,330,629 shares of common stock at an exercise price of $2.61 per share. The warrants contain full ratchet anti-dilution price protection upon the issuance of equity or equity-linked securities at an effective common stock purchase price of less than $2.61 per share as well as other customary anti-dilution protection. The warrants are exercisable for cash; or if at any time after six months from the issuance date, there is no effective registration statement registering the resale, or no current prospectus available for the resale, of the shares of common stock underlying the warrants, the warrants may be exercised by means of a "cashless exercise".

Five-Year Amendment Warrants

As consideration for (i) extending the termination date of the securities purchase agreement and (ii) extending the filing and effectiveness dates for the filing of the registration statement pursuant to the registration rights agreement related our Series C Preferred Stock, we issued to the holders of our Series C Preferred Stock that purchased shares of our Series C Preferred Stock prior to the July 15, 2013 closing warrants to purchase up to an aggregate of 289,730 shares of common stock. The terms of these warrants are identical to the Five-Year Warrants described above.

Series A Placement Agent Warrant

As consideration for serving as our placement agent in connection with the private placement of Series A Preferred Stock, we issued to Laidlaw & Company (UK) Ltd. a seven-year warrant to purchase up to 35,076 shares of common stock at an exercise price of $1.84 per share. The terms of this warrant are otherwise identical to the Five-Year Warrants described above.

Series B Placement Agent Warrant

As consideration for serving as our placement agent in connection with the private placement of Series B Preferred Stock, we issued to Laidlaw & Company (UK) Ltd. a seven-year warrant to purchase up to 30,755 shares of common stock at an exercise price of $2.02 per share. The terms of this warrant are otherwise identical to the Five-Year Warrants described above.

Series C Placement Agent Warrant

As consideration for serving as our placement agent in connection with the private placement of Series C Preferred Stock, we issued to Laidlaw & Company (UK) Ltd. a warrant to purchase up to 177,057 shares of common stock. The terms of this warrant are identical to the Five-Year Warrants described above.

Par Value Warrant

As consideration for providing general financial advisory services, we issued to Jamess Capital Group LLC a seven-year warrant to purchase up to 383,320 shares of common stock at an exercise price of $0.001 per share. The terms of this warrant are otherwise identical to the Five-Year Warrants described above.

Registration Rights

On February 6, 2013, in connection with our private placement of our Series C Preferred Stock and warrants, we entered into a registration rights agreement with the purchasers pursuant to which we agreed to provide certain registration rights with respect to the common stock issuable upon conversion of our Series C Preferred Stock and exercise of the warrants issued to holders of our Series C Preferred Stock. Specifically, we agreed to file a registration statement with the Securities and Exchange Commission covering the resale of the common stock issuable upon conversion of the convertible debentures and exercise of the warrants on or before July 22, 2013 and to cause such registration statement to be declared effective by the Securities and Exchange Commission, in the event that the registration statement is not reviewed by the Securities and Exchange Commission, within five trading days after we are notified that registration statement is not being reviewed by the Securities and Exchange Commission, and by November 22, 2013 in the event that the registration statement is reviewed by the Securities and Exchange Commission and the Securities and Exchange Commission issues comments.

If (i) the registration statement is not filed by July 22, 2013, (ii) the registration statement is not declared effective by the Securities and Exchange Commission within five trading days after we are notified that registration statement is not being reviewed by the Securities and Exchange Commission, in the case of a no review, (iii) the registration statement is not declared effective by the Securities and Exchange Commission by November 22, 2013 in the case of a review by the Securities and Exchange Commission pursuant to which the Securities and Exchange Commission issues comments or (iv) the registration statement ceases to remain continuously effective for more than 20 consecutive calendar days or more than an aggregate of 45 calendar days during any 12-month period after its first effective date, then we are subject to liquidated damage payments to the holders of the shares sold in the private placement in an amount equal to .25% of the aggregate purchase price paid by such purchasers per month of delinquency. Notwithstanding the foregoing, (i) the maximum aggregate liquidated damages due under the registration rights agreement shall be 3% of the aggregate purchase price paid by the purchasers, and (ii) if any partial amount of liquidated damages remains unpaid for more than seven days, we shall pay interest of 18% per annum, accruing daily, on such unpaid amount.

Pursuant to the registration rights agreement, we must maintain the effectiveness of the registration statement from the effective date until the date on which all securities registered under the registration statement have been sold, or are otherwise able to be sold pursuant to Rule 144 without volume or manner-of-sale restrictions, subject to the our right to suspend or defer the use of the registration statement in certain events.

SECTION 9
PLAN OF DISTRIBUTION

We intend to sell the Securities through Laidlaw & Company through March 31, 2014 at a price of $2.50 per Share. The minimum number of Shares that may be purchased by any investor is 40,816 Shares and accompanying Warrants ($100,000), which minimum may be waived by the Company and the Placement Agent. Pending the Closings of this Offering, all proceeds of this Offering will be deposited in a non-interest bearing escrow account located at the Signature Bank, 261 Madison Ave, New York, NY 10016. In the event that this Offering is terminated for any reason or an investor's subscription is rejected for any reason, all such funds will be promptly refunded to such subscribers without interest or deduction. We may extend this Offering without notice for up to a date not later than April 30, 2014, in our and the Placement Agent's sole discretion.

Our Placement Agent will use its reasonable best efforts to solicit offers from selected investors to purchase the Securities in this Offering. The Placement Agent is not obligated to, and has advised us that they will not, purchase any Securities for their own account. The Company and/or the Placement Agent reserves the right to purchase and/or permit their respective employees, agents, officers, directors and affiliates to purchase Shares and Warrants in this Offering, in accordance with federal and state securities laws, and all such purchases will be counted toward satisfaction of the requirement that the Minimum Offering Amount and the Maximum Offering Amount of Securities be sold in the Offering.

The Placement Agent will at each Closing be (a) paid a cash commission of up to eight percent (8%) of the gross dollar amount of the Shares sold in such Closing, (b) entitled to receive a nonaccountable expense fee of two percent (2%) of the gross dollar amount of the Shares sold in such Closing, and (c) issued a warrant (the "Agent Warrant") to purchase ten percent (10%) of the number of the Company's Securities sold in such Closing, including any shares of common stock issued or issuable (except for shares issuable upon the exercise pursuant to the exercise of Warrants), which Agent Warrant shall be in the form of the Warrants sold in this Offering. For the avoidance of doubt, the Agent Warrant shall be exercisable for that number of shares of the Company's common stock equal to ten percent (10%) of the number of the Company's Shares sold in such Closing.

Beneficial Ownership Limitation applicable to the Holders of the Series C Preferred Stock and Warrants

Each Warrant contains a "Beneficial Ownership Limitation" that shall be 4.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock issuable upon the exercise of the Warrant. The holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions, provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the common stock outstanding immediately after giving effect to the issuance of shares of common stock upon the exercise of this Warrant held by the holder.

INDEMNIFICATION

The Company has agreed to indemnify the Placement Agent against certain liabilities that may be incurred in connection with this Offering, including certain civil liabilities under the Securities Act, and, where such indemnification is not available, to contribute to the payments the Placement Agent may be required to make in respect of such liabilities.

CERTAIN AGREEMENTS

The Company has engaged an affiliate of the Placement Agent to advise with certain corporate matters.

SECTION 10
RESTRICTIONS OF TRANSFERABILITY

The Shares, the Warrants and the shares of the Company's common issuable upon the exercise of the Warrants (the " Warrant Shares") are subject to restrictions on transfer and have not been registered under the Securities Act. Such shares must be held indefinitely unless:

- There is in effect a Registration Statement under the Securities Act covering the proposed disposition or transfer and such disposition or transfer is made in accordance with such Registration Statement;
- You notify us of the proposed disposition or transfer and obtain a legal opinion from our counsel or from outside counsel, at our cost and reasonably satisfactory to us, that such disposition or transfer will not require registration under the Securities Act; or
- The securities are sold pursuant to an exemption from the registration requirements of the Securities Act afforded by Rule 144 of the Securities Act or similar rule then in effect, and our counsel, or an outside counsel reasonably satisfactory to us, provides a legal opinion, at our cost, that such disposition is exempt from registration under the Securities Act.

The Shares, the Warrants and, if applicable, the Warrant Shares, will bear a legend setting forth these restrictions on transfer and any legends required by state securities laws.

Pursuant to the terms of the Registration Rights Agreement, the Company shall use its best efforts to file a registration statement on Form S-1 covering the Shares and the shares of the Company's Common Stock underlying the Warrants sold in this Offering (the " Registrable Securities") as soon as practicable but no later than 45 calendar days from the Termination Date (the " Filing Deadline"). The Company shall use its best efforts to cause the registration statement covering such shares of the Company's common stock sold in this Offering to be declared effective within 180 calendar days of the Filing Deadline (in the event the registration statement is reviewed by the SEC) or with 30 calendar days following the date on which the Company is notified by the SEC that the registration statement will not be reviewed or is no longer subject to further review and comments (unless the Company is required to update its financial statements prior to requesting acceleration of such registration statement, which will require the Company to file an amendment to such registration statement, in which case the Company shall file any necessary amendment to such registration statement and request effectiveness thereof as soon as reasonably practicable and in no event later than the 60th calendar day following the Filing Deadline) (either such date, the "Effectiveness Deadline"). If (i) the registration statement is not filed by the Filing Deadline, (ii) the Company fails to file with the SEC a request for acceleration of a registration statement in accordance with Rule 461 promulgated by the SEC pursuant to the Securities Act of 1933, as amended, within five trading days of the date that the Company is notified by the SEC that such registration statement will not be reviewed or will not be subject to further review, (iii) prior to the effective date of a registration statement, the Company fails to file a pre-effective amendment and otherwise respond in writing to comments made by the SEC in respect of such registration statement within thirty (30) calendar days after the receipt of comments by or notice from the SEC that such amendment is required in order for such registration statement to be declared effective, (iv) the registration statement is not declared effective by the Effectiveness Deadline, or (v) if after the effective date of the registration statement, such registration statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such registration statement, or the holders are otherwise not permitted to utilize the prospectus therein to resell such Registrable Securities, for more than ten (10) consecutive calendar days or more than an aggregate of fifteen (15) calendar days (which need not be consecutive calendar days) during any 12-month period (any such failure or breach being referred to as an "Event"), then the Company shall pay to the investors in cash a fee equal to 1.00% of the dollar amount invested by each investor, on the monthly anniversary of the occurrence of the Event, provided that such Event is still occurring; provided, however, that the total amount of such fees payable to any investor shall not exceed 3% of the amount invested by such investor.

SECTION 11
INVESTOR SUITABILITY STANDARDS

Purchase of the Securities involves significant risks and is a suitable investment only for certain potential investors. See "Risk Factors"

Prospective investors should consider carefully each of the risks associated with this Offering, particularly those described in "Risk Factors." In view of these risks, including the lack of an available trading market for the Shares, and the consequent long-term nature of any investment in the Company, this Offering is available only to investors who have substantial net worth and no need for liquidity in their investments. The Company, in reliance upon the criteria set forth in Rule 501(a) promulgated under the Securities Act, has established investor suitability standards for investors in the Securities. Securities will be sold only to an investor who:

(a) represents that such investor is acquiring the Securities for such investor's own account, for investment only not with a view to the resale or distribution thereof;

(b) acknowledges that the right to transfer the Securities will be restricted by the Securities Act, applicable state securities laws and certain contractual restrictions, and that the investor's ability to do so will be restricted by the absence of a market for the Shares; and

(c) represents that such investor qualifies as one or more of the following:

1. Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase exceeds $1,000,000 (excluding his/her primary residence);
2. Any natural person who had an individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;
3. Any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Exchange Act; any insurance company as defined in Section 2(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 (the "Investment Company Act") or a business development company as defined in Section 2(a)(48) of the Investment Company Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions for the benefit of its employees, if such plan has total assets in excess of $5,000,000 any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 ("ERISA"), if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
4. Any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
5. Any organization (described in Section 501(c)(3) of the Internal Revenue Code), corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the shares offered, with total assets in excess of $5,000,000;
6. Any director, or executive officer of the Company;
7. Any trust, with total assets in excess of $5.0 million not formed for the specific purpose of acquiring the shares offered, whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of the prospective investment, or the Company reasonably believes immediately prior to making any sale that such purchaser comes within this description; or
8. Any entity in which all of the equity owners are accredited investors.

Prospective investors will be required to represent in writing that they meet the suitability standards set forth above, which represent minimum suitability requirements for prospective investors. Satisfaction of such standards by a prospective investor does not mean that the Securities are a suitable investment for such investor. In addition, certain states may impose additional or different suitability standards which may be more restrictive.

As used in this Memorandum, the term "net worth" means the excess of total assets over total liabilities. In determining income, an investor should add to his or her adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which from long-term capital gains has been reduced in arriving at adjusted gross income.

We may make or cause to be made such further inquiry and obtain such additional information as we deem appropriate with regard to the suitability of prospective investors. We may reject subscriptions in whole or in part if, in our discretion, we deem such action to be in our best interests. If this Offering is oversubscribed, we will determine at our option, whether over-subscriptions will be accepted and if so, which subscriptions will be accepted.

If any information furnished or representations made by a prospective investor or others acting on its behalf mislead us as to the suitability or other circumstances of such investor, or if, because of any error or misunderstanding as to such circumstances, a copy of this Memorandum is delivered to any such prospective investor, the delivery of this Memorandum to such prospective investor shall not be deemed to be an offer and this Memorandum must be returned to us immediately.

THE SUITABILITY STANDARDS DISCUSSED ABOVE REPRESENT MINIMUM SUITABILITY STANDARDS FOR PROSPECTIVE INVESTORS. EACH PROSPECTIVE INVESTOR SHOULD DETERMINE WHETHER THIS INVESTMENT IS APPROPRIATE FOR SUCH INVESTOR.

SECTION 12
SUBSCRIPTION PROCEDURES

Plan of Placement

This Offering is only open to "accredited investors", as defined in Rule 501(a) under the Securities Act (as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, which became effective on July 21, 2010).

We, in our sole discretion, reserve the right to require that you sign additional documents to consummate your purchase of Units. Please contact the Placement Agent for wiring instructions for the Placement Agent's escrow account for this Offering. No subscriptions will be valid unless accepted by an officer of the Company. The Units will be offered for a period commencing on the date of this Memorandum and continue until the earlier of (i) the sale of the Maximum Offering Amount, or (ii) the Termination Date, which period may be extended at the discretion of the Company and Placement Agent without notice to or vote by investors or prospective investors, to the Final Termination Date. The Company reserves the right, at any time, to cancel this Offering. All subscriptions for the Units being offered hereby must be made by the execution and delivery of the documents contained in the Subscription Documentation Package (including, without limitation, a Subscription Agreement) in the form made part of and attached to this Memorandum. By executing such documents, each prospective investor will represent, among other things, that (i) he, she or it is acquiring the Securities being purchased for his, her or its own account, for investment purposes and not with a view towards resale or distribution; (ii) immediately prior to such purchase, such prospective investor satisfies the eligibility requirements set forth in this Memorandum; and (iii) the execution of the Subscription Agreement will be deemed execution of each Transaction Document to which the investors are party. See "Investor Suitability Standards".

The Company and Placement Agent have the right to revoke the offer made herein and to refuse to sell Units to any prospective investor for any reason in its sole discretion including, without limitation, if such prospective investor does not promptly supply all information requested by the Company. In addition, the Company may establish a limit on the purchase of Units by a particular prospective investor and the Company may accept subscriptions for subscriptions of less one Unit at the discretion of the Company and Placement Agent.

In addition, since each prospective investor will be subject to certain restrictions on the sale, transfer or disposition of his, her or its Securities, as contained in the Subscription Agreement, each prospective investor must be prepared to bear the economic risk of an investment in the Securities for an indefinite period of time. A purchaser of Securities, pursuant to the Subscription Agreement and applicable law, will not be permitted to transfer or dispose of the Securities, unless such Securities are registered or unless such transaction is exempt from registration under the Securities Act and other applicable securities laws and, in the case of a purportedly exempt sale, such purchaser provides to the Company (at his, her or its own expense) an opinion of counsel or other evidence satisfactory that such exemption is available. The Securities will bear a legend relating to such restrictions on transfer.

To subscribe for Units in the Offering, each prospective investor must deliver the following documents to the offices of Laidlaw & Company (UK) Ltd., 546 Fifth Avenue, 5th Floor, New York, NY 10036, Please return to your account executive.

1. One executed copy of each of the documents contained in the Subscription Documentation Package, which is made part of the Memorandum, and

2. A check or wire payable to "Signature Bank as Escrow Agent for BioSig Technologies, Inc.". Prospective investors desiring to deliver the purchase price for the Units being purchased in the form of a wire transfer can do so pursuant to the procedures set forth in the Subscription Agreement.

We, in our sole discretion, reserve the right to require that you sign additional documents to consummate your purchase of Units.

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APPENDIX A

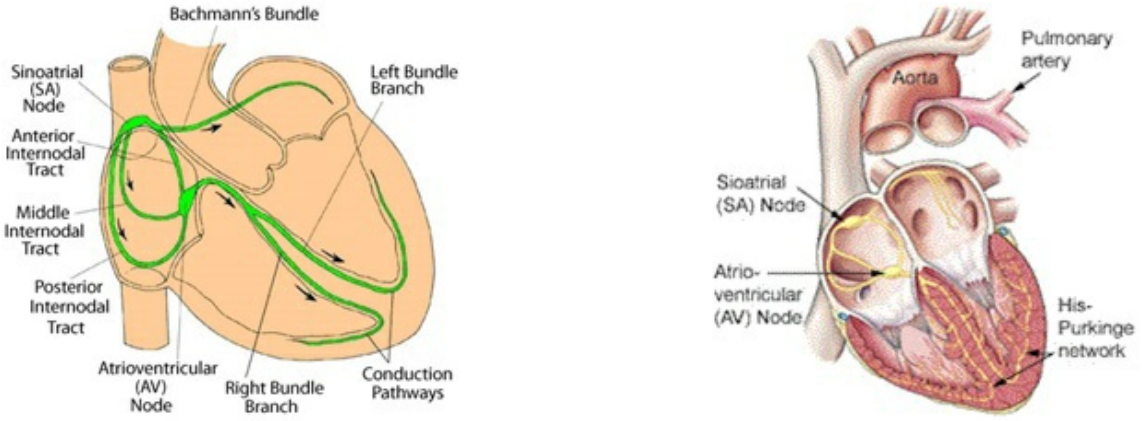
Science and Technology behind Cardiac Electrophysiology

The heart pumps blood to the lungs and to all the body's tissues by a sequence of highly organized contractions of the four chambers. For the heart to function properly, the four chambers must beat in an organized way. To accomplish this task, the heart has two separate but interrelated systems, a mechanical system that actually pumps the blood, and an electrical system that controls the mechanical system.

The Electrical System of the Heart

In order for the heart to pump blood, it needs an electrical impulse that starts in the sinoatrial ("SA") node. The SA node is the normal pacemaker of the heart and controls the heart rate. The impulse travels through the upper chambers, the atria, causing them to contract and squeeze blood into the lower chambers, the ventricles. The electrical signal is delayed at the atrioventricular ("AV") node and then spreads through the lower chambers. The ventricles contract sending blood throughout the body. The entire process repeats continuously, beginning with an impulse in the SA node.

Figure 6: Diagrams showing the electrical system of the heart



Heart Rhythm Disturbances – Arrhythmias

Normally, electrical impulses propagate throughout the heart in a regular pattern. Poorly timed or uncoordinated impulses can cause a heart rhythm disturbance - arrhythmia. Some of the most common arrhythmias include:

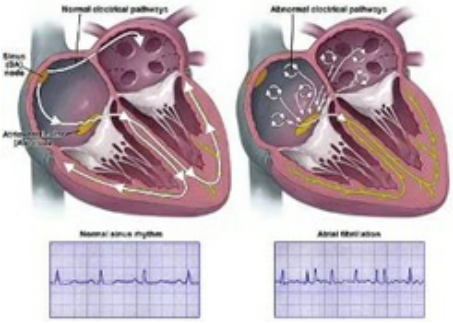
- Atrial Fibrillation or AF - the atria beat irregularly and too fast
- Ventricular fibrillation - the ventricles beat irregularly and too fast
- Atrial flutter – abnormal heart rhythm usually associated with fast heart rate
- Heart block - the electrical signal is delayed or blocked after leaving the SA node

When a problem within the heart's conduction system cannot be adequately diagnosed using noninvasive procedures, then an electrophysiology study is sought.

Atrial Fibrillation

AF is the most common, yet not completely understood arrhythmia. It affects nearly 3 million people in the U.S. and 20 million worldwide. It occurs when rapid, disorganized electrical signals cause the atria (two upper chambers of the heart) to fibrillate (contract very fast and irregularly). As a result, blood is not fully pumped out of the atria into the heart's ventricles (lower heart chambers).

Figure 7: Diagrams and ECG's showing electrical signals of the normal vs. AF heart

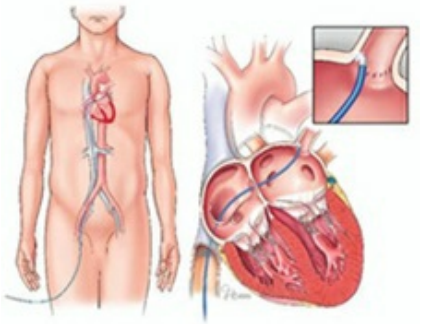


AF may occur rarely, intermittently (paroxysmal), or may become a persistent or permanent disease. Patients may feel symptoms or may be asymptomatic. AF can result in chest pain or heart failure, and has been shown to dramatically increase the risk of stroke, heart attack, and even dementia. Possible risk factors include high blood pressure, diabetes, obesity, coronary artery disease, and heart valve disease.

Electrophysiology Studies

An EP study requires the placement of catheters through a femoral or jugular vein into the cardiac chambers. Different types of catheters, and the site appropriate for their placement, are determined according to the nature of the arrhythmia under investigation. Typically, each catheter will have multiple electrode poles for both recording and local stimulation. The intracardiac signals are amplified, filtered, displayed, stored and analyzed either in real-time or offline. To guide the catheter in the heart, the electrophysiologist uses different imaging modalities: an X-ray based imaging technique called fluoroscopy, intracardiac echocardiography ("ICE"), electroanatomic mapping ("EAM") or rotational angiography.

Figure 8: Diagram showing placement of catheters for an EP study

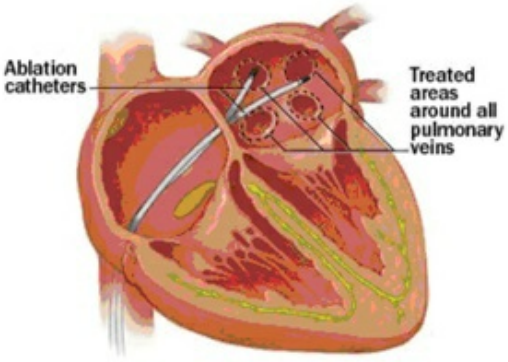


EP procedures have evolved dramatically in the last thirty years. Initially, the data from EP studies was used to determine mechanisms of spontaneously occurring arrhythmias, including AV conduction abnormalities, premature complexes, and a variety of tachycardias. Subsequently, techniques for programmed electrical stimulation were developed to permit the reproducible initiation of both supraventricular and ventricular arrhythmias. Pacing protocols to characterize sinus node function and AV conduction were also introduced. One important part of the EP study is to determine activation sequences during arrhythmias - this is done by mapping and performing analyses of the responses to various pacing techniques. The results of an EP study allow the physician to determine optimal therapeutic measures such as, to implant a pacemaker or defibrillator, add or change medications, or to perform ablation procedures.

Ablation Treatment

Catheter based ablation has revolutionized EP procedures and the management of cardiac arrhythmias from a diagnostic tool to a treatment. During the procedure, a patient's heart's electrical activity is mapped and the source of the arrhythmia is localized then destroyed. Ablation is accomplished either by radiofrequency ("RF") energy or by cryoablation (freezing) – the process destroys heart tissue by creating a scar that is electrically inactive and incapable of generating or contributing to arrhythmias.

Figure 9: Diagram showing ablation catheters and target treatment areas



Catheter ablation is performed for virtually every type of arrhythmia including Wolff-Parkinson-White syndrome, concealed accessory pathways, atrioventricular nodal reentrant tachycardia, atrial flutter, atrial fibrillation, incisional atrial reentrant tachycardia and ventricular tachycardia. Most of these arrhythmias have been rendered curable by ablation techniques, but treatment of atrial fibrillation has remained a challenge.

Ablation becoming First-line Therapy for AF

Most cardiac arrhythmias are well understood and ablation simply requires destroying a small area of heart tissue possessing electrical abnormality. In contrast, AF pathophysiology is complex and knowledge of the origin and mechanism is incomplete, therefore, ablation treatments are basically empirical.

AF Ablation Limitations

- Procedure Complexity
- Length of Treatment
- Dexterity required to perform the procedure

Current limitations of atrial fibrillation ablation include the use of catheters designed for pinpoint lesions to perform large area ablations in a point-by-point fashion, and the dexterity required to perform the procedure. In addition, the length of these procedures (3-7 hours) exposes the physician and staff to extensive radiation, requiring them to wear heavy lead vests. Consequently, ablating AF has been regarded as being extremely difficult. Therefore, access to this procedure is limited to being performed by only the most gifted and well trained cardiologists.

However, according to Andrea Natale, MD, BioSig Medical Advisor and world renowned electrophysiologist, ablation is fast becoming the preferred treatment of symptomatic AF. He believes that for AF ablation to be readily performed by many electrophysiologists, technological innovations are required to shorten the procedure and to make it less complex. To address the limitations of these procedures, companies are now advancing technologies with products such as, multi-image integration with mapping systems, rotational angiography, balloon-based ablation catheters, multielectrode ablation systems, and remote magnetic and robotic navigation systems.

APPENDIX B

FINANCIAL STATEMENTS

BIOSIG TECHNOLOGIES, INC.
(a development stage company)

FINANCIAL STATEMENTS

BIOSIG TECHNOLOGIES, INC.

FINANCIAL STATEMENTS

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of

BioSig Technologies, Inc. (a Development Stage Company)

We have audited the accompanying balance sheets of BioSig Technologies. Inc. (a Development Stage Company) as of December 31, 2012 and 2011, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended and for the period from February 24, 2009 (date of inception) to December 31, 2012. BioSig Technologies, Inc's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BioSig Technologies, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended and for the period from February 24, 2009 (date of inception) to December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company is in the development stage, has incurred losses from operations since its inceptions and has a net stockholders' deficiency. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Rosenberg Rich Baker Berman & Company

Somerset, New Jersey

May 7, 2013, except for note 16 as to which the date is September 11, 2013.

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current assets:		
Cash	$ 24,237	$ 69,020
Prepaid expenses	33,125	82,118
Capitalized financing costs	212,635	84,167
Total current assets	269,997	235,305
Property and equipment, net	30,209	24,752
Other assets:		
Deposits	25,000	25,000
Total assets	$ 325,206	$ 285,057
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 472,882	$ 35,725
Advances, related party	27,040	27,040
Note payable, related party	30,000	-
Liability to placement agent	94,500	-
Dividends payable	117,751	26,892
Total current liabilities	742,173	89,657
Long term liabilities:		
Deferred rent payable	5,067	5,067
Note payable, related party	218,000	-
Convertible bridge notes payable, $225,000 related party	613,812	-
Redeemable Series A preferred stock	922,000	922,000
Redeemable Series B preferred stock	887,500	100,000
Total long term liabilities	2,646,379	1,027,067
Total liabilities	3,388,552	1,116,724
Commitments and contingencies		
Stockholders' deficit		
Preferred stock, $0.001 par value, authorized 1,000,000 shares		
Common stock, $0.001 par value, authorized 50,000,000 and 10,000,000 shares as of December 31, 2012 and 2011, respectively, 8,166,238 and 8,136,238 issued and outstanding as of December 31, 2012 and 2011, respectively	8,166	8,136
Additional paid in capital	833,647	588,354
Deficit accumulated during development stage	(3,905,159)	(1,428,157)
Total stockholders' deficit	(3,063,346)	(831,667)
Total liabilities and stockholders' deficit	$ 325,206	$ 285,057

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENTS OF OPERATIONS

	Year ended December 31, 2012	2011	From February 24, 2009 (date of inception) to December 31, 2012
Operating expenses:			
Research and development	$ 888,948	$ 582,525	$ 1,471,473
General and administrative	1,363,007	484,127	2,097,190
Depreciation	10,020	6,795	16,815
Total operating expenses	2,261,975	1,073,447	3,585,478
Net loss from operations	(2,261,975)	(1,073,447)	(3,585,478)
Other income (expense):			
Interest income (expense)	(18,286)	171	(18,115)
Financing costs	(105,881)	(77,933)	(183,814)
Net loss before income taxes	(2,386,142)	(1,151,209)	(3,787,407)
Income taxes (benefit)	-	-	-
Net loss	(2,386,142)	(1,151,209)	(3,787,407)
Preferred stock dividend	(90,860)	(26,892)	(117,752)
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS'	$ (2,477,002)	$ (1,178,101)	$ (3,905,159)
Net loss per common share, basic and diluted	$ (0.30)	$ (0.18)	
Weighted average number of common shares outstanding, basic and diluted	8,142,222	6,650,026	

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENT OF STOCKHOLDERS' DEFICIT
FROM FEBRUARY 24, 2009 (DATE OF INCEPTION) TO DECEMBER 31, 2012

	Common stock		Shares subscribed		Shares to be issued		Additional Paid in	Deficit Accumulated During Development	
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Stage	Total
Common stock issued to founders	4,000,000	$ 4,000	-	$ -	$ -	$ -	$ -	$ -	$ 4,000
Common stock issuable to founders	-	-	-	-	3,400,000	3,400	-	-	3,400
Donated capital	-	-	-	-	-	-	100	-	100
Net loss	-	-	-	-	-	-	-	(104,584)	(104,584)
Balance, December 31, 2009	4,000,000	4,000	-	-	3,400,000	3,400	100	(104,584)	(97,084)
Proceeds from common stock subscription	-	-	37,500	30,000	-	-	-	-	30,000
Net loss	-	-	-	-	-	-	-	(145,472)	(145,472)
Balance, December 31, 2010	4,000,000	4,000	37,500	30,000	3,400,000	3,400	100	(250,056)	(212,556)
Sale of common stock	153,125	153	(37,500)	(30,000)	-	-	122,347	-	92,500
Common stock issued for services rendered	408,113	408	-	-	-	-	326,082	-	326,490
Common stock issued for future services	175,000	175	-	-	-	-	139,825	-	140,000
Common stock issued to founders	3,400,000	3,400	-	-	(3,400,000)	(3,400)	-	-	-
Preferred stock dividend	-	-	-	-	-	-	-	(26,892)	(26,892)
Net loss	-	-	-	-	-	-	-	(1,151,209)	(1,151,209)
Balance, December 31, 2011	8,136,238	8,136	-	-	-	-	588,354	(1,428,157)	(831,667)
Common stock issued for services rendered	30,000	30	-	-	-	-	59,970	-	60,000
Fair value of vested options	-	-	-	-	-	-	185,323	-	185,323
Preferred stock dividend	-	-	-	-	-	-	-	(90,860)	(90,860)
Net loss	-	-	-	-	-	-	-	(2,386,142)	(2,386,142)
Balance, December 31, 2012	8,166,238	$ 8,166	-	$ -	$ -	$ -	$ 833,647	$ (3,905,159)	$(3,063,346)

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENTS OF CASH FLOWS

	Year ended December 31, 2012	2011	From February 24, 2009 (date of inception) to December 31, 2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss attributable to common stockholders	$ (2,386,142)	$ (1,151,209)	$ (3,787,407)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation	10,020	6,795	16,815
Amortization of financing costs	105,881	77,933	183,814
Stock based compensation	314,316	384,372	706,088
Donated capital	-	-	100
(Increase) in prepaid expenses	(20,000)	-	(20,000)
Increase (Decrease) in accounts payable and accrued expenses	450,969	(158,385)	486,694
Decease in accrued expenses, related party	-	(2,940)	-
Increase in deferred rent payable	-	5,067	5,067
Net cash used in operating activities	(1,524,956)	(838,367)	(2,408,829)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(15,477)	(31,547)	(47,024)
Payment of long term deposit	-	(25,000)	(25,000)
Net cash used in investing activity	(15,477)	(56,547)	(72,024)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable, related party	248,000	5,500	275,040
Proceeds from convertible bridge notes payable	600,000	-	600,000
Net proceeds from the sale of Series A preferred stock	-	788,400	788,400
Net proceeds from the sale of Series B preferred stock	647,650	71,500	719,150
Proceeds from sale of common stock	-	92,500	122,500
Net cash provided by financing activities	1,495,650	957,900	2,505,090
Net (decrease) increase in cash and cash equivalents	(44,783)	62,986	24,237
Cash and cash equivalents, beginning of the period	69,020	6,034	-
Cash and cash equivalents, end of the period	$ 24,237	$ 69,020	$ 24,237
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	$ -	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -	$ -

See the accompanying notes to the financial statements

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Business and Basis of Presentation

BioSig Technologies Inc. (the "Company") was initially incorporated on February 24, 2009 under the laws of the State of Nevada and subsequently re-incorporated in the state of Delaware in 2011. The Company is in the development stage as defined under Accounting Standards Codification subtopic 915-10 Development Stage Entities and its efforts are principally devoted to improving the quality of cardiac recordings obtained during ablation of atrial fibrillation (AF). The Company has not generated any revenue to date and consequently its operations are subject to all risks inherent in the establishment of a new business enterprise.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification subtopic 605-10, Revenue Recognition ("ASC 605-10") which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

The Company accounts for Multiple-Element Arrangements under ASC 605-10 which incorporates Accounting Standards Codification subtopic 605-25, Multiple-Element Arrangements ("ASC 605-25"). ASC 605-25 addresses accounting for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets.

Concentrations of Credit Risk

Financial instruments and related items, which potentially subject the Company to concentrations of credit risk, consist primarily of cash and cash equivalents. The Company places its cash and temporary cash investments with credit quality institutions. At times, such amounts may be in excess of the FDIC insurance limit. The Company periodically reviews its trade receivables in determining its allowance for doubtful accounts. The Company does not have accounts receivable and allowance for doubtful accounts at December 31, 2012 and 2011.

Prepaid Expenses

From time to time, the Company issues shares of its common stock for services to be performed. The fair value of the common stock is determined at the date of the contract for services and is amortized ratably over the term of the contract. As of December 31, 2012 and 2011, prepaid expenses relating to stock based payments were $13,135 and $82,118, respectively.

Capitalized financing costs

Capitalized financing costs are comprised of costs incurred in connection with the sale of the Company's Series A and Series B preferred stock. These costs are amortized ratably and charged to financing expenses through December 31, 2014, the date redemption is available to the preferred shareholders. The amortization for the years ended December 31, 2012 and 2011 was $105,881 and $77,933, respectively. Accumulated amortization of capitalized financing costs were $183,815 and $77,993 at December 31, 2012 and 2011, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

Long-Lived Assets

The Company follows Accounting Standards Codification 360-10-15-3, "Impairment or Disposal of Long-lived Assets," which established a "primary asset" approach to determine the cash flow estimation period for a group of assets and liabilities that represents the unit of accounting for a long-lived asset to be held and used. Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Net Income (loss) Per Common Share

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted net loss per share for year ending December 31, 2012 does not reflect the effects of 25,000 shares potentially issuable upon the exercise of the Company's stock options (calculated using the treasury stock method) as of December 31, 2012 as including such would be anti-dilutive. As of December 31, 2011, the Company did not have common stock equivalents.

Income Taxes

The Company follows Accounting Standards Codification subtopic 740-10, Income Taxes ("ASC 740-10") for recording the provision for income taxes. Deferred tax assets and liabilities are computed based upon the difference between the financial statement and income tax basis of assets and liabilities using the enacted marginal tax rate applicable when the related asset or liability is expected to be realized or settled. Deferred income tax expenses or benefits are based on the changes in the asset or liability during each period. If available evidence suggests that it is more likely than not that some portion or all of the deferred tax assets will not be realized, a valuation allowance is required to reduce the deferred tax assets to the amount that is more likely than not to be realized. Future changes in such valuation allowance are included in the provision for deferred income taxes in the period of change. Deferred income taxes may arise from temporary differences resulting from income and expense items reported for financial accounting and tax purposes in different periods. Deferred taxes are classified as current or non-current, depending on the classification of assets and liabilities to which they relate. Deferred taxes arising from temporary differences that are not related to an asset or liability are classified as current or non-current depending on the periods in which the temporary differences are expected to reverse and are considered immaterial.

Research and Development

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of $888,948 and $582,525 the years ended December 31, 2012 and 2011, respectively and $1,471,473 from the period from February 24, 2009 (date of inception) to December 31, 2012.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair Value of Financial Instruments

Accounting Standards Codification subtopic 825-10, Financial Instruments ("ASC 825-10") requires disclosure of the fair value of certain financial instruments. The carrying value of cash and cash equivalents, accounts payable and accrued liabilities, and short-term borrowings, as reflected in the balance sheets, approximate fair value because of the short-term maturity of these instruments. All other significant financial assets, financial liabilities and equity instruments of the Company are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

Stock Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period.

As of December 31, 2012, the Company had 1,273,927 and 25,000 employee and non-employee options outstanding to purchase shares of common stock, respectively. As of December 31, 2011, the Company had Nil employee and non-employee stock options outstanding.

Recent Accounting Pronouncements

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 2 – GOING CONCERN MATTERS

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. As shown in the accompanying financial statements during the years ended December 31, 2012 and 2011, the Company incurred net losses attributable to common stockholders of $2,477,002 and $1,178,101, respectively and used $1,524,956 in cash for operating activities for the year ended December 31, 2012. These factors among others raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

The Company's existence is dependent upon management's ability to develop profitable operations. The Company completed financing subsequent to the date of these financial statements (See Note 15). However additional capital will be needed to continue developing its products and services and there can be no assurance that the Company's efforts will be successful. There is no assurance that can be given that management's actions will result in profitable operations or the resolution of its liquidity problems. The accompanying statements do not include any adjustments that might result should the Company be unable to continue as a going concern.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company's President and shareholders have advanced funds to the Company for working capital purposes since the Company's inception in February 2009. No formal repayment terms or arrangements exist and the Company is not accruing interest on these advances. The net amount outstanding at December 31, 2012 and 2011 was $27,040.

Accrued interest and expenses due related parties as of December 31, 2012 and 2011 was $54,184 and $nil, respectively.

During 2012, the Company issued promissory notes for funding provided by the Company's president or a company under his control in the aggregate of $248,000. See Note 6 below.

During 2012, the Company issued convertible bridge notes for funding provided by the Company's president and a Director of the Company for an aggregate of $225,000. See Note 7 below.

During 2011, the Company issued an aggregate of 3,400,000 shares of its common stock at par value in connection with services provided by founders.

The Company has informal compensation and consulting agreements with employees and outside contractors, certain of whom are also Company stockholders. The Agreements are generally month to month. As of December 31, 2012 and 2011, total due under these agreements and related expenses were $43,630 and $nil.

On December 10, 2010, the Company entered into a two year consulting agreement with one of the Company's directors for certain services with compensation totaling 43,750 shares of the Company's common stock valued at $35,000

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2012 and 2011 is summarized as follows:

	2012	2011
Computer equipment	$ 39,221	$ 24,735
Furniture and fixtures	7,803	6,813
Total	47,024	31,548
Less accumulated depreciation	(16,815)	(6,795)
	$ 30,209	$ 24,752

NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at December 31, 2012 and 2011 consist of the following:

	2012	2011
Accrued accounting and legal	$ 120,922	$ 35,725
Accrued reimbursements	44,338	-
Accrued consulting	111,546	-
Accrued research and development expenses	68,120	-
Accrued credit card obligations	21,844	-
Accrued payroll	101,621	-
Accrued interest	4,491	-
	$ 472,882	$ 35,725

NOTE 6 – NOTES PAYABLE, RELATED PARTY

On November 21, 2012, the Company issued an unsecured promissory note for $218,000 to the Company's President for previously advanced funds with interest payable annually, in arrears, on each anniversary at the short term "Applicable Federal Rate" within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended adjusted each anniversary date. The promissory note matures November 21, 2021 and may be prepaid, without premium or penalty, at any time. In connection with the issuance of the unsecured promissory note, the Company's President agreed not to receive payments (by voluntary prepayment, acceleration, set-off or otherwise) associated with the unsecured promissory note absent the prior written consent of the purchasers holding at least 67% interest of the preferred stock outstanding, which purchasers must include Alpha Capital Anstalt so long as Alpha Capital Anstalt holds not less than $100,000 of preferred stock.

On December 6, 2012, the Company issued an unsecured promissory note for $30,000 to a company under the control of the Company's President for previously advanced funds, interest free and due the earlier of (i) the next financing of not less than $300,000; (ii) February 28, 2013 or (iii) occurrence of an event of default, as defined.

NOTE 7 – CONVERTIBLE BRIDGE NOTES

In 2012, the Company issued an aggregate of $600,000 unsecured Senior Convertible Promissory Notes ($225,000 related party) with interest due at maturity at 8% per annum and may be paid, at the Company's discretion, in cash or the Company's common stock. The Notes, together with unpaid accrued interest, if any, is due upon written notice by the majority in interest of the holders on or after February 15, 2014 or (ii) upon the occurrence of an event of default, as defined. The Notes may be prepaid in whole or in part prior to the maturity date at the Company's discretion.

The Convertible Bridge Notes and any accrued and unpaid interest automatically converts at the earlier of (i) (A) a completion of a transaction whereby the Company merges or consolidates with another company that has its common stock approved for quotation on any domestic national stock exchange and (B) the new entity thereafter issues and sells shares for no less than $3.0 million aggregate gross proceeds or (ii) a qualified IPO. The Convertible Bridge Notes shall convert into the new securities issued at 95% of the purchase price of the Conversion Securities offered to investors.

In connection with the issuance of the Senior Convertible Promissory Notes, the Company issued the right to purchase at any time, on or after the Public Financing Closing Date,(as defined above) hereof until the fifth anniversary of the Public Financing Closing date, the number of fully paid and nonassessable shares (the "***Warrant Shares***") of the Company's common stock equal to the quotient of (a) the Warrant Coverage Amount (as defined below), *divided by* (b) the applicable Conversion Price of the Notes, at the per share exercise price (the "***Exercise Price***"), which shall initially be, as of the Public Financing Closing Date, equal to the Initial Exercise Price (as defined below), subject to further adjustments, as defined.

Initial Exercise Price" means one hundred twenty-five percent (125%) of the Conversion Price.

Warrant Coverage Amount" shall be the amount obtained by multiplying (x) the ***Warrant Coverage Percentage*** *by* (y) the principal amount outstanding (and not including any accrued and unpaid interest) of the Note, in connection with which this Warrant is concurrently issued.

"***Warrant Coverage Percentage***" shall be equal to fifty percent (50%) as defined in the Bridge Loan Agreement.

NOTE 8 – REDEEMABLE PREFERRED STOCK

Series A Preferred Stock

In May 2011, the Board of Directors authorized the issuance of up to 200 shares of Series A Preferred Stock (the "Series A preferred stock").

The Series A preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $5,000 plus any accrued and unpaid dividends ; entitled to dividends as a preference to holders of junior stock at a rate of 5% per annum of the Stated Value of $5,000 per share, payable quarterly beginning on August 31, 2011 and are cumulative. The holders of Series A preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series A preferred stock, the Company cannot, (a) alter or change adversely the powers, preferences or rights given to the Series A preferred stock or alter or amend the Certificate of Designation.

The Series A preferred stock is mandatorily redeemable on December 31, 2014 (as modified) at a price equal to the Stated Value ($5,000) plus an amount equal to all accumulated and unpaid dividends. If the Company fails to redeem at redemption, the unpaid redemption price will accrue at 14% per annum until paid.

The Series A preferred stock is convertible, at the holders discretion, at any time to convert any whole or partial number of Series A preferred stock into common stock at a price based on $15 million post conversion calculated on a fully diluted basis. The number of common shares issuable is obtained by multiplying (i) the number of Series A preferred stock to be converted by (ii) the sum of (A) $5,000 and (B) all accrued by unpaid dividends divided the product by $15 million and issuing common shares equal to the quotient as a percentage of the fully diluted common shares of the Company.

The Series A preferred stock is automatically convertible at the earlier of (i) (A) a completion of a transaction whereby the Company merges or consolidates with another company that has its common stock approved for quotation on any domestic national stock exchange and (B) the new entity thereafter issues and sells shares for no less than $5.0 million aggregate gross proceeds or (ii) a qualified IPO. The Series A preferred stock shall convert into the new securities issued at 90% of the purchase price.

During the year ended December 31, 2012 and 2011, the Company sold an aggregate of 184.4 shares of Series A preferred stock at net proceeds of $-0- and $788,400, respectively. As of December 31, 2012 and 2011, 184.4 shares of Series A preferred stock were issued and outstanding. As of December 31, 2012 and 2011, the Company has accrued $73,255 and $26,892 dividends payable on the Series A preferred stock.

The gross proceeds of the Series A Preferred Stock of $922,000 as of December 31, 2012 and 2011 are shown as a current liability and the related issuance costs as a current asset labeled capitalized financing costs in the accompanying balance sheets. The capitalized financing cost are amortized through December 31, 2014, the date redemption is available to the preferred shareholders.

See modifications of the Series A preferred stock subsequent to the financial statements, Note 15.

Series B Preferred Stock

On November 28, 2011, the Board of Directors authorized the issuance of up to 600 shares of Series B Preferred Stock (the "Series B preferred stock").

The Series B preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $5,000 plus any accrued and unpaid dividends; entitled to dividends as a preference to holders of junior stock at a rate of 5% per annum of the Stated Value of $5,000 per share, payable quarterly beginning on December 31, 2011 and are cumulative. The holders of Series B preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series B preferred stock, the Company cannot (a) alter or change adversely the powers, preferences or rights given to the Series A preferred stock or alter or amend the Certificate of Designation.

NOTE 8 – REDEEMABLE PREFERRED STOCK

The Series B preferred stock is mandatorily redeemable on December 31, 2014 at a price equal to the Stated Value ($5,000) plus an amount equal to all accumulated and unpaid dividends. If the Company fails to redeem at redemption, the unpaid redemption price will accrue at 14% per annum until paid.

The Series B preferred stock is convertible, at the holders discretion, at any time to convert any whole or partial number of Series B preferred stock into common stock at a price based on $17.5 million post conversion calculated on a fully diluted basis. The number of common shares issuable is obtained by multiplying (i) the number of Series B preferred stock to be converted by (ii) the sum of (A) $5,000 and (B) all accrued by unpaid dividends divided the product by $17.5 million and issuing common shares equal to the quotient as a percentage of the fully diluted common shares of the Company.

The Series B preferred stock is automatically convertible at the earlier of (i) (A) a completion of a transaction whereby the Company merges or consolidates with another company that has its common stock approved for quotation on any domestic national stock exchange and (B) the new entity thereafter issues and sells shares for no less than $5.0 million aggregate gross proceeds or (ii) a qualified IPO. The Series B preferred stock shall convert into the new securities issued at 90% of the purchase price.

During the year ended December 31, 2012 and 2011, the Company sold an aggregate of 157.5 and 20.0 shares of Series B preferred stock at net proceeds of $647,650 and $71,500, respectively. As of December 31, 2012 and 2011, 177.5 and 20.0 shares of Series B preferred stock were issued and outstanding, respectively. As of December 31, 2012 and 2011, the Company has accrued $44,497 and $-0- dividends payable on the Series B preferred stock.

The gross proceeds of the Series B Preferred Stock of $887,500 and $100,000 as of December 31, 2012 and 2011, respectively, are shown as a current liability and the related issuance costs as a current asset labeled capitalized financing costs in the accompanying balance sheets. The capitalized financing cost are amortized through December 31, 2014, the date redemption is available to the preferred shareholders.

See modifications of the Series B preferred stock subsequent to the financial statements, Note 15.

NOTE 9 – STOCKHOLDER EQUITY

There is not a viable market for the Company's common stock to determine its fair value; therefore, management is required to estimate the fair value to be utilized in the determining stock based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates.

Preferred stock

The Company is authorized to issue 1,000,000 shares of $0.001 par value preferred stock. As of December 31, 2012 the Company has designated and issued 200 and 184.4 shares of Series A preferred stock, respectively, designated and issued 600 and 177.5 shares of Series B preferred stock, respectively and designated and issued 2,000 and -0- shares of Series C 9% convertible preferred stock.

NOTE 9 – STOCKHOLDER EQUITY

Common stock

On October 17, 2012, the Company amended its Articles of Incorporation to increase the number of authorized shares of its common stock from 10 million to 50 million shares. As of December 31, 2012 the Company has 8,166,238 shares of common stock issued and outstanding.

During the period from February 24, 2009 to December 31, 2009, the Company issued or designated an aggregate of 7,400,000 shares of common stock as payment for services by founders, 4,000,000 and 3,400,000 shares issued during the years ended December 31, 2009 and 2011, respectively ($0.01 per share).

During the year ended December 31, 2011, the Company issued an aggregate of 408,113 shares of common stock for services rendered totaling $326,490 ($0.80 per share).

During the year ended December 31, 2011, the Company issued an aggregate of 175,000 shares of common stock for future services totally $140,000 ($0.80 per share).

During the year ended December 31, 2012, the Company issued an aggregate of 30,000 shares of common stock for future services totally $60,000 ($2.00 per share).

NOTE 10 – OPTIONS AND WARRANTS

There is not a viable market for the Company's common stock to determine its fair value; therefore, management is required to estimate the fair value to be utilized in the determining stock based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates.

Stock option plans

On October 19, 2012, the Company's Board of Directors approved the 2012 Equity Incentive Plan (the " 2012 Plan"). The Plan provides for the issuance of options to purchase up to 2,000,000 shares of the Company's common stock to officers, directors, employees and consultants of the Company including any common stock reserved by not issued pursuant to any awards granted under the Company's 2011 Long-Term Incentive Plan . Under the terms of the Plan the Company may issue Incentive Stock Options as defined by the Internal Revenue Code to employees of the Company only and nonstatutory options. The Board of Directors of the Company determines the exercise price, vesting and expiration period of the grants under the Plan. However, the exercise price of an Incentive Stock Option should not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more stockholder and 100% of fair value for a grantee who is not 10% stockholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith. Additionally, the vesting period of the grants under the Plan will be determined by the Committee, in its sole discretion and expiration period not more than ten years. In connection with the Board's approval, the Company's 2011 Long-Term Incentive Plan was closed.

On October 19, 2011, the Company's Board of Directors approved the 2011 Long-Term Incentive Plan (the " 2011 Plan"). The Plan provides for the issuance of options to purchase up to 1,500,000 shares of the Company's common stock to officers, directors, employees and consultants of the Company. Under the terms of the Plan the Company may issue Incentive Stock Options as defined by the Internal Revenue Code to employees of the Company only and nonstatutory options. The Board of Directors of the Company determines the exercise price, vesting and expiration period of the grants under the Plan. However, the exercise price of an Incentive Stock Option should not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more stockholder and 100% of fair value for a grantee who is not 10% stockholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith. Additionally, the vesting period of the grants under the Plan will be determined by the Committee, in its sole discretion and expiration period not more than ten years. The Company reserved 1,500,000 shares of its common stock for future issuance under the terms of the Plan. As of December 31, 2012, the Company granted an aggregate of 1,298,927 options to directors and key consultants with an aggregate estimated fair value of $1,237,868.

NOTE 10 – OPTIONS AND WARRANTS

Employee Options

The following table summarizes the employee options outstanding and the related prices for the shares of the Company's common stock issued at December 31, 2012:

	Options Outstanding			Options Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 2.00	1,273,927	6.57	$ 2.00	-	$ 2.00

Transactions involving stock options issued to employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2010:	-	$ -
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2011:	-	-
Granted	1,273,927	2.00
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	1,273,927	$ 2.00

During the year ended December 31, 2012, the Company granted 1,273,927 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.00 per share for a term of seven years with 250,821 options vesting at the first, second and third anniversaries of the grant date. The remainder (521,464 options) vest contingent on the occurrence of certain events, as defined.

The fair value of the granted options for the year ended December 31, 2012 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0- %
Volatility	108.60% to 111.78 %
Risk free rate:	0.97% to 1.14 %
Expected life:	7 years
Estimated fair value of the Company’s common stock	$2.00

The fair value of all employee options vesting during the year ended December 31, 2012 and 2011 of $142,032 and $-0-, respectively, was charged to current period operations. Unrecognized compensation expense of $1,152,939 at December 31, 2012 will be expensed in future periods.

NOTE 10 – OPTIONS AND WARRANTS

Non-employee Options

The following table summarizes the non-employee options outstanding and the related prices for the shares of the Company's common stock issued at December 31, 2012:

	Options Outstanding			Options Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 2.00	25,000	6.72	$ 2.00	25,000	$ 2.00

Transactions involving stock options issued to non- employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2010:	-	$ -
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2011:	-	-
Granted	25,000	2.00
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	25,000	$ 2.00

During the year ended December 31, 2012, the Company granted 25,000 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.00 per share for a term of seven years vesting immediately.

The fair value of the granted options of $43,291 for the year ended December 31, 2012 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0- %
Volatility	111.78 %
Risk free rate:	0.97 %
Expected term:	7 years
Estimated fair value of the Company’s common stock	$ 2.00

The fair value of all non- employee options vesting during the year ended December 31, 2012 and 2011 of $43,291 and $-0-, respectively, was charged to current period operations.

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term. Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the term of the award. The Company's estimated volatility is an average of the historical volatility of the stock prices of its peer entities whose stock prices were publicly available. The Company's calculation of estimated volatility is based on historical stock prices over a period equal to the term of the awards. The Company used the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.

Warrants.

As of December 31, 2012, the Company had issued warrants contingent on future events in connection with the issuance of the Convertible Bridge Notes. (See Note 7 above)

NOTE 11 – LOSS PER SHARE

The following table presents the computation of basic and diluted loss per share for the years ended December 31, 2012 and 2011:

	2012	2011
Net loss available to Common stockholders	$ (2,477,002)	$ (1,178,101)
Basic and diluted earnings (loss) per share	$ (0.30)	$ (0.18)
Weighted average common shares outstanding	8,142,222	6,650,026

NOTE 12 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows the provisions of ASC 825-10. For financial assets and liabilities included within the scope of ASC 825-10, the Company was required to adopt the provisions of ASC 825-10 prospectively as of the beginning of Fiscal 2009. The adoption of ASC 825-10 did not have a material impact on our consolidated financial position or results of operations.

There were no items required to be measured at fair value on a recurring basis in the consolidated financial statements as of December 31, 2012 and 2011.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Operating leases

On August 9, 2011, the Company entered into a three-year lease for office space in Los Angeles, California, with monthly payments escalating from $60,804 in the first year to $66,456 in the third year.

Future minimum lease payments under the operating lease are as follows:

Year Ending December 31,	
2013	$ 63,256
2014	44,304
	$ 107,560

In addition, the Company leases parking in aggregate of approximately $620 per month, on a month to month basis.

Total lease rental expenses for the years ended December 31, 2012 and 2011 was $72,408 and $8,752, respectively.

Litigation

The Company is subject at times to other legal proceedings and claims, which arise in the ordinary course of its business. Although occasional adverse decisions or settlements may occur, the Company believes that the final disposition of such matters should not have a material adverse effect on its financial position, results of operations or liquidity. There was no outstanding litigation as of December 31, 2012.

Employment and Consulting Agreements

The Company has consulting agreements with outside contractors to provide certain consulting and advisory services. The Agreements are generally for a term of 12 months from inception and renewable automatically from year to year unless either the Company or Consultant terminates such engagement by written notice. As of December 31, 2012, the Company has an aggregate of $252,000 (annualized) informal consulting/employment agreements.

On December 10, 2010, the Company entered into a two year consulting contract with a Company director in exchange for 43,750 shares of the Company's common stock valued at $35,000.

NOTE 14 – INCOME TAXES

At December 31, 2012, the Company has available for federal income tax purposes a net operating loss carry forward of approximately $3,100,000, expiring in the year 2031, that may be used to offset future taxable income. The Company has provided a valuation reserve against the full amount of the net operating loss benefit, since in the opinion of management based upon the earnings history of the Company; it is more likely than not that the benefits will not be realized. Due to possible significant changes in the Company's ownership, the future use of its existing net operating losses may be limited. All or portion of the remaining valuation allowance may be reduced in future years based on an assessment of earnings sufficient to fully utilize these potential tax benefits.

We have adopted the provisions of ASC 740-10-25, which provides recognition criteria and a related measurement model for uncertain tax positions taken or expected to be taken in income tax returns. ASC 740-10-25 requires that a position taken or expected to be taken in a tax return be recognized in the financial statements when it is more likely than not that the position would be sustained upon examination by tax authorities. Tax position that meet the more likely than not threshold are then measured using a probability weighted approach recognizing the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. The Company had no tax positions relating to open income tax returns that were considered to be uncertain.

The Company is required to file income tax returns in the U.S. Federal jurisdiction and in California. The Company is no longer subject to income tax examinations by tax authorities for tax years ending before December 31, 2009.

The effective rate differs from the statutory rate of 34% for due to the following:

Statutory rate on pre-tax book loss	(34.00)%
Stock based compensation	11.70%
Financing costs	2.40%
Valuation allowance	19.90%
	0.00%

The Company’s deferred taxes as of December 31, 2012 consist of the following:

Non-Current deferred tax asset:	
Net operating loss carry-forwards	$ 900,000
Valuation allowance	(900,000)
Net non-current deferred tax asset	$ -

NOTE 15 – SUBSEQUENT EVENTS

Series C Convertible Preferred Stock

On January 9, 2013, the Board of Directors authorized the issuance of up to 3,500 shares of Series C Convertible Preferred Stock (the "Series C Convertible Preferred Stock").

The Series C convertible preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $1,000 plus any accrued and unpaid dividends ; entitled to dividends as a preference to holders of junior stock at a rate of 9% per annum of the Stated Value of $1,000 per share, payable quarterly beginning on September 30, 2013 and are cumulative. The holders of Series C preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series C preferred stock, the Company cannot (a) alter or change adversely the powers, preferences or rights given to the Series C preferred stock or alter or amend the Certificate of Designation.

Each share of Series C preferred stock is convertible, at any time at the option of the Holder thereof, into that number of shares of Common Stock determined by dividing the Stated Value of such share of Series C preferred stock by the conversion price $2.30 subject to adjustments.

If, at any time while the Series C preferred stock is outstanding, the Company sells or grants any option to purchase or sells or grants any right to reprice, or otherwise disposes of or issues any common stock or common stock equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then conversion price ("Base Conversion Price"), then the conversion price shall be reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued.

Amendments to Certificates of Designations to Preferred Stock

On February 6, 2013, the Company filed an Amended and Restated Certificate of Incorporation to amend the Certificates of Designation for the Series A and B preferred stock to replace the automatic conversion provision to automatically convert, inclusive of any accrued and unpaid dividends, immediately upon the Company becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended at conversion price of $1.84 (Series A) and $2.02 (Series B), respectively. In addition, the Company amended the Certificate of Designation for the Series C preferred stock to amend the conversion price to $2.09 per share and to increase the number of authorized Series C preferred stock the Company may issue from 3,500 shares to 4,200 shares.

Sale of Series C Convertible Preferred Stock

During the months of February and March 2013, the Company sold an aggregate of 1,635 shares of the Company's Series C Convertible Preferred Stock for net proceeds of $1,362,270.

In connection with the sale of the Series C preferred stock, the Company issued an aggregate of 782,297 warrants to purchase the Company's common stock at $2.61 per share expiring five years from the initial exercise date and contain certain defined anti-dilutive and cashless provisions.

Conversion of Convertible Bridge notes payable

On January 13, 2013, the Convertible Bridge note holders converted into 600 shares of Series C preferred stock and 287,081 warrants to purchase the Company's common stock at $2.61 per share expiring five years from the initial exercise date and contain certain defined anti-dilutive and cashless provisions. In connection with the conversion of the convertible bridge notes, the note holders surrendered and the Company's cancelled the previous issued contingent warrants.

In connection with the conversion, the note holders surrendered previously issued contingent warrants (See Note 7 above).

NOTE 15 – SUBSEQUENT EVENTS

Registration Rights Agreement

The Company entered into a Registration Rights Agreement in connection with the sale and issuance of the Series C preferred stock. The Company is required to file a registration statement registering for resale (a) the common stock issuable upon conversion in full of the Preferred Stock (assuming on such date the shares of Preferred Stock are converted in full without regard to any conversion limitations therein), (b) all shares of Common Stock issuable as dividends and "Make-Whole Payments" (as defined in the Certificate of Designation) on the Preferred Stock assuming all dividend and Make-Whole Payments are made in shares of Common Stock and the Preferred Stock is held for at least 3 years, (c) all warrant shares then issuable upon exercise of the Warrants (assuming on such date the warrants are exercised in full without regard to any exercise limitations therein), (d) any additional shares of Common Stock issuable in connection with any anti-dilution provisions in the Preferred Stock or the Warrants (in each case, without giving effect to any limitations on conversion set forth in the Certificate of Designation or limitations on exercise set forth in the Warrants) and (e) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing. The Company is required to file a registration statement and must be declared effective no later than 210 days from the date of termination of the sale the Series C preferred stock.

The Company is required to maintain the effectiveness of the registration statement from its effective date unless all securities registered under the registration statement have been sold or are otherwise able to be sold. If the Company fails to comply with the registration statement effective date requirements, the Company is required to pay the investors a fee equal to 0.25% of the Purchaser's investment, for each 30-day period of delay, subject to a maximum payment of 3% to each Purchaser

On January 7, 2013, the Company issued 383,320 warrants to purchase the Company's common stock at $0.001 per share for five years for future services. In addition, the Company issued 35,076 and 30,755 warrants to purchase the Company's common stock at $1.84 and $2.02 per share, respectively, for five years in settlement of placement agent liability relating to the sale of the Series A and Series B preferred stock. The Company accrued an estimated fair value of $94,500 included in the December 31, 2012 financial statements.

On January 1, 2013, the Company's board of directors granted 95,800 employee options under the 2012 Equity Incentive Plan. The options vest over one year from the date of issuance and exercisable at $2.09 per share for seven years.

On January 16, 2013, the Company's board of directors granted an aggregate of 935,000 employee and 30,000 non-employee options under the 2012 Equity Incentive Plan. The options are fully vested at the date of issuance and exercisable at $2.09 per share for seven years.

On February 12, 2013, the Company's board of directors granted 283,750 non-employee options to a consultant exercisable at a price equal to the fair value of the Company's common stock at the time of the grant for seven years. The options vest at (1) 48,611 shares on the first, second and third month anniversaries and (2) with the remainder vesting one twenty fourth (1/24) each monthly anniversary thereafter.

NOTE 16 – RESTATEMENT

The notes to the financial statements have been restated for the following:

1. Include the accounting policy for capitalized financing costs in Note 1.

2. Revise the disclosure of the stock-based compensation disclosure in Note 1.

3. Enhance the disclosure included in Note 8, 9 and 10.

BIOSIG TECHNOLOGIES INC.
(A development stage company)
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
CONDENSED BALANCE SHEETS

	September 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash	$ 65,481	$ 24,237
Prepaid expenses	20,000	33,125
Capitalized financing costs	-	212,635
Total current assets	85,481	269,997
Property and equipment, net	29,501	30,209
Other assets:		
Deposits	25,000	25,000
Total assets	$ 139,982	$ 325,206
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable and accrued expenses	$ 302,501	$ 472,882
Advances, related party	10,500	27,040
Note payable, related party	-	30,000
Liability to placement agent	-	94,500
Dividends payable	329,076	117,751
Total current liabilities	642,078	742,173
Long term liabilities:		
Deferred rent payable	5,067	5,067
Note payable, related party	218,000	218,000
Convertible bridge notes payable, $229,359 related party	-	613,812
Redeemable Series A Preferred Stock, liquidation preference of $922,000, net of debt discount of $47,764	874,236	922,000
Redeemable Series B Preferred Stock, liquidation preference of $887,500, net of debt discount of $91,602	795,898	887,500
Total long term liabilities	1,893,201	2,646,379
Total liabilities	2,535,279	3,388,552
Series C 9% Convertible Preferred stock, liquidation preference of $2,781,000, net of debt discount of $1,184,858	1,596,142	-
Stockholders' deficit		
Preferred stock, $0.001 par value, authorized 1,000,000 shares, designated 200 shares of Series A, 600 shares of Series B and 4,200 shares of Series C Preferred Stock		
Common stock, $0.001 par value, authorized 50,000,000 shares, 8,196,591 and 8,166,238 issued and outstanding as of September 30, 2013 and December 31, 2012, respectively	8,197	8,166
Additional paid in capital	8,260,999	833,647
Deficit accumulated during development stage	(12,260,634)	(3,905,159)
Total stockholders' deficit	(3,991,438)	(3,063,346)
Total liabilities and stockholders' deficit	$ 139,982	$ 325,206

See the accompanying notes to the unaudited condensed financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
CONDENSED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30,		Nine months ended September 30,		From February 24, 2009 (date of inception) to
	2013	2012	2013	2012	September 30, 2013
Operating expenses:					
Research and development	$ 418,884	$ 290,892	$ 903,730	$ 815,273	$ 2,375,203
General and administrative	380,365	342,496	4,441,796	640,053	6,538,986
Depreciation	4,473	3,386	12,424	9,077	29,239
Total operating expenses	803,722	636,774	5,357,950	1,464,403	8,943,428
Net loss from operations	(803,722)	(636,774)	(5,357,950)	(1,464,403)	(8,943,428)
Other income (expense):					
Interest income (expense)	(69)	3	(20,604)	17	(38,719)
Financing costs	(1,790,533)	(26,471)	(2,765,599)	(79,411)	(2,949,413)
Net loss before income taxes	(2,594,324)	(663,242)	(8,144,152)	(1,543,797)	(11,931,559)
Income taxes (benefit)	-	-	-	-	-
Net loss	(2,594,324)	(663,242)	(8,144,152)	(1,543,797)	(11,931,559)
Preferred stock dividend	(84,563)	(22,805)	(211,323)	(68,055)	(329,075)
NET LOSS AVAILABLE TO COMMON STOCKHOLDERS	$ (2,678,887)	$ (686,047)	$ (8,355,475)	$ (1,611,852)	$ (12,260,634)
Net loss per common share, basic and diluted	$ (0.33)	$ (0.08)	$ (1.02)	$ (0.20)	
Weighted average number of common shares outstanding, basic and diluted	8,192,898	8,144,553	8,184,634	8,139,030	

See the accompanying notes to the unaudited condensed financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
STATEMENT OF STOCKHOLDERS' DEFICIT
FROM JANUARY 1, 2013 TO SEPTEMBER 30, 2013
(unaudited)

	Common stock Shares	Common stock Amount	Additional Paid in Capital	Deficit Accumulated During Development Stage	Total
Balance, December 31, 2012	8,166,238	$ 8,166	$ 833,647	$ (3,905,159)	$ (3,063,346)
Common stock issued for services rendered	21,412	22	44,729	-	44,751
Common stock issued as payment for accrued interest to note holders at $2.09 per share	8,941	9	18,668	-	18,677
Beneficial conversion feature in connection with note payable	-	-	20,000	-	20,000
Beneficial conversion feature and warrants issued in connection with the Series C Preferred Stock	-	-	2,404,830	-	2,404,830
Fair value of warrants issued to Series C investors for certificate of designation amendment	-	-	1,074,833	-	1,074,833
Fair value of warrants issued for services	-	-	916,677	-	916,677
Fair value of vested options	-	-	2,947,615	-	2,947,615
Preferred stock dividend	-	-	-	(211,323)	(211,323)
Net loss	-	-	-	(8,144,152)	(8,144,152)
Balance, September 30, 2013	8,196,591	$ 8,197	$ 8,260,999	$ (12,260,634)	$ (3,991,438)

See the accompanying notes to the unaudited condensed financial statements

BIOSIG TECHNOLOGIES, INC.
(a development stage company)
CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Nine months ended September 30, 2013	2012	From February 24, 2009 (date of inception) to September 30, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss attributable to common stockholders	$ (8,144,152)	$ (1,543,797)	$ (11,931,559)
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation	12,424	9,077	29,239
Amortization of debt discount	1,710,766	79,411	1,894,580
Stock based compensation	3,005,491	150,152	3,711,579
Fair value of warrants issued in connection with Series C preferred stock modification	1,074,833	-	1,074,833
Fair value of warrants issued for services	837,243	-	837,243
Donated capital	-	-	100
Changes in operating assets and liabilities:			
Prepaid expenses	-	-	(20,000)
Accounts payable	(165,515)	121,996	321,179
Deferred rent payable	-	-	5,067
Net cash used in operating activities	(1,668,910)	(1,183,161)	(4,077,739)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(11,716)	(12,179)	(58,740)
Payment of long term deposit	-	-	(25,000)
Net cash used in investing activity	(11,716)	(12,179)	(83,740)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable, related party	-	-	275,040
Proceeds from convertible bridge notes payable	-	330,000	600,000
Net proceeds from the sale of Series A preferred stock	-	-	788,400
Net proceeds from the sale of Series B preferred stock	-	647,650	719,150
Net proceeds from the sale of Series C preferred stock and warrants	1,768,410		1,768,410
Proceeds from sale of common stock	-	-	122,500
Payments of related party notes	(30,000)	-	(30,000)
Payments of related party advances	(16,540)	160,500	(16,540)
Net cash provided by financing activities	1,721,870	1,138,150	4,226,960
Net (decrease) increase in cash and cash equivalents	41,244	(57,190)	65,481
Cash and cash equivalents, beginning of the period	24,237	69,020	-
Cash and cash equivalents, end of the period	$ 65,481	$ 11,830	$ 65,481
Supplemental disclosures of cash flow information:			
Cash paid during the period for interest	$ -	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -	$ -
Non cash investing and financing activities:			
Common stock issued in settlement of accrued interest	$ 18,677	$ -	$ 18,677
Convertible bridge notes payable exchanged for preferred shares	$ 600,000	$ -	$ 600,000

See the accompanying notes to the unaudited condensed financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Business and organization

BioSig Technologies Inc. (the "Company") was initially incorporated on February 24, 2009 under the laws of the State of Nevada and subsequently re-incorporated in the state of Delaware in 2011. The Company is in the development stage as defined under Accounting Standards Codification subtopic 915-10 Development Stage Entities and its efforts are principally devoted to improving the quality of cardiac recordings obtained during ablation of atrial fibrillation (AF). The Company has not generated any revenue to date and consequently its operations are subject to all risks inherent in the establishment of a new business enterprise.

Interim Financial Statements

The unaudited condensed interim financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the instructions to Form 10-Q and Rule 8-03 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP 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.

The condensed balance sheet as of December 31, 2012 contained herein has been derived from audited financial statements.

Operating results for the three and nine months ended September 30, 2013 are not necessarily indicative of results that may be expected for the year ending December 31, 2013. These condensed financial statements should be read in conjunction with the audited financial statements for the year ended December 31, 2012 filed with the Company's Form S-1/A with the Securities and Exchange Commission on October 4, 2013.

Basis of presentation

As the Company is devoting substantially all of its efforts to establishing a new business, and while planned principal operations have commenced, there has been no revenue generated from sales, license fees or royalties, the Company is considered a development stage enterprise. Accordingly, the Company's financial statements are presented in accordance with authoritative accounting guidance related to a development stage enterprise. Financial position, results of operations and cash flows of a development stage enterprise are presented in conformity with generally accepted accounting principles that apply to established operating enterprises.

As a development stage enterprise, the Company's primary efforts are devoted to conducting research and development principally devoted to improving the quality of cardiac recordings obtained during ablation of atrial fibrillation (AF). The Company has experienced net losses and negative cash flows from operations since inception and expects these conditions to continue for the foreseeable future. In addition, the Company has stockholders' deficiencies at September 30, 2013 and requires additional financing to fund future operations. Further, the Company does not have any commercial products available for sale and there is no assurance that if approval of their products is received that the Company will be able to generate cash flow to fund operations. In addition, there can be no assurance that the Company's research and development will be successfully completed or that any product will be approved or commercially viable.

The above factors raise substantial doubt as to the Company's ability to continue as a going concern. The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that may result from the outcome of this uncertainty.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. Significant estimates include the useful life of fixed assets and assumptions used in the fair value of stock-based compensation.

Fair Value of Financial Instruments

The Company's short-term financial instruments, including cash, prepaid expenses and other assets, accounts payable and accrued expenses and other liabilities, consist primarily of instruments without extended maturities, the fair value of which, based on management's estimates, reasonably approximate their book value. The fair value of the Company's convertible securities is based on management estimates and reasonably approximates their book value.

Research and development costs

The Company accounts for research and development costs in accordance with the Accounting Standards Codification subtopic 730-10, Research and Development ("ASC 730-10"). Under ASC 730-10, all research and development costs must be charged to expense as incurred. Accordingly, internal research and development costs are expensed as incurred. Third-party research and developments costs are expensed when the contracted work has been performed or as milestone results have been achieved. Company-sponsored research and development costs related to both present and future products are expensed in the period incurred. The Company incurred research and development expenses of $418,884 and $903,730 for the three and nine months ended September 30, 2013, respectively; $290,892 and $815,273 for the three and nine months ended September 30, 2012, respectively; and $2,375,203 from the period from February 24, 2009 (date of inception) to September 30, 2013.

Income taxes

Income tax provisions or benefits for interim periods are computed based on the Company's estimated annual effective tax rate. Based on the Company's historical losses and its expectation of continuation of losses for the foreseeable future, the Company has determined that it is more likely than not that deferred tax assets will not be realized and, accordingly, has provided a full valuation allowance. As the Company anticipates or anticipated that its net deferred tax assets at December 31, 2013 and 2012 would be fully offset by a valuation allowance, there is no federal or state income tax benefit for the periods ended June 30, 2013 and 2012 related to losses incurred during such periods.

Net Income (loss) Per Common Share

The Company computes earnings (loss) per share under Accounting Standards Codification subtopic 260-10, Earnings Per Share ("ASC 260-10"). Net loss per common share is computed by dividing net loss by the weighted average number of shares of common stock outstanding during the year. Diluted net loss per share for three and nine months ended September 30, 2013 and 2012 do not reflect the effects of potentially issuable upon the exercise of the Company's stock options (calculated using the treasury stock method) and warrants as including such would be anti-dilutive.

Stock Based Compensation

The Company measures the cost of services received in exchange for an award of equity instruments based on the fair value of the award. For employees and directors, the fair value of the award is measured on the grant date and for non-employees, the fair value of the award is generally re-measured on vesting dates and interim financial reporting dates until the service period is complete. The fair value amount is then recognized over the period during which services are required to be provided in exchange for the award, usually the vesting period.

As of September 30, 2013, the Company had 2,492,227 and 498,750 employee and non-employee options outstanding to purchase shares of common stock, respectively. In addition at September 30, 2013, the Company had 1,756,123 employee restricted stock units outstanding.

Registration Rights

The Company accounts for registration rights agreements in accordance with the Accounting Standards Codification subtopic 825-20, Registration Payment Arraignments ("ASC 825-20"). Under ASC 825-20, the Company is required to disclose the nature and terms of the arraignment, the maximum potential amount and to assess each reporting period the probable liability under these arraignments and, if exists, to record or adjust the liability to current period operations. On September 30, 2013, the determined that any possible payments under its registration rights agreement was not probable and therefore no accrual for possible liability was recorded.

Recent Accounting Pronouncements

There are various updates recently issued, most of which represented technical corrections to the accounting literature or application to specific industries and are not expected to a have a material impact on the Company's financial position, results of operations or cash flows.

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company's President and shareholders have advanced funds to the Company for working capital purposes since the Company's inception in February 2009. No formal repayment terms or arrangements exist and the Company is not accruing interest on these advances. The net amount outstanding at September 30, 2013 and December 31, 2012 was $10,500 and $27,040, respectively.

Accrued interest and expenses due related parties as of September 30, 2013 and December 31, 2012 was $393 and $54,184, respectively.

During 2012, the Company issued promissory notes for funding provided by the Company's president or a company under his control in the aggregate of $248,000, of which $218,000 was outstanding as of September 30, 2013 and December 31, 2012. See Note 6 below.

The Company has informal compensation and consulting agreements with employees and outside contractors, certain of whom are also Company stockholders. The Agreements are generally month to month. As of September 30, 2013 and December 31, 2012, total due under these agreements and related expenses were $0 and $43,630, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2013 and December 31, 2012 is summarized as follows:

	September 30, 2013	December 31, 2012
Computer equipment	$ 50,937	$ 39,221
Furniture and fixtures	7,803	7,803
Subtotal	58,740	47,024
Less accumulated depreciation	(29,239)	(16,815)
Property and equipment, net	$ 29,501	$ 30,209

Property and equipment are stated at cost and depreciated using the straight-line method over their estimated useful lives of 3 to 5 years. When retired or otherwise disposed, the related carrying value and accumulated depreciation are removed from the respective accounts and the net difference less any amount realized from disposition, is reflected in earnings.

NOTE 6 – NOTES PAYABLE, RELATED PARTY

On November 21, 2012, the Company issued an unsecured promissory note for $218,000 to the Company's President for previously advanced funds with interest payable annually, in arrears, on each anniversary at the short term "Applicable Federal Rate" within the meaning of Section 1274(d) of the Internal Revenue Code of 1986, as amended adjusted each anniversary date. The promissory note matures November 21, 2021 and may be prepaid, without premium or penalty, at any time. In connection with the issuance of the unsecured promissory note, the Company's President agreed not to receive payments (by voluntary prepayment, acceleration, set-off or otherwise) associated with the unsecured promissory note absent the prior written consent of the purchasers holding at least 67% interest of the preferred stock outstanding, which purchasers must include Alpha Capital Anstalt so long as Alpha Capital Anstalt holds not less than $100,000 of preferred stock.

On December 6, 2012, the Company issued an unsecured promissory note for $30,000 to a company under the control of the Company's President for previously advanced funds, interest free and due the earlier of (i) the next financing of not less than $300,000; (ii) February 28, 2013 or (iii) occurrence of an event of default, as defined. During the nine months ended September 30, 2013, the Company paid off the promissory note in full.

NOTE 7 – CONVERTIBLE BRIDGE NOTES

In 2012, the Company issued an aggregate of $600,000 unsecured Senior Convertible Promissory Notes ($225,000 related party) with interest due at maturity at 8% per annum and may be paid, at the Company's discretion, in cash or the Company's common stock. The Notes, together with unpaid accrued interest, if any, is due upon written notice by the majority in interest of the holders on or after February 15, 2014 or (ii) upon the occurrence of an event of default, as defined. The Notes may be prepaid in whole or in part prior to the maturity date at the Company's discretion.

The Convertible Bridge Notes and any accrued and unpaid interest automatically converts at the earlier of (i) (A) a completion of a transaction whereby the Company merges or consolidates with another company that has its common stock approved for quotation on any domestic national stock exchange and (B) the new entity thereafter issues and sells shares for no less than $3.0 million aggregate gross proceeds or (ii) a qualified IPO. The Convertible Bridge Notes shall convert into the new securities issued at 95% of the purchase price of the Conversion Securities offered to investors.

In connection with the issuance of the Senior Convertible Promissory Notes, the Company issued the right to purchase at any time, on or after the Public Financing Closing Date,(as defined above) hereof until the fifth anniversary of the Public Financing Closing date, the number of fully paid and nonassessable shares (the "***Warrant Shares***") of the Company's common stock equal to the quotient of (a) the Warrant Coverage Amount (as defined below), *divided by* (b) the applicable Conversion Price of the Notes, at the per share exercise price (the "***Exercise Price***"), which shall initially be, as of the Public Financing Closing Date, equal to the Initial Exercise Price (as defined below), subject to further adjustments, as defined.

Initial Exercise Price" means one hundred twenty-five percent (125%) of the Conversion Price.

Warrant Coverage Amount" shall be the amount obtained by multiplying (x) the ***Warrant Coverage Percentage*** *by* (y) the principal amount outstanding (and not including any accrued and unpaid interest) of the Note, in connection with which this Warrant is concurrently issued.

"***Warrant Coverage Percentage***" shall be equal to fifty percent (50%) as defined in the Bridge Loan Agreement.

On February 6, 2013, the Convertible Bridge Notes and the above described contingent warrants previously issued as described above were converted into 600 shares of Series C Convertible Preferred Stock and an aggregate of 287,082 warrants to purchase the Company's common stock at an exercise price of $2.09 per share for 5 years.

NOTE 8 – REDEEMABLE PREFERRED STOCK

Series A Preferred Stock

In May 2011, the Board of Directors authorized the issuance of up to 200 shares of Series A Preferred Stock (the "Series A preferred stock").

The Series A preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $5,000 plus any accrued and unpaid dividends ; entitled to dividends as a preference to holders of junior stock at a rate of 5% per annum of the Stated Value of $5,000 per share, payable quarterly beginning on August 31, 2011 and are cumulative. The holders of Series A preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series A preferred stock, the Company cannot, (a) alter or change adversely the powers, preferences or rights given to the Series A preferred stock or alter or amend the Certificate of Designation.

The Series A preferred stock is mandatorily redeemable on December 31, 2014 (as modified) at a price equal to the Stated Value ($5,000) plus an amount equal to all accumulated and unpaid dividends. If the Company fails to redeem at redemption, the unpaid redemption price will accrue at 14% per annum until paid.

The Series A preferred stock is convertible (as amended), automatically, inclusive of any accrued and unpaid dividends, immediately into the Company's common stock upon the Company becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended at conversion price of $1.84 per share.

On February 6, 2013, in connection with the amendment to the Series A preferred stock defining the conversion feature, the Company reclassified the associated financing costs as a debt discount against the carrying value of the preferred stock.

As of September 30, 2013 and December 31, 2012, 184.4 shares of Series A preferred stock were issued and outstanding. As of September 30, 2013 and December 31, 2012, the Company has accrued $107,735 and $73,255 dividends payable on the Series A preferred stock.

Series B Preferred Stock

On November 28, 2011, the Board of Directors authorized the issuance of up to 600 shares of Series B Preferred Stock (the "Series B preferred stock").

The Series B preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $5,000 plus any accrued and unpaid dividends; entitled to dividends as a preference to holders of junior stock at a rate of 5% per annum of the Stated Value of $5,000 per share, payable quarterly beginning on December 31, 2011 and are cumulative. The holders of Series B preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series B preferred stock, the Company cannot (a) alter or change adversely the powers, preferences or rights given to the Series A preferred stock or alter or amend the Certificate of Designation.

The Series B preferred stock is mandatorily redeemable on December 31, 2014 at a price equal to the Stated Value ($5,000) plus an amount equal to all accumulated and unpaid dividends. If the Company fails to redeem at redemption, the unpaid redemption price will accrue at 14% per annum until paid.

The Series B preferred stock is convertible (as amended), automatically, inclusive of any accrued and unpaid dividends, immediately into the Company's common stock upon the Company becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended at conversion price of $2.02 per share.

On February 6, 2013, in connection with the amendment to the Series B preferred stock defining the conversion feature, the Company reclassified the associated financing costs as a debt discount against the carrying value of the preferred stock.

As of September 30, 2013 and December 31, 2012, 177.5 shares of Series B preferred stock were issued and outstanding. As of September 30, 2013 and December 31, 2012, the Company has accrued $77,687 and $44,497 dividends payable on the Series A preferred stock.

NOTE 9 – SERIES C 9% CONVERTIBLE PREFERRED STOCK

On January 9, 2013, the Board of Directors authorized the issuance of up to 4,200 shares of Series C Convertible Preferred Stock (the "Series C Convertible Preferred Stock").

The Series C convertible preferred stock is entitled to preference over holders of junior stock upon liquidation in the amount of $1,000 plus any accrued and unpaid dividends ; entitled to dividends as a preference to holders of junior stock at a rate of 9% per annum of the Stated Value of $1,000 per share, payable quarterly beginning on September 30, 2013 and are cumulative. The holders of Series C preferred stock have no voting rights, however without the affirmative vote of all the holders of then outstanding shares of the Series C preferred stock, the Company cannot (a) alter or change adversely the powers, preferences or rights given to the Series C preferred stock or alter or amend the Certificate of Designation.

Each share of Series C preferred stock is convertible automatically, inclusive of any accrued and unpaid dividends, immediately upon the Company becoming subject to the reporting requirements under Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended at conversion price of $2.09, respectively.

If, at any time while the Series C preferred stock is outstanding, the Company sells or grants any option to purchase or sells or grants any right to re-price, or otherwise disposes of or issues any common stock or common stock equivalents entitling any Person to acquire shares of Common Stock at an effective price per share that is lower than the then conversion price ("Base Conversion Price"), then the conversion price shall be reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued.

The Series C preferred stock contains triggering events which would require redemption at (i) the greater of 120% of the stated value of $1,000 or the product of product of the variable weighted average price of the Company's common stock on the trading day immediately preceding the date of the triggering event and the stated value divided by then then conversion price or (ii) either (a) redeem each Series C preferred share for a redemption price, in shares of the Company's common stock, equal to a number of shares equal to the (i) above divided by 75%. The Company determined that certain of the defined triggering events were outside the Company's control and therefore classified the Series C preferred stock outside of equity.

In connection with the sale of the Series C preferred stock, the Company issued an aggregate of 1,158,850 warrants to purchase the Company's common stock at $2.61 per share expiring five years from the initial exercise date. The warrant provides if, at any time while the warrant is outstanding, the Company sells or grants any option to purchase or sells or grants any right to re-price, or otherwise disposes of or issues any common stock or common stock equivalents entitling any person to acquire shares of common stock at an effective price per share that is lower than the then conversion price ("base conversion price"), then the conversion price shall be reduced to equal the Base Conversion Price. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. In addition, the warrants provides for at any time after the six month anniversary of the initial exercise date, there is no effective registration statement registering, or no current prospectus available for the resale of the warrant shares by the holder, then the warrant may only be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the holder shall be entitled to receive a number of Warrant Shares equal to defined formula.

In accordance with ASC 470-20, the Company recognized an embedded beneficial conversion feature present in the Series C preferred stock when it was issued. The Company allocated the net proceeds between the intrinsic value of the conversion option ($1,303,671) and the warrants ($1,064,739) to additional paid-in capital. The aggregate debt discount, comprised of the relative intrinsic value the conversion option ($1,303,671), relative fair value of the warrants ($1,064,739), and the issuance costs ($412,590); total of $2,781,000, is amortized over one year as interest expense, the date a possible redemption feature, outside of the Company's control, would be available to the Series C stockholders.

The Company valued the warrants in accordance with ASC 470-20 using the Black-Scholes pricing model and the following assumptions: contractual terms of 5 years, an average risk free interest rate of 0.39% to 1.40%, a dividend yield of 0%, and volatility of 123.41% to 125.33%.

During the month of February 2013, the holders of the Convertible Bridge Notes (See Note 7) converted into 600 shares of the Company's Series C 9% Convertible Preferred Stock.

During the months of February, March, May, and July 2013, the Company sold an aggregate of 2,181 shares of the Company's Series C 9% Convertible Preferred Stock for net proceeds of $1,814,910.

The Company determined that the anti-dilutive provisions embedded in the Series C 9% Convertible Preferred Stock and related issued warrants did not meet the defined criteria of a derivative in such that the net settlement requirement of delivery of common shares does not meet the "readily convertible to cash" as described in Accounting Standards Codification 815 and therefore bifurcation is not required. There is no established market for the Company's common stock.

Series C preferred stock issued and outstanding totaled 2,781 as of September 30, 2013. There were no shares issued as of December 31, 2012.

Registration Rights Agreement

The Company entered into a Registration Rights Agreement in connection with the sale and issuance of the Series C preferred stock. The Company is required to file a registration statement registering for resale the (a) common stock issuable upon conversion in full of the Preferred Stock (assuming on such date the shares of Preferred Stock are converted in full without regard to any conversion limitations therein), (b) all shares of Common Stock issuable as dividends and "Make-Whole Payments" (as defined in the Certificate of Designation) on the Preferred Stock assuming all dividend and Make-Whole Payments are made in shares of Common Stock and the Preferred Stock is held for at least 3 years, (c) all warrant shares then issuable upon exercise of the Warrants (assuming on such date the warrants are exercised in full without regard to any exercise limitations therein), (d) any additional shares of Common Stock issuable in connection with any anti-dilution provisions in the Preferred Stock or the Warrants (in each case, without giving effect to any limitations on conversion set forth in the Certificate of Designation or limitations on exercise set forth in the Warrants) and (e) any securities issued or then issuable upon any stock split,
dividend or other distribution, recapitalization or similar event with respect to the foregoing. The Company is required to file a registration statement and must be declared effective no later than 210 days from the date of termination of the sale the Series C preferred stock. The Company is required to maintain the effectiveness of the registration statement from its effective date unless all securities registered under the registration statement have been sold or are otherwise able to be sold. If the Company fails to comply with the registration statement effective date requirements, the Company is required to pay the investors a fee equal to 0.25% of the Purchaser's investment, for each 30-day period of delay, subject to a maximum payment of 3% to each Purchaser.

On July 22, 2013, the Company met its required filing requirement and expects to meet the effectiveness obligation and therefore has not accrued liquidating damages as of September 30, 2013.

NOTE 9 – STOCKHOLDER EQUITY

There is not a viable market for the Company's common stock to determine its fair value, therefore management is required to estimate the fair value to be utilized in the determining stock based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates

Common stock

The Company is authorized to issue 50,000,000 shares of $0.001 par value common stock. As of September 30, 2013 and December 31, 2012, the Company has 8,196,591 and 8,166,238 shares issued and outstanding, respectively.

Preferred stock

The Company is authorized to issue 1,000,000 shares of $0.001 par value preferred stock. As of September 30, 2013 the Company has designated and issued 200 and 184.4 shares of Series A preferred stock, respectively, designated and issued 600 and 177.5 shares of Series B preferred stock, respectively and designated and issued 4,200 and 2,781 shares of Series C 9% convertible preferred stock.

NOTE 10 – OPTIONS AND WARRANTS

There is not a viable market for the Company's common stock to determine its fair value, therefore management is required to estimate the fair value to be utilized in the determining stock based compensation costs. In estimating the fair value, management considers recent sales of its common stock to independent qualified investors, placement agents' assessments of the underlying common shares relating to our sale of preferred stock and validation by independent fair value experts. Considerable management judgment is necessary to estimate the fair value. Accordingly, actual results could vary significantly from management's estimates

On October 19, 2012, the Company's Board of Directors approved the 2012 Equity Incentive Plan ("the "2012 Plan) and terminated the Long-Term Incentive Plan (the " 2011 Plan"). The Plan provides for the issuance of options to purchase up to 3,500,000 shares of the Company's common stock to officers, directors, employees and consultants of the Company. Under the terms of the Plan the Company may issue Incentive Stock Options as defined by the Internal Revenue Code to employees of the Company only and nonstatutory options. The Board of Directors of the Company determines the exercise price, vesting and expiration period of the grants under the Plan. However, the exercise price of an Incentive Stock Option should not be less than 110% of fair value of the common stock at the date of the grant for a 10% or more stockholder and 100% of fair value for a grantee who is not 10% stockholder. The fair value of the common stock is determined based on quoted market price or in absence of such quoted market price, by the Board of Directors in good faith.

Additionally, the vesting period of the grants under the Plan will be determined by the 3, Committee, in its sole discretion and expiration period not more than ten years. The Company reserved 500,000 shares of its common stock for future issuance under the terms of the Plan.

As of September 30, 2013, the Company granted an aggregate of 2,990,977 options to directors and key consultants with an aggregate estimated fair value of $3,380,851.

Employee Options

The following table summarizes the employee options outstanding and the related prices for the shares of the Company's common stock issued at September 30, 2013:

	Options Outstanding			Options Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 2.00	1,273,927	5.82	$ 2.00	250,821	$ 2.00
2.09	1,218,300	6.32	2.09	1,061,364	2.09
	2,492,227	6.06	2.04	1,312,185	2.07

Transactions involving stock options issued to employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2011:	-	$ -
Granted	1,273,927	2.00
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	1,273,927	2.00
Granted	1,218,300	2.09
Exercised	-	-
Expired	-	-
Outstanding at September 30, 2013:	2,492,227	$ 2.04

During the nine months ended September 30, 2013, the Company granted an aggregate of 1,218,300 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.09 per share for a term of seven years with 283,300 options vesting at ratably over one year and the remainder (935,000 options) vested immediately upon issuance.

The fair value of the granted options for the nine months ended September 30, 2013 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	110.70% to 115.03 %
Risk free rate:	1.07% to 1.25 %
Expected life:	7 years
Estimated fair value of the Company's common stock	$ 2.09

The fair value of all employee options vesting during the three and nine months ended September 30, 2013 of $236,290 and $2,518,785, respectively; and $34,118 for the three and nine months ended September 30, 2012, was charged to current period operations. Unrecognized compensation expense of $1,098,356 at September 30, 2013 will be expensed in future periods.

Non-employee Options

The following table summarizes the non-employee options outstanding and the related prices for the shares of the Company's common stock issued at June 30, 2013:

	Options Outstanding			Options Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 2.00	25,000	5.97	$ 2.00	25,000	$ 2.00
2.09	473,750	9.33	2.09	345,486	2.09
	498,750	9.16	2.09	370,486	2.08

Transactions involving stock options issued to non- employees are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2011:	-	$ -
Granted	25,000	2.00
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	25,000	2.00
Granted	473,750	2.09
Exercised	-	-
Expired	-	-
Outstanding at September 30, 2013:	498,750	$ 2.09

During the nine months ended September 30, 2013, the Company granted an aggregate of 473,750 options to purchase the Company stock in connection with the services rendered at the exercise price of $2.09 per share for a term of seven years (30,000) to ten years (443,750), vesting immediately for 160,000 options, 30,000 vesting 1/9 per month on each month anniversary and with the remainder vesting at 48,611 per first three month anniversary with remainder vesting at 1/24 per month.

The fair value of the vesting options of $52,455 and $665,119 for the three and nine months ended September 30, 2013 was determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	110.18% to 115.03 %
Risk free rate:	1.23% to 2.64 %
Expected term:	7 to 10 years
Estimated fair value of the Company’s common stock	$ 2.09

Warrants

The following table summarizes warrants outstanding and the related prices for the shares of the Company's common stock issued at September 30, 2013:

	Warrants Outstanding			Warrants Exercisable	
Prices	Outstanding	Weighted Average (Years)	Weighted Price	Exercisable	Weighted Price
$ 0.001	383,320	6.27	$ 0.001	383,320	$ 0.001
1.84	35,076	4.29	1.84	35,076	1.84
2.02	30,755	4.29	2.02	30,755	2.02
2.61	2,138,800	4.65	2.61	2,138,800	2.61
	2,587,951	4.88	1.96	2,587,951	2.21

Transactions involving warrants issued are summarized as follows:

	Number of Shares	Weighted Average Price Per Share
Outstanding at December 31, 2011:	-	$ -
Granted	-	-
Exercised	-	-
Expired	-	-
Outstanding at December 31, 2012:	-	-
Granted	2,587,951	2.21
Exercised	-	-
Expired	-	-
Outstanding at June 30, 2013:	2,587,951	$ 2.21

On January 7, 2013, the Company issued 383,320 warrants to purchase the Company stock in connection with the services rendered at the exercise price of $0.001 per share for a term of seven years exercisable immediately.

The fair value of the issued warrants were determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	114.99%
Risk free rate:	1.31%
Expected life:	7 years
Estimated fair value of the Company's common stock	$ 2.09

The fair value of $800,823 was charged to current period operations.

On January 13, 2013, the Company issued an aggregate of 65,831 warrants to purchase the Company stock in connection with the placement services at the exercise prices of $1.84 (35,076 warrants) and $2.02 (30,775 warrants) per share for a term of five years exercisable immediately.

The fair value of the issued warrants were determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:	-0-%
Volatility	123.30%
Risk free rate:	0.72%
Expected life:	5 years
Estimated fair value of the Company's common stock	$ 2.09

The fair value of $115,854 was charged to operations ratably as financing costs through December 31, 2014.

During the nine months ended September 30, 2013, the Company issued an aggregate of 1,516,386 warrants to purchase the Company stock in connection with the sale of the Series C 9% Convertible Preferred Stock at the exercise price of $2.61 per share for a term of five years exercisable immediately.

During the months of July and September, 2013, the Company issued an aggregate of 622,414 warrants to purchase the Company's stock to holders of Series C preferred stock as an inducement to amend and waive certain defined provisions of the Series C preferred stock.

The fair value of the issued warrants were determined using the Black Scholes option pricing model with the following assumptions:

Dividend yield:		-0-%
Volatility		125.33%
Risk free rate:		1.40%
Expected life:		5 years
Estimated fair value of the Company's common stock	$	2.09

The fair value of $1,074,833 was charged to current period operations.

The risk-free interest rate assumption is based upon observed interest rates on zero coupon U.S. Treasury bonds whose maturity period is appropriate for the term. Estimated volatility is a measure of the amount by which the Company's stock price is expected to fluctuate each year during the term of the award. The Company's estimated volatility is an average of the historical volatility of the stock prices of its peer entities whose stock prices were publicly available. The Company's calculation of estimated volatility is based on historical stock prices over a period equal to the term of the awards. The Company used the historical volatility of peer entities due to the lack of sufficient historical data of its stock price.

NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows the provisions of ASC 825-10. For financial assets and liabilities included within the scope of ASC 825-10, the Company was required to adopt the provisions of ASC 825-10 prospectively as of the beginning of Fiscal 2009. The adoption of ASC 825-10 did not have a material impact on our consolidated financial position or results of operations.

There were no items required to be measured at fair value on a recurring basis in the financial statements as of September 30, 2013 and December 31, 2012.

APPENDIX C

SUBSCRIPTION AGREEMENT

To subscribe for Common Stock
in the private offering of
BIOSIG TECHNOLOGIES, INC.

Provided as separate attachment

APPENDIX D

SECURITIES PURCHASE AGREEMENT

Provided as separate attachment

APPENDIX E

FORM OF WARRANT

Provided as separate attachment

APPENDIX F

REGISTRATION RIGHTS AGREEMENT

Provided as separate attachment

EXHIBIT B

CERTIFICATE OF FOURTH AMENDMENT
TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
BIOSIG TECHNOLOGIES, INC.

BioSig Technologies, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"),

DOES HEREBY CERTIFY:

FIRST: That the name of the Corporation is BioSig Technologies, Inc.

SECOND: That the Corporation's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on April 21, 2011.

THIRD: That the Corporation's Amended and Restated Certificate of Incorporation (the "Charter") was filed with the Secretary of State of the State of Delaware on February 6, 2013.

FOURTH: That the Board of Directors of the Corporation has duly adopted resolutions proposing to amend the Charter, and that said amendment was duly adopted in accordance with the provisions of Sections 228 and 242 of the General Corporation Law of the State of Delaware. This Certificate of Amendment amends the provisions of the Charter as set forth herein.

FIFTH: That the text of the Charter is hereby amended as follows:

1. In Exhibit C of the Charter, Section 10(b) shall be deleted in its entirety and replaced with the following:

"Upon the occurrence of a Triggering Event (except such Triggering Events set forth in Sections 10(a)(v) and 10(a)(viii)), each Holder shall (in addition to all other rights it may have hereunder or under applicable law) have the right, exercisable at the sole option of such Holder, to require the Corporation with respect to each share of Preferred Stock to, (A) redeem each share of Preferred Stock then held by such Holder for a redemption price, in cash, equal to the Triggering Redemption Amount or (B) either (a) redeem each share of Preferred Stock then held by such Holder for a redemption price, in shares of Common Stock, equal to a number of shares of Common Stock equal to the Triggering Redemption Amount divided by 75% of the average of the 10 VWAPs immediately prior to the date of election hereunder, or (b) increase the dividend rate on all of the outstanding Preferred Stock held by such Holder to 18% per annum thereafter. Upon the occurrence of a Triggering Event set forth in Sections 10(a)(v) or 10(a)(viii), the Corporation shall automatically reduce the Conversion Price to $1.50, subject to the other and further adjustments described herein. The Triggering Redemption Amount, in cash or in shares, shall be due and payable or issuable, as the case may be, within five Trading Days of the date on which the notice for the payment therefor is provided by a Holder (the "Triggering Redemption Payment Date"). If the Corporation fails to pay in full the Triggering Redemption Amount hereunder on the date such amount is due in accordance with this Section (whether in cash or shares of Common Stock), the Corporation will pay interest thereon at a rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, accruing daily from such date until the Triggering Redemption Amount, plus all such interest thereon, is paid in full. For purposes of this Section, a share of Preferred Stock is outstanding until such date as the applicable Holder shall have received Conversion Shares upon a conversion (or attempted conversion) thereof that meets the requirements hereof or has been paid the Triggering Redemption Amount in cash."

[*Signature Page to Follow*]

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be signed by its duly authorized officer, this __ day of March, 2014.

BIOSIG TECHNOLOGIES, INC.

By: _____
Kenneth L. Londoner
Executive Chairman

Exhibit 10.29

PATENT ASSIGNMENT	Docket Number 41630-701.101

WHEREAS, the undersigned:

1. Budimir S. Drakulic
12424 Wilshire Blvd
Suite 745
Los Angeles, CA 90025

2. Thomas George Foxall
12424 Wilshire Blvd
Suite 745
Los Angeles, CA 90025

3. Sina Fakhar
12424 Wilshire Blvd
Suite 745
Los Angeles, CA 90025

4. Branislav Vlajinic
12424 Wilshire Blvd
Suite 745
Los Angeles, CA 90025

(hereinafter "Inventor(s))," have invented certain new and useful improvements in

SYSTEMS AND METHODS FOR EVALUATION OF ELECTROPHYSIOLOGY SYSTEMS

☐ for which a United States patent application is executed on even date herewith;
☒ for which application serial number 61/915,451 was filed on December 12, 2013 in the United States Patent and Trademark Office;
☐ for which application serial number _____ was filed on _____in the U.S. Receiving Office of the Patent Cooperation Treaty;
☐ for which application serial number _____ was filed on _____in the Patent Office; and/or
☐ for which an application was filed upon which a United States Patent issued on , as U.S. Patent No.

(hereinafter, "Application(s)"). The term "Application(s)" also includes all patent applications that share or claim priority to or from the above application(s).

WHEREAS, BioSig Technologies. Inc.. a corporation of the State of Delaware, having a place of business at 12424 Wilshire Blvd #745. Los Angeles. CA 90024. (hereinafter "Assignee"), is desirous of acquiring the entire right, title and interest in and to said Application(s), and the inventions disclosed therein, and in and to all embodiments of the inventions, heretofore conceived, made or discovered, whether jointly or severally, by said Inventor(s) (hereinafter collectively referred to as "Inventions"), and in and to any and all patents, inventor's certificates and other forms of protection thereon granted in the United States, foreign countries, or under any international convention, agreement, protocol, or treaty, including those filed under the Paris Convention for the Protection of Industrial Property, The Patent Cooperation Treaty or otherwise (hereinafter "Patent(s)").

NOW, THEREFORE, in consideration of good and valuable consideration acknowledged by said Inventor(s) to have been received in full from said Assignee;

1. Said Inventor(s) do hereby sell, assign, transfer and convey unto said Assignee the entire right, title and interest (a) in and to said Inventions; (b) in and to said Applications, including the right to claim priority to and from said Application(s); (c) in and to each and every application that is a divisional, substitution, continuation, or continuation-in-part of any of said Application(s); (d) in and to said Patent(s) and each and every patent issuing or reissuing from any of the foregoing; (e) in and to each and every reissue, reexamination, renewal or extension of any kind of any of the foregoing; (f) in and to each and every patent and application filed outside the United States and corresponding to any of the foregoing; and (g) in and to all claims for past, present and future infringement of the Patent(s), including all rights to sue for and to receive and recover for Assignee's own use all past, present, and future lost profits, royalties, and damages of whatever nature recoverable from an infringement of the Patent(s).

2. Said Inventor(s) hereby covenant and agree to cooperate with said Assignee to enable said Assignee to enjoy to the fullest extent the right, title and interest herein conveyed in the United States, foreign countries, or under any international convention, agreement, protocol, or treaty. Such cooperation by said Inventor(s) shall include prompt production of pertinent facts and documents, giving of testimony, execution of petitions, oaths, specifications, declarations or other papers, and other assistance all to the extent deemed necessary or desirable by said Assignee (a) for perfecting in said Assignee the right, title and interest herein conveyed; (b) for prosecuting any applications covering said Inventions; (c) for filing and prosecuting substitute, divisional, continuing or additional applications covering said Inventions; (d) for filing and prosecuting applications for reissuance of any said Patent(s); (e) for interference or other priority proceedings involving said Inventions; and (f) for legal proceedings involving said Inventions and any applications therefor and any Patent(s) granted thereon, including without limitation reissues and reexaminations, opposition proceedings, cancellation proceedings, priority contests, public use proceedings, infringement actions and court actions; provided, however, that reasonable expenses incurred by said Inventor(s) in providing such cooperation shall be paid for by said Assignee.

3. The terms and covenants of this assignment shall inure to the benefit of said Assignee, its successors, assigns and other legal representatives, and shall be binding upon said Inventor(s), their respective heirs, legal representatives and assigns.

4. Said Inventor(s) hereby warrant, represent and covenant that said Inventor(s) have not entered and will not enter into any assignment, contract, or understanding in conflict herewith.

5. Said Inventor(s) hereby request that any Patent(s) issuing in the United States, foreign countries, or under any international convention, agreement, protocol, or treaty, be issued in the name of the Assignee, or its successors and assigns, for the sole use of said Assignee, its successors, legal representatives and assigns.

6. This instrument will be interpreted and construed in accordance with the laws of the State of California, without regard to conflict of law principles. If any provision of this instrument is found to be illegal or unenforceable, the other provisions shall

remain

effective and enforceable to the greatest extent permitted by law. This instrument may be executed in counterparts, each of which is deemed an original, but all of which together constitute one and the same agreement.

IN WITNESS WHEREOF, said Inventor(s) have executed and delivered this instrument to said Assignee as of the dates written below:

Date: 03/17/2014 /s/ Budimir S. Drakulic
Budimir S. Drakulic

State/Commonwealth of California)
County of Los Angeles)

On 3-17-14 before me, Kim Wizer, Notary Public, (Name/Title Notary) personally appeared Budimir S. Drakulic (Name of Signer) who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State/Commonwealth of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: /s/ Kim Wizer

KIM WIZER
Commission # 1937902
Notary Public - California
Los Angeles County
My Comm. Expires Jun 19, 2015

(Notary Seal)

Date: Mar 17, 2014 /s/ Thomas George Foxall
Thomas George Foxall

State/Commonwealth of California)
County of Los Angeles)

On 3-17-14 before me, Kim Wizer, Notary Public, (Name/Title Notary) personally appeared Thomas George Foxall (Name of Signer) who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State/Commonwealth of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: /s/ Kim Wizer

KIM WIZER
Commission # 1937902
Notary Public - California
Los Angeles County
My Comm. Expires Jun 19, 2015

(Notary Seal)

Date: 03/17/14 /s/ Sina Fakhar
Sina Fakhar

State/Commonwealth of California)
County of Los Angeles)

On 3-17-14 before me, Kim Wizer, Notary Public, (Name/Title of Notary) personally appeared Sina Fakhar (Name of Signer) who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State/Commonwealth of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: /s/ Kim Wizer

KIM WIZER
Commission # 1937902
Notary Public - California
Los Angeles County
My Comm. Expires Jun 19, 2015

(Notary Seal)

PATENT ASSIGNMENT	Docket Number 41630-701.101

Date: 03/17/2014 /s/ Branislav Vlajinic
Branislav Vlajinic
State/Commonwealth of California)
County of Los Angeles)

On 3-17-14 before me, Kim Wizer, Notary Public, (Name/Title of Notary) personally appeared Branislav Vlajinic (Name of Signer) who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State/Commonwealth of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

(Notary Seal)

Signature: /s/ Kim Wizer

EXHIBIT 10.30

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of April 4, 2014, between BioSig Technologies, Inc., a Delaware corporation (the "Company"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "Purchaser" and collectively, the "Purchasers").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Closing" means a closing of the purchase and sale of the shares of Common Stock and Warrants pursuant to Section 2.1.

"Closing Date" means a Trading Day on which all of the Transaction Documents have been executed and delivered by the Company and each of the Purchasers purchasing shares of Common Stock and Warrants at the relevant Closing, and all conditions precedent to (i) the Purchasers' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the shares of Common Stock and Warrants, in each case, have been satisfied or waived, but in no event later than the third Trading Day following the relevant Closing.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, par value $0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Company Counsel" means Haynes and Boone, LLP, with offices located at 30 Rockefeller Plaza, 26th Floor, New York, NY 10112, Fax: 212-884-8234.

"Disclosure Schedules" means the Disclosure Schedules of the Company delivered concurrently herewith.

"Discretionary Increase" shall have the meaning ascribed to such term in Section 2.1(a).

"Effective Date" means the earliest of the date that (a) the initial Registration Statement has been declared effective by the Commission, (b) all of the Offering Shares have been sold pursuant to Rule 144 or may be sold pursuant to Rule 144 without the requirement for the Company to be in compliance with the current public information requirements under Rule 144 and without volume or manner-of-sale restrictions or (c) following the one year anniversary of the final Closing Date hereunder provided that a holder of Offering Shares is not an Affiliate of the Company, all of the Offering Shares may be sold pursuant to an exemption from registration under Section 4(a)(1) of the Securities Act without volume or manner-of-sale restrictions or the need for the Company to provide current public information and Company counsel has delivered to such holders a standing written unqualified opinion that resales may then be made by such holders of the Offering Shares pursuant to such exemption which opinion shall be in form and substance reasonably acceptable to such holders.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended.

"Financial Statements" shall have the meaning ascribed to such term in Section 3.1(h).

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"Indebtedness" shall have the meaning ascribed to such term in Section 3.1(y).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(n).

"Laidlaw" means Laidlaw & Co (UK) Ltd.

"Liens" means a lien, charge, pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Material Permits" shall have the meaning ascribed to such term in Section 3.1(l).

"Offering Shares" means the shares of Common Stock issued pursuant to this Agreement and issuable or issued upon exercise of the Warrants issued pursuant to this Agreement.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Price Per Share" means $2.50.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.9.

"Registration Rights Agreement" means the Registration Rights Agreement, dated the date hereof, among the Company and the Purchasers, in the form of Exhibit A attached hereto.

"Registration Statement" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale of the Offering Shares by each Purchaser as provided for in the Registration Rights Agreement.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Required Minimum" shall have the meaning ascribed to such term in Section 4.10.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"S-1" means the Registration Statement on Form S-1 originally filed by the Company with the Commission on July 22, 2013 (File Number 333-190080) and all amendments thereto.

"Securities" means the Offering Shares and the Warrants.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Subscription Amount" means, as to each Purchaser, the aggregate amount to be paid for the shares of Common Stock and Warrants purchased hereunder as specified below such Purchaser's name on the signature page of this Agreement and next to the heading "Subscription Amount".

"Subsequent Closing Date" shall have the meaning ascribed to such term in Section 2.1(a).

"Subsidiary" means any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"Termination Date" shall have the meaning ascribed to such term in Section 2.1(a).

"Trading Day" means a day on which the principal Trading Market is open for trading; provided, that in the event that the Common Stock is not listed or quoted for trading on a Trading Market on the date in question, then Trading Day shall mean a Business Day.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the OTC Bulletin Board, the OTC QB Marketplace or the OTC QX Marketplace (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Warrants, the Registration Rights Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means a transfer agent for the Company's Common Stock and the Offering Shares, if any, and any successor transfer agent of the Company. If the Company does not have a transfer agent for its Common Stock on the date in question since its shares of Common Stock are not listed for trading on a stock exchange or automated quotation service, then Transfer Agent shall mean the Company.

"Warrants" means, collectively, the Common Stock purchase warrants delivered to the Purchasers at each Closing in accordance with Section 2.2(a) hereof, which Warrants shall be exercisable immediately and have a term of exercise equal to 5 years, in the form of Exhibit B attached hereto.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing.

(a) On the initial Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell at the initial Closing, and the Purchasers, severally and not jointly, agree to purchase at the initial Closing, an aggregate of up to $5,000,000 of shares of Common Stock, calculated based upon the Price Per Share of the Common Stock, for each Purchaser equal to such Purchaser's Subscription Amount as set forth on the signature page hereto executed by such Purchaser, and Warrants as determined pursuant to Section 2.2(a). Thereafter, on any subsequent Closing Date (each a "Subsequent Closing Date"), upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the Purchasers purchasing shares of Common Stock and Warrants on such Subsequent Closing Date, the Company agrees to sell, and each Purchaser purchasing shares of Common Stock and Warrants at such subsequent Closing, severally and not jointly, agrees to purchase an aggregate of up to $5,000,000 of shares of Common Stock and Warrants, calculated as set forth above, less the amount of shares of Common Stock and Warrants issued and sold at all previous Closings. Each Purchaser purchasing shares of Common Stock and Warrants on a Closing Date shall deliver to the Company such Purchaser's Subscription Amount, (i) by wire transfer of immediately available funds in accordance with the Company's written wire instructions or (ii) cancellation or conversion of any Indebtedness of the Company owned to a Purchaser (a "Debt Conversion"), and the Company shall deliver to each Purchaser its respective shares of Common Stock and Warrants, as determined pursuant to Section 2.2(a), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, a Closing shall occur at the offices of Company Counsel or such other location as the parties shall mutually agree. Notwithstanding anything herein to the contrary, each Closing Date shall occur on or before March 31, 2014; provided, however, that such date may be extended, without notice, to April 30, 2014 with the consent of the Company and Laidlaw (such outside date, "Termination Date").

(b) If a Closing is not held on or before the Termination Date, the Company shall cause all subscription documents and funds to be returned, without interest or deduction, to each prospective Purchaser. The Company shall also cause any subscription documents or funds received following the final Closing to be returned, without interest or deduction, to each applicable prospective Purchaser. Notwithstanding the foregoing, the Company in its sole discretion may elect not to sell to any Person any or all of the shares of Common Stock and Warrants requested to be purchased hereunder, provided that the Company causes all corresponding subscription documents and funds received from such Person to be promptly returned.

2.2 Deliveries.

(a) On or prior to each Closing Date, the Company shall deliver or cause to be delivered to each Purchaser purchasing shares of Common Stock and Warrants on such Closing Date each of the following:

(i) this Agreement duly executed by the Company;

(ii) a legal opinion of Company Counsel, substantially in the form of Exhibit C attached hereto;

(iii) the Registration Rights Agreement duly executed by the Company;

(iv) a certificate evidencing a number of shares of Common Stock equal to such Purchaser's Subscription Amount divided by the Price Per Share, registered in the name of such Purchaser;

(v) a Warrant registered in the name of such Purchaser to purchase up to a number of shares of Common Stock equal to 50% of such Purchaser's Subscription Amount divided by the Price Per Share, with an exercise price equal to $3.75, subject to adjustment therein (such Warrant certificate may be delivered within three Trading Days of such Closing Date); and

(vi) a good standing certificate of the Company, dated within four Trading Days of the Closing Date, from the State of Delaware and the State of California.

(b) On or prior to each Closing Date, each Purchaser purchasing shares of Common Stock and Warrants on such Closing Date shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser;

(ii) the Registration Rights Agreement duly executed by such Purchaser; and

(iii) (A) such Purchaser's Subscription Amount by wire transfer to the account specified in writing by the Company, or (B) such original evidence of Indebtedness of the Company to such Purchaser in the amount of such Purchaser's Subscription Amount for cancellation.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with each Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on such Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to such Closing Date shall have been performed; and

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The respective obligations of the Purchasers hereunder in connection with each Closing are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on such Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate in all material respects as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to such Closing Date shall have been performed;

(iii) the Company shall have received executed signature pages to this Agreement with an aggregate Subscription Amount of at least $500,000 prior to the Initial Closing, inclusive of any Debt Conversions;

(iv) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

(v) there shall have been no Material Adverse Effect with respect to the Company since the date hereof; and

(vi) from the date hereof to such Closing Date, trading in securities generally as reported by Bloomberg L.P. shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or any material adverse change in, any financial market which, in each case, in the reasonable good faith judgment of such Purchaser, makes it impracticable or inadvisable to purchase the shares of Common Stock and Warrants at such Closing.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. Except as set forth in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation made herein only to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, the Company hereby makes the following representations and warranties to each Purchaser:

(a) Subsidiaries. The Company has no subsidiaries. All references to the Subsidiaries or any of them in the Transaction Documents shall be disregarded except to the extent such reference speaks to a time in the past or future when the Company has or had a Subsidiary, as the case may be.

(b) Organization and Qualification. Each of the Company and its Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and its Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and each of the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby to which it is a party do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filing with the Commission pursuant to the Registration Rights Agreement and Section 4.6, (ii) the notice and/or application(s) to each applicable Trading Market for the issuance and sale of the Common Stock and Warrant Shares and the listing of the Offering Shares for trading thereon in the time and manner required thereby, and (iii) the filing of a Form D with the Commission and such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(f) Issuance of the Securities. The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company. The Company has reserved from its duly authorized capital stock a number of shares of Common Stock for issuance of the Offering Shares at least equal to the Required Minimum on the date hereof.

(g) Capitalization. The capitalization of the Company is as set forth on Schedule 3.1(g). The Company has not issued any capital stock and/or Common Stock Equivalents not set forth on Schedule 3.1(g). No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as a result of the purchase and sale of the Securities or as described on Schedule 3.1(g), there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in material compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. Except for the Company's certificate of incorporation, there are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders.

(h) Financial Statements. Schedule 3.1(h) attached hereto contains the audited balance sheets of the Company as of December 31, 2012 and 2011, and the related statements of operations, stockholders' equity (deficit), and cash flows for the years then ended and for the period from February 24, 2009 (date of inception) to December 31, 2012 (collectively, the "Financial Statements"). The Company Financial Statements have been prepared in accordance with generally accepted accounting principles of the United States ("GAAP") applied on a consistent basis throughout the periods covered thereby, fairly present the financial condition, results of operations and cash flows of the Company and the Subsidiaries as of the respective dates thereof and for the periods referred to therein and are consistent with the books and records of the Company and the Subsidiaries, except as may be otherwise specified in such financial statements or the notes thereto and except that the Company Financial Statements may not contain all footnotes required by GAAP and normal year-end adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included in Schedule 3.1(h), except as specifically disclosed on Schedule 3.1(i): (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock, (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans, and (vi) no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by the Company under the Exchange Act in the event that the Company was subject to the reporting requirements set forth in Section 13(a) or Section 15(d) of the Exchange Act.

(j) Litigation. Except as described on Schedule 3.1(j), there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Except as described on Schedule 3.1(j), since December 31, 2012, neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission or any state securities administrator involving the Company or any current or former director or officer of the Company.

(k) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(l) Regulatory Permits. The Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as presently conducted, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(m) Title to Assets. Except as described on Schedule 3.1(m), the Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made in accordance with GAAP, and the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(n) Intellectual Property.

(i) The term "Intellectual Property Rights" includes:

1. the name of the Company, all fictional business names, trading names, registered and unregistered trademarks, service marks, and applications (collectively, "Marks");

2. all patents, patent applications, and inventions and discoveries that may be patentable (collectively, "Patents");

3. all copyrights in both published works and published works (collectively, "Copyrights");

4. all rights in mask works (collectively, "Rights in Mask Works"); and

5. all know-how, trade secrets, confidential information, customer lists, software, technical information, data, process technology, plans, drawings, and blue prints (collectively, "Trade Secrets"); owned, used, or licensed by the Company as licensee or licensor.

(ii) Agreements. Schedule 3.1(n) contains a complete and accurate list of all contracts relating to the Intellectual Property Rights to which the Company is a party or by which the Company is bound, except for any license implied by the sale of a product and perpetual, paid-up licenses for commonly available software programs with a value of less than $10,000 under which the Company is the licensee. There are no outstanding and, to Company's knowledge, no threatened disputes or disagreements with respect to any such agreement.

(iii) Know-How Necessary for the Business. The Intellectual Property Rights are all those necessary for the operation of the Company's businesses as it is currently conducted or as represented, in writing, to the Purchasers to be conducted. The Company is the owner of all right, title, and interest in and to each of the Intellectual Property Rights, free and clear of all liens, security interests, charges, encumbrances, equities, and other adverse claims, and has the right to use all of the Intellectual Property Rights. To the Company's knowledge, no employee of the Company has entered into any contract that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign, or disclose information concerning his work to anyone other than of the Company.

(iv) Know-How Necessary for the Business. Schedule 3.1(n) contains a complete and accurate list of all Patents. Except as set forth on Schedule 3.1(j), the Company is the owner of all right, title and interest in and to each of the Patents, free and clear of all Liens and other adverse claims. All of the issued Patents are currently in compliance with formal legal requirements (including payment of filing, examination, and maintenance fees and proofs of working or use), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the final Closing Date. No Patent has been or is now involved in any interference, reissue, reexamination, or opposition proceeding. To the Company's knowledge: (1) there is no potentially interfering patent or patent application of any third party, and (2) no Patent is infringed or has been challenged or threatened in any way. To the Company's knowledge, none of the products manufactured and sold, nor any process or know-how used, by the Company infringes or is alleged to infringe any patent or other proprietary right of any other Person.

(v) Trademarks. Schedule 3.1(n) contains a complete and accurate list and summary description of all Marks. The Company is the owner of all right, title, and interest in and to each of the Marks, free and clear of all Liens and other adverse claims. All Marks that have been registered with the United States Patent and Trademark Office are currently in compliance with all formal legal requirements (including the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the final Closing Date. Except as set forth in Schedule 3.1(n), no Mark has been or is now involved in any opposition, invalidation, or cancellation and, to the Company's knowledge, no such action is threatened with respect to any of the Marks. To the Company's knowledge: (1) there is no potentially interfering trademark or trademark application of any third party, and (2) no Mark is infringed or has been challenged or threatened in any way. To the Company's knowledge, none of the Marks used by the Company infringes or is alleged to infringe any trade name, trademark, or service mark of any third party.

(vi) Copyrights. Schedule 3.1(n) contains a complete and accurate list of all Copyrights. The Company is the owner of all right, title, and interest in and to each of the Copyrights, free and clear of all Liens and other adverse claims. All the Copyrights have been registered and are currently in compliance with formal requirements, are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety days after the date of the Closing. No Copyright is infringed or, to the Company's knowledge, has been challenged or threatened in any way. To the Company's knowledge, none of the subject matter of any of the Copyrights infringes or is alleged to infringe any copyright of any third party or is a derivative work based on the work of a third party. All works encompassed by the Copyrights have been marked with the proper copyright notice.

(vii) Trade Secrets. With respect to each Trade Secret, the documentation relating to such Trade Secret is current, accurate, and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any individual. The Company has taken all reasonable precautions to protect the secrecy, confidentiality, and value of its Trade Secrets. The Company has good title and an absolute (but not necessarily exclusive) right to use the Trade Secrets. The Trade Secrets are not part of the public knowledge or literature, and, to the Company's knowledge, have not been used, divulged, or appropriated either for the benefit of any Person (other than the Company) or to the detriment of the Company. No Trade Secret is subject to any adverse claim or has been challenged or threatened in any way.

(o) Insurance. The Company and the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged. In addition, within 60 days following the final Closing Date, the Company shall obtain directors and officers insurance coverage at least equal to the aggregate Subscription Amount. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(p) Transactions With Affiliates and Employees. Except as described on Schedule 3.1(p), none of the officers or directors of the Company or any Subsidiary and, to the knowledge of the Company, none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of $100,000 other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(q) No General Solicitation. Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(r) Certain Fees. No brokerage, finder's fees, commissions or due diligence fees are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents except as set forth on Schedule 3.1(r). The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section 3.1(r) that may be due in connection with the transactions contemplated by the Transaction Documents.

(s) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(t) Registration Rights. Except as described on Schedule 3.1(t), no Person other than the Purchasers has any right to cause the Company or any Subsidiary to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(u) Private Placement. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby.

(v) Application of Takeover Protections. The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's certificate of incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(w) Disclosure. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information which will not be publicly disclosed in the Registration Statement or within 210 days of the final Closing Date, whichever occurs first. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, when taken together as a whole, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(x) No Integrated Offering. Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the Securities Act which would require the registration of any such securities under the Securities Act. In this regard, neither the Company nor any of its Affiliates has solicited any Purchaser by means of the S-1, and each of the Company and its Affiliates acknowledges that the Offering Shares and Warrants were not offered or sold to any Purchaser through the S-1. Each of the Company and its Affiliates has determined (independent of any representation by such Purchasers) that such Purchasers did not become aware of or interested in the Offering Shares and Warrants by means of the S-1. Moreover, each of the Company and its Affiliates has determined (independent of any representation by such Purchasers) such Purchasers were not identified or contacted through the marketing of the offering contemplated by the S-1 and did not independently contact the Company as a result of general solicitation by means of the S-1.

(y) Solvency. Based on the consolidated financial condition of the Company as of the Closing Date, and the Company's good faith estimate of the fair market value of its assets, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder: (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, consolidated and projected capital requirements and capital availability thereof, and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the final Closing Date. Schedule 3.1(y) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of $250,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $250,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(z) Tax Status. Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(aa) Foreign Corrupt Practices. Neither the Company nor any Subsidiary, nor to the knowledge of the Company or any Subsidiary, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated in any material respect any provision of FCPA.

(bb) Accountants. The Company's accounting firm is set forth on Schedule 3.1(bb). To the knowledge and belief of the Company, such accounting firm is registered with the Public Company Accounting Oversight Board, and shall express its opinion with respect to the financial statements to be included in the Registration Statement for the fiscal year ending December 31, 2012.

(cc) Acknowledgment Regarding Purchasers' Purchase of Securities. The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(dd) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

(ee) Stock Option Plans. Each stock option granted by the Company under the Company's stock option plan was granted (i) in accordance with the terms of the Company's stock option plan and (ii) with an exercise price at least equal to the fair market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. No stock option granted under the Company's stock option plan has been backdated.

3.2 Representations and Warranties of the Purchasers. Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date on which such Purchaser is purchasing shares of Common Stock and Warrants hereunder to the Company as follows (unless as of a specific date therein):

(a) Organization; Authority. Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Understandings or Arrangements. Such Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangements or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser's right to sell the Securities pursuant to a Registration Statement or otherwise in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status. At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants, it will be either: (i) an "accredited investor" as defined in Rule 501(a) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. Such Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of Such Purchaser. Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) Opportunities for Additional Information. Each Purchaser acknowledges that such Purchaser has had the opportunity to ask questions of and receive answers from, or obtain additional information from, the executive officers of the Company concerning the financial and other affairs of the Company, and to the extent deemed necessary in light of such Purchaser's personal knowledge of the Company's affairs, such Purchaser has asked such questions and received answers to the full satisfaction of such Purchaser, and such Purchaser desires to invest in the Company. Neither such inquiries nor any other investigation conducted by or on behalf of such Purchaser or its representatives or counsel shall modify, amend or affect such Purchaser's right to rely on the truth, accuracy and completeness of the Disclosure Schedules and the Company's representations and warranties contained in the Transaction Documents.

(f) No General Solicitation. Each Purchaser acknowledges that the Offering Shares and the Warrants were not offered to such Purchaser by means of any form of general or public solicitation or general advertising, or publicly disseminated advertisements or sales literature, including (i) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media, or broadcast over television or radio or (ii) any seminar or meeting to which such Purchaser was invited by any of the foregoing means of communications.

(g) No Solicitation through S-1. Such Purchaser was not solicited by means of the S-1, and acknowledges that the Offering Shares and Warrants were not offered or sold to such Purchaser through the S-1. Such Purchaser did not become aware of or interested in the Offering Shares and Warrants by means of the S-1. Such Purchaser was not identified or contacted through the marketing of the offering contemplated by the S-1 and did not independently contact the Company as a result of general solicitation by means of the S-1.

The Company acknowledges and agrees that the representations contained in Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and the Registration Rights Agreement and shall have the rights and obligations of a Purchaser under this Agreement and the Registration Rights Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE] [HAS NOT] [HAVE] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY [AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY] MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that a Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and the Registration Rights Agreement and, if required under the terms of such arrangement, such Purchaser may transfer pledge or secure Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities, including, if the Securities are subject to registration pursuant to the Registration Rights Agreement, the preparation and filing of any required prospectus supplement under Rule 424(b)(3) under the Securities Act or other applicable provision of the Securities Act to appropriately amend the list of selling stockholders thereunder.

(c) Certificates evidencing the Offering Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof): (i) while a registration statement (including the Registration Statement) covering the resale of such security is effective under the Securities Act, (ii) following any sale of such Offering Shares pursuant to Rule 144, (iii) if such Offering Shares are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Offering Shares and without volume or manner-of-sale restrictions, (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) or (v) following the Effective Date. Upon the receipt by the Company of any reasonable certifications from the Purchasers requested by the Company with respect to future sales of such Offering Shares, the Company shall cause its counsel to issue a legal opinion to the Transfer Agent if required by the Transfer Agent to effect the removal of the legend hereunder. The Company agrees that following such time as such legend is no longer required under this Section 4.1(c), it will, as soon as practicable following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Offering Shares issued with a restrictive legend and, in each case, any reasonable certifications from the Purchaser requested by the Company or the Company's counsel in order to effectuate a legend removal, deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4. Certificates for Offering Shares subject to legend removal hereunder shall be transmitted by the Transfer Agent to the Purchaser by crediting the account of the Purchaser's prime broker with the Depository Trust Company System as directed by such Purchaser if the Company is then a participant in such system.

(d) Each Purchaser, severally and not jointly with the other Purchasers, agrees with the Company that such Purchaser will sell any Securities pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein, and acknowledges that the removal of the restrictive legend from certificates representing Securities as set forth in this Section 4.1 is predicated upon the Company's reliance upon this understanding.

4.2 Acknowledgment of Dilution. The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Warrant Shares pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.3 Furnishing of Information; Public Information. Commencing on the Effective Date, and until the earliest of the time that (a) no Purchaser owns Securities or (b) the Warrants have expired, the Company covenants to have obtained and will thereafter maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act.

4.4 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.5 Exercise Procedures. The form of Notice of Exercise included in the Warrants sets forth the totality of the procedures required of the Purchasers in order to exercise the Warrants. No additional legal opinion, other information or instructions shall be required of the Purchasers to exercise their Warrants. The Company shall honor exercises of the Warrants and shall deliver Warrant Shares in accordance with the terms, conditions and time periods set forth in the Transaction Documents.

4.6 Securities Laws Disclosure; Publicity. The Registration Statement will disclose the material terms of the transactions contemplated hereby, and shall include the Transaction Documents as exhibits thereto. From and after the filing of the Registration Statement, the Company represents to the Purchasers that it shall have publicly disclosed all material, non-public information delivered to any of the Purchasers by the Company or any of its Subsidiaries, or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. The Company and each Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor any Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of each Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of such Purchaser, except: (a) as required by federal securities law in connection with the filing of the Registration Statement and (b) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under this clause (b).

4.7 Non-Public Information. Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company covenants and agrees that neither it, nor any other Person acting on its behalf, will provide any Purchaser or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto such Purchaser shall have executed a written agreement with the Company regarding the confidentiality and use of such information or is an Affiliate of the Company. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.8 Use of Proceeds. The Company shall use the net proceeds from the sale of the Securities hereunder for general corporate purposes including, but not limited to, growth initiatives and capital expenditures, and shall not use such proceeds: (a) for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices), or (b) for the redemption of any Common Stock or Common Stock Equivalents.

4.9 Indemnification of Purchasers. Subject to the provisions of this Section 4.9, the Company will indemnify and hold each Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of its representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance. The indemnification required by this Section 4.9 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law.

4.10 Reservation and Listing of Securities.

(a) The Company shall maintain a reserve from its duly authorized shares of Common Stock for issuance pursuant to the Transaction Documents in such amount as may then be required to fulfill its obligations in full under the Transaction Documents (the "Required Minimum").

(b) If, on any date, the number of authorized but unissued (and otherwise unreserved) shares of Common Stock is less than the Required Minimum on such date, then the Board of Directors shall use commercially reasonable efforts to amend the Company's certificate of incorporation to increase the number of authorized but unissued shares of Common Stock to at least the Required Minimum at such time, as soon as possible and in any event not later than the 60th day after such date.

(c) The Company shall take all steps necessary to cause the Offering Shares to be approved for listing and actually listed on the Company's principal Trading Market.

4.11 Equal Treatment of Purchasers. No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of this Agreement unless the same consideration is also offered to all of the parties to this Agreement. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

4.12 Form D; Blue Sky Filings. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at each Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

ARTICLE V.
MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties, if the initial Closing has not been consummated on or before March 31, 2014; provided, however, that such date may be extended, without notice, to April 30, 2014 with the consent of the Company, and Laidlaw; provided further, however, that such termination will not affect the right of any party to sue for any breach by any other party (or parties).

5.2 Fees and Expenses. Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.3 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchasers holding at least 67% in interest of the Securities then outstanding, or in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than by merger). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.9.

5.9 Governing Law. The Transaction Documents will be governed by and construed under the laws of the State of New York as applied to agreements among New York residents entered into and to be performed entirely within New York. The parties hereto (1) agree that any legal suit, action or proceeding arising out of or relating to this Subscription Agreement will be instituted exclusively in New York State Supreme Court, County of New York, or in the United States District Court for the Southern District of New York, (2) waive any objection which the parties may have now or hereafter to the venue of any such suit, action or proceeding, and (3) irrevocably consent to the jurisdiction of the New York State Supreme Court, County of New York, and the United States District Court for the Southern District of New York in any such suit, action or proceeding. Each of the parties hereto further agrees to accept and acknowledge service of any and all process which may be served in any such suit, action or proceeding in the New York State Supreme Court, County of New York, or in the United States District Court for the Southern District of New York and agrees that service of process upon it mailed by certified mail to its address will be deemed in every respect effective service of process upon it, in any such suit, action or proceeding. If either party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then, in addition to the obligations of the Company under Section 4.9, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding. THE PARTIES HERETO AGREE TO WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS SUBSCRIPTION AGREEMENT OR ANY DOCUMENT OR AGREEMENT CONTEMPLATED HEREBY.

5.10 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of an exercise of a Warrant, the applicable Purchaser shall be required to return any shares of Common Stock subject to any such rescinded conversion or exercise notice concurrently with the return to such Purchaser of the aggregate exercise price paid to the Company for such shares and the restoration of such Purchaser's right to acquire such shares pursuant to such Purchaser's Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

5.14 Replacement of Securities. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.15 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside. To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Independent Nature of Purchasers' Obligations and Rights. The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereto or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in its review and negotiation of the Transaction Documents. The Company has elected to provide all Purchasers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by any of the Purchasers. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and a Purchaser, solely, and not between the Company and the Purchasers collectively and not between and among the Purchasers.

5.18 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.19 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.20 WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

BIOSIG TECHNOLOGIES, INC.

By:/s/ Kenneth L. Londoner
Name: Kenneth L. Londoner
Title: Executive Chairman

Address for Notice:

12424 Wilshire Blvd., Suite 745
Los Angeles, CA 90025

Fax: 310-820-8115

With a copy to (which shall not constitute notice):

Rick Werner, Esq.
Haynes and Boone, LLP
30 Rockefeller Plaza
26th Floor
New York, NY 10112

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]

[PURCHASER SIGNATURE PAGES TO BIOSIG SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____
Signature of Authorized Signatory of Purchaser: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Email Address of Authorized Signatory: _____
Facsimile Number of Authorized Signatory: _____
Address for Notice to Purchaser:

Address for Delivery of Securities to Purchaser (if not same as address for notice):

Subscription Amount: _____

Shares of Common Stock: _____

Warrant Shares: _____

EIN Number: _____

[SIGNATURE PAGES CONTINUE]

EXHIBIT 10.31

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is made and entered into as of April 4, 2014, between BioSig Technologies, Inc., a Delaware corporation (the "Company"), and each of the several purchasers signatory hereto (each such purchaser, a "Purchaser" and, collectively, the "Purchasers").

This Agreement is made pursuant to the Securities Purchase Agreement, dated as of the date hereof, between the Company and each Purchaser (the "Purchase Agreement").

The Company and each Purchaser hereby agrees as follows:

1. Definitions.

Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 6(d).

"Effectiveness Date" means, with respect to the Initial Registration Statement required to be filed hereunder, the 180th calendar day following the Filing Date and with respect to any additional Registration Statements which may be required pursuant to Section 2(c) or Section 3(c), the 90th calendar day following the date on which an additional Registration Statement is required to be filed hereunder; provided, however, that in the event the Company is notified by the Commission that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the 30th calendar day following the date on which the Company is so notified if such date precedes the dates otherwise required above (unless the Company is required to update its financial statements prior to requesting acceleration of such Registration Statement, which will require the Company to file an amendment to such Registration Statement, in which case the Company shall file any necessary amendment to such Registration Statement and request effectiveness thereof as soon as reasonably practicable and in no event later than the 60th calendar day following the Filing Date), provided, further, if such Effectiveness Date falls on a day that is not a Trading Day, then the Effectiveness Date shall be the next succeeding Trading Day.

"Effectiveness Period" shall have the meaning set forth in Section 2(a).

"Event" shall have the meaning set forth in Section 2(d).

"Event Date" shall have the meaning set forth in Section 2(d).

"Filing Date" means, with respect to the Initial Registration Statement required hereunder, the 45th calendar day following the Termination Date as set forth in the Purchase Agreement and, with respect to any additional Registration Statements which may be required pursuant to Section 2(c) or Section 3(c), the earliest practical date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Initial Registration Statement" means the initial Registration Statement filed pursuant to this Agreement.

"Laidlaw Warrants" means the warrants issued by the Company to Laidlaw, and/or its employees and affiliates, pursuant to the transactions contemplated under the Purchase Agreement.

"Losses" shall have the meaning set forth in Section 5(a).

"Plan of Distribution" shall have the meaning set forth in Section 2(a).

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the Commission pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Purchase Agreement Shares" means the shares of Common Stock issued to the Purchasers pursuant to the Purchase Agreement (and shall not include the Warrants or the Warrant Shares).

"Registrable Securities" means, as of any date of determination, (a) all of the Purchase Agreement Shares, (b) all Warrant Shares then issuable upon exercise of the Warrants (assuming on such date the Warrants are exercised in full without regard to any exercise limitations therein), (c) the shares of Common Stock underlying the Laidlaw Warrants; (d) any additional shares of Common Stock issuable in connection with any anti-dilution provisions in the Warrants and the Laidlaw Warrants (in each case, without giving effect to any limitations on exercise set forth in the Warrants and the Laidlaw Warrants), and (e) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) for so long as (a) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the Commission under the Securities Act and such Registrable Securities have been disposed of by the Holder in accordance with such effective Registration Statement, (b) such Registrable Securities have been previously sold in accordance with Rule 144, or (c) such securities become eligible for resale without volume or manner-of-sale restrictions and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by counsel to the Company pursuant to a written opinion letter to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities, any securities upon the exercise, conversion or exchange of or as a dividend upon which such securities were issued, or any securities issuable upon the exercise, conversion or exchange of, or as a dividend upon such securities, were at no time held by any Affiliate of the Company, and all Warrants are exercised by "cashless exercise" as provided in Section 2(c) of each of the Warrants), as reasonably determined by the Company, upon the advice of counsel to the Company.

"Registration Statement" means any registration statement required to be filed hereunder pursuant to Section 2(a) and any additional registration statements contemplated by Section 2(c) or Section 3(c), including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Selling Stockholder Questionnaire" shall have the meaning set forth in Section 3(a).

"SEC Guidance" means (i) any publicly-available written or oral guidance of the Commission staff, or any comments, requirements or requests of the Commission staff and (ii) the Securities Act.

2. Shelf Registration.

(a) On or prior to each Filing Date, the Company shall prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement filed hereunder shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith, subject to the provisions of Section 2(e)) and shall contain (unless otherwise directed by at least 85% in interest of the Holders) substantially the "Plan of Distribution" attached hereto as Annex A. Subject to the terms of this Agreement, the Company shall use its best efforts to cause a Registration Statement filed under this Agreement (including, without limitation, under Section 3(c)) to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the applicable Effectiveness Date, and shall use its best efforts to keep such Registration Statement continuously effective under the Securities Act until all Registrable Securities covered by such Registration Statement (i) have been sold, thereunder or pursuant to Rule 144, or (ii) may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed, delivered and acceptable to the Transfer Agent and the affected Holders (assuming that such securities, any securities upon the exercise, conversion or exchange of or as a dividend upon which such securities were issued, or any securities issuable upon the exercise, conversion or exchange of, or as a dividend upon such securities, were at no time held by any Affiliate of the Company, and all Warrants are exercised by "cashless exercise" as provided in Section 2(c) of each of the Warrants) (the "Effectiveness Period"). The Company shall telephonically request effectiveness of a Registration Statement as of 5:00 p.m. Eastern Time on a Trading Day. The Company shall immediately notify the Holders via facsimile or by e-mail of the effectiveness of a Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 a.m. Eastern Time on the Trading Day after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424. Failure to so notify the Holder within one (1) Trading Day of such notification of effectiveness or failure to file a final Prospectus as foresaid shall be deemed an Event under Section 2(d).

(b) Notwithstanding the registration obligations set forth in Section 2(a), if the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly inform each of the Holders thereof and use its commercially reasonable efforts to file amendments to the Initial Registration Statement as required by the Commission, covering the maximum number of Registrable Securities permitted to be registered by the Commission, on Form S-3 or such other form available to register for resale the Registrable Securities as a secondary offering, subject to the provisions of Section 2(e); provided, however, that prior to filing such amendment, the Company shall be obligated to use diligent efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09.

(c) Notwithstanding any other provision of this Agreement and subject to the payment of liquidated damages pursuant to Section 2(d), if the Commission or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used diligent efforts to advocate with the Commission for the registration of all or a greater portion of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the number of Registrable Securities to be registered on such Registration Statement will be reduced as follows:

(i) First, the Company shall reduce or eliminate any securities to be included by any Person other than a Holder;

(ii) Second, the Company shall reduce Registrable Securities represented by Warrant Shares and the shares of Common Stock underlying the Laidlaw Warrants (applied, in the case that some Warrant Shares and shares of Common Stock underlying the Laidlaw Warrants may be registered, to the Holders and Laidlaw on a pro rata basis based on the total number of unregistered Warrant Shares and shares of Common Stock underlying the Laidlaw Warrants held by such Holders and Laidlaw, collectively); and

(iii) Third, the Company shall reduce Registrable Securities represented by the Purchase Agreement Shares (applied, in the case that some Purchase Agreement Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Purchase Agreement Shares held by such Holders).

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In the event of a cutback hereunder, the Company shall give the Holder at least five (5) Trading Days prior written notice along with the calculations as to such Holder's allotment. In the event the Company amends the Initial Registration Statement in accordance with the foregoing, the Company will use its best efforts to file with the Commission, as promptly as allowed by Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-3 or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended.

(d) If: (i) the Initial Registration Statement is not filed on or prior to its Filing Date (if the Company files the Initial Registration Statement without affording the Holders the opportunity to review and comment on the same as required by Section 3(a) herein, the Company shall be deemed to have not satisfied this clause (i)), or (ii) the Company fails to file with the Commission a request for acceleration of a Registration Statement in accordance with Rule 461 promulgated by the Commission pursuant to the Securities Act, within five Trading Days of the date that the Company is notified (orally or in writing, whichever is earlier) by the Commission that such Registration Statement will not be "reviewed" or will not be subject to further review, or (iii) prior to the effective date of a Registration Statement, the Company fails to file a pre-effective amendment and otherwise respond in writing to comments made by the Commission in respect of such Registration Statement within thirty (30) calendar days after the receipt of comments by or notice from the Commission that such amendment is required in order for such Registration Statement to be declared effective, or (iv) a Registration Statement registering for resale all of the Registrable Securities is not declared effective by the Commission by the Effectiveness Date of the Initial Registration Statement, or (v) after the effective date of a Registration Statement, such Registration Statement ceases for any reason to remain continuously effective as to all Registrable Securities included in such Registration Statement, or the Holders are otherwise not permitted to utilize the Prospectus therein to resell such Registrable Securities, for more than ten (10) consecutive calendar days or more than an aggregate of fifteen (15) calendar days (which need not be consecutive calendar days) during any 12-month period (any such failure or breach being referred to as an "Event", and for purposes of clauses (i) and (iv), the date on which such Event occurs, and for purpose of clause (ii) the date on which such five (5) Trading Day period is exceeded, and for purpose of clause (iii) the date which such thirty (30) calendar day period is exceeded, and for purpose of clause (v) the date on which such ten (10) or fifteen (15) calendar day period, as applicable, is exceeded being referred to as an "Event Date"), then, in addition to any other rights the Holders may have hereunder or under applicable law, on each such Event Date and on each monthly anniversary of each such Event Date (if the applicable Event shall not have been cured by such date) until the applicable Event is cured, the Company shall pay to each Holder an amount in cash, as partial liquidated damages and not as a penalty, equal to 1.0% of the aggregate purchase price paid by such Holder pursuant to the Purchase Agreement; provided, however, that the Company shall not be required to make any payments pursuant to this Section 2(d) if an Event occurred at such time that all Registrable Securities are eligible for resale pursuant to Rule 144 (without volume restrictions or current public information requirements) promulgated by the Commission pursuant to the Securities Act; provided, further, that the Company shall not be required to make any payments pursuant to this Section 2(d) with respect to any Registrable Securities the Company is unable to register due to limits imposed by the Commission's interpretation of Rule 415 under the Securities Act. The parties agree that the maximum aggregate liquidated damages payable to a Holder under this Agreement shall be 3.0% of the aggregate Subscription Amount paid by such Holder pursuant to the Purchase Agreement. If the Company fails to pay any partial liquidated damages pursuant to this Section in full within seven days after the date payable, the Company will pay interest thereon at a rate of 18% per annum (or such lesser maximum amount that is permitted to be paid by applicable law) to the Holder, accruing daily from the date such partial liquidated damages are due until such amounts, plus all such interest thereon, are paid in full. The partial liquidated damages pursuant to the terms hereof shall apply on a daily pro rata basis for any portion of a month prior to the cure of an Event.

(e) If Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the Commission.

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than one (1) Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. Notwithstanding the above, the Company shall not be obligated to provide the Holders advance copies of any universal shelf registration statement registering securities in addition to those required hereunder, or any Prospectus prepared thereto. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Holders of 67% or more of the Registrable Securities shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than five (5) Trading Days after the Holders have been so furnished copies of a Registration Statement or one (1) Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex B (a "Selling Stockholder Questionnaire") on a date that is not less than two (2) Trading Days prior to the Filing Date or by the end of the fourth (4th) Trading Day following the date on which such Holder receives draft materials in accordance with this Section.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and provide as promptly as reasonably possible to the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement (provided that, the Company shall excise any information contained therein which would constitute material non-public information regarding the Company or any of its Subsidiaries), and (iv) comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall file as soon as reasonably practicable, but in any case prior to the applicable Filing Date, an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one (1) Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed, (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement, and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information, (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any Proceeding for such purpose, (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus, provided, however, in no event shall any such notice contain any information which would constitute material, non-public information regarding the Company or any of its Subsidiaries.

(e) Use its best efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) Furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission; provided, that any such item which is available on the EDGAR system (or successor thereto) need not be furnished in physical form.

(g) Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) The Company shall cooperate with any broker-dealer through which a Holder proposes to resell its Registrable Securities in effecting a filing with the FINRA Corporate Financing Department pursuant to FINRA Rule 5110, as requested by any such Holder, and the Company shall pay the filing fee required by such filing within two (2) Business Days of request therefor.

(i) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the Registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement; provided, that, the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(j) If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement and applicable law, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may request.

(k) Upon the occurrence of any event contemplated by Section 3(d), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company shall be entitled to exercise its right under this Section 3(k) to suspend the availability of a Registration Statement and Prospectus, subject to the payment of partial liquidated damages otherwise required pursuant to Section 2(d), for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12-month period.

(l) Comply with all applicable rules and regulations of the Commission.

(m) The Company shall use its best efforts to maintain eligibility for use of Form S-3 (or any successor form thereto) for the registration of the resale of Registrable Securities.

(n) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares. During any periods that the Company is unable to meet its obligations hereunder with respect to the registration of the Registrable Securities solely because any Holder fails to furnish such information within three Trading Days of the Company's request, any liquidated damages that are accruing at such time as to such Holder only shall be tolled and any Event that may otherwise occur solely because of such delay shall be suspended as to such Holder only, until such information is delivered to the Company.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with, this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any Trading Market on which the Common Stock is then listed for trading, (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities) and (D) if not previously paid by the Company, with respect to any filing that may be required to be made by any broker through which a Holder intends to make sales of Registrable Securities with FINRA pursuant to FINRA Rule 5110, so long as the broker is receiving no more than a customary brokerage commission in connection with such sale, (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, and (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any broker or similar commissions of any Holder or, except to the extent provided for in the Transaction Documents, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or relating to (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 6(d), but only if and to the extent that following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected. The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of any Registrable Securities by any of the Holders in accordance with Section 6(h).

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title), to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon: (x) such Holder's failure to comply with any applicable prospectus delivery requirements of the Securities Act or the plan of distribution in any Registration Statement through no fault of the Company or (y) any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading (i) to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company expressly for inclusion in such Registration Statement or such Prospectus or (ii) to the extent, but only to the extent, that such information relates to such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto or (iii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), to the extent, but only to the extent, related to the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 6(d), but only if and to the extent that following the receipt of the Advice the misstatement or omission giving rise to such Loss would have been corrected. In no event shall the liability of any selling Holder under this Section 5(b) be greater in amount than the dollar amount of the net proceeds actually received by such Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses incurred in connection with defense thereof; provided, that, the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses, (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding, or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable fees and expenses of the Indemnified Party (including reasonable fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party; provided, that, the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) not to be entitled to indemnification hereunder.

(d) Contribution. If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 5(d), no Holder shall be required to contribute pursuant to this Section 5(d), in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Holder from the sale of the Registrable Securities subject to the Proceeding exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Each of the Company and each Holder agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) No Piggyback on Registrations; Prohibition on Filing Other Registration Statements. Except as set forth on Schedule 6(b) attached hereto, neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statements other than the Registrable Securities. The Company shall not file any other registration statements until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, provided that this Section 6(b) shall not prohibit the Company from filing amendments to registration statements filed prior to the date of this Agreement.

(c) Compliance. Each Holder covenants and agrees that it will comply with the prospectus delivery requirements of the Securities Act as applicable to it (unless an exemption therefrom is available) in connection with sales of Registrable Securities pursuant to a Registration Statement.

(d) Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d)(iii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable. The Company agrees and acknowledges that any periods during which the Holder is required to discontinue the disposition of the Registrable Securities hereunder shall be subject to the provisions of Section 2(d).

(e) Piggy-Back Registrations. If, at any time during the Effectiveness Period, there is not an effective Registration Statement covering all of the Registrable Securities and the Company shall determine to prepare and file with the Commission a registration statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities, other than on Form S-4 or Form S-8 (each as promulgated under the Securities Act) or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with the Company's stock option or other employee benefit plans, then the Company shall deliver to each Holder a written notice of such determination and, if within fifteen days after the date of the delivery of such notice, any such Holder shall so request in writing, the Company shall include in such registration statement all or any part of such Registrable Securities such Holder requests to be registered; provided, however, that the Company shall not be required to register any Registrable Securities pursuant to this Section 6(e) that are eligible for resale pursuant to Rule 144 (without volume restrictions or current public information requirements) promulgated by the Commission pursuant to the Securities Act or that are the subject of a then effective Registration Statement.

(f) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Holders of 67% or more of the then outstanding Registrable Securities (for purposes of clarification, this includes any Registrable Securities issuable upon exercise or conversion of any Security). If a Registration Statement does not register all of the Registrable Securities pursuant to a waiver or amendment done in compliance with the previous sentence, then the number of Registrable Securities to be registered for each Holder shall be reduced pro rata among all Holders and each Holder shall have the right to designate which of its Registrable Securities shall be omitted from such Registration Statement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder or some Holders and that does not directly or indirectly affect the rights of other Holders may be given only by such Holder or Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 6(f). No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

(g) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(h) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under Section 5.7 of the Purchase Agreement.

(i) No Inconsistent Agreements. Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Except as set forth on Schedule 6(i), neither the Company nor any of its Subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

(j) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

(k) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(l) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(m) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(n) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(o) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by this Agreement or any other matters, and the Company acknowledges that the Holders are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or transactions. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained was solely in the control of the Company, not the action or decision of any Holder, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Holder. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Holder, solely, and not between the Company and the Holders collectively and not between and among Holders.

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(Signature Pages Follow)

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

BIOSIG TECHNOLOGIES, INC., A DELAWARE CORPORATION

By: /s/ Kenneth L. Londoner
Name: Kenneth L. Londoner
Title: Executive Chairman

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

[SIGNATURE PAGE OF HOLDERS TO BIOSIG RRA]

Name of Holder: _____

Signature of Authorized Signatory of Holder: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

[SIGNATURE PAGES CONTINUE]

Schedule 6(b)

The following holders of the Company's securities have registration rights with respect to certain shares of Common Stock held by such holders:

1. Michael N. Emmerman
2. Lau Family Fund LP
3. Jonathan Steinhouse
4. Kenneth L. Londoner
5. R. Ian Chaplin
6. Kenneth Epstein
7. Jerome B. Zeldis
8. Brio Capital Master Fund Ltd.
9. Alpha Capital Anstalt
10. Sterne Agee & Leach Inc C/F Maree Casatelli SEP IRA
11. Ron D Craig
12. Michael & Susan Engdall JTWROS
13. David W Frost
14. Phillip Todd Herndon
15. Rex A Jones
16. Nabil M Yazgi
17. Portofino Ventures LP
18. Thomas G Hoffman
19. James W Lees
20. Martin F Sauer
21. Ray Weber
22. Sterne Agee & Leach Inc C/F Raymond E Weber IRA
23. Fourfathom Capital, LLC
24. Michael B & Sheila J Carroll JTWROS
25. Scott D. Gamble
26. Brian E. Jones & Peggy A. Jones JTWROS
27. David Patterson
28. Herschel E. Johnson
29. George & Karin Alexa Elefther JTWROS
30. L. Dean Fox
31. Sterne Agee & Leach Inc C/F John L Sommer IRA
32. Sterne Agee & Leach Inc C/F David W Frost IRA
33. Allan D Carlson
34. Ian H Murray
35. Sterne Agee & Leach Inc C/F Randy Payne IRA
36. Dr. Richard & Anita Matter JTWROS
37. Robert J Gray
38. Randal E Margo
39. Eugene E Eubank
40. Robert W Baird & Co Inc TTEE FBO Brian Mark Miller ROTH IRA
41. Sterne Agee & Leach Inc C/F Dr Gary W Chmielewski IRA
42. Laidlaw & Co (UK) Ltd

Schedule 6(i)

The following holders of the Company's securities have registration rights with respect to certain shares of Common Stock held by such holders:

1. Michael N. Emmerman
2. Lau Family Fund LP
3. Jonathan Steinhouse
4. Kenneth L. Londoner
5. R. Ian Chaplin
6. Kenneth Epstein
7. Jerome B. Zeldis
8. Brio Capital Master Fund Ltd.
9. Alpha Capital Anstalt
10. Sterne Agee & Leach Inc C/F Maree Casatelli SEP IRA
11. Ron D Craig
12. Michael & Susan Engdall JTWROS
13. David W Frost
14. Phillip Todd Herndon
15. Rex A Jones
16. Nabil M Yazgi
17. Portofino Ventures LP
18. Thomas G Hoffman
19. James W Lees
20. Martin F Sauer
21. Ray Weber
22. Sterne Agee & Leach Inc C/F Raymond E Weber IRA
23. Fourfathom Capital, LLC
24. Michael B & Sheila J Carroll JTWROS
25. Scott D. Gamble
26. Brian E. Jones & Peggy A. Jones JTWROS
27. David Patterson
28. Herschel E. Johnson
29. George & Karin Alexa Elefther JTWROS
30. L. Dean Fox
31. Sterne Agee & Leach Inc C/F John L Sommer IRA
32. Sterne Agee & Leach Inc C/F David W Frost IRA
33. Allan D Carlson
34. Ian H Murray
35. Sterne Agee & Leach Inc C/F Randy Payne IRA
36. Dr. Richard & Anita Matter JTWROS
37. Robert J Gray
38. Randal E Margo
39. Eugene E Eubank
40. Robert W Baird & Co Inc TTEE FBO Brian Mark Miller ROTH IRA
41. Sterne Agee & Leach Inc C/F Dr Gary W Chmielewski IRA
42. Laidlaw & Co (UK) Ltd
43. Sterne & Agee & Leach Inc C/F Jonathan Steinhouse R/O IRA
44. Gary W Chmielewski
45. Julius E Talton
46. Bruce Levy
47. Carlos Javier Jurado & Zulma E Jurado JTIC
48. Stourbridge Investments LLC
49. Paul E Hoffman
50. Jerome B Zeldis
51. Dr Mark Samuels
52. ATA Investments LLC
53. Stuart R Oliver
54. Craig H Unger
55. Janice Kinnikal & Reynold Duclas Jr JTIC

Annex A

Plan of Distribution

Each Selling Stockholder (the "Selling Stockholders") of the securities and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their securities covered hereby on the OTC Bulletin Board or any other stock exchange, market or trading facility on which the securities are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling securities:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales entered into after the effective date of the registration statement of which this prospectus is a part;
- in transactions through broker-dealers that agree with the Selling Stockholders to sell a specified number of such securities at a stipulated price per security;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell securities under Rule 144 under the Securities Act of 1933, as amended (the "Securities Act"), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2440; and in the case of a principal transaction a markup or markdown in compliance with FINRA IM-2440.

In connection with the sale of the securities or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the securities in the course of hedging the positions they assume. The Selling Stockholders may also sell securities short and deliver these securities to close out their short positions, or loan or pledge the securities to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or create one or more derivative securities which require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the securities may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the securities. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

Because Selling Stockholders may be deemed to be "underwriters" within the meaning of the Securities Act, they will be subject to the prospectus delivery requirements of the Securities Act including Rule 172 thereunder. In addition, any securities covered by this prospectus which qualify for sale pursuant to Rule 144 under the Securities Act may be sold under Rule 144 rather than under this prospectus. The Selling Stockholders have advised us that there is no underwriter or coordinating broker acting in connection with the proposed sale of the resale securities by the Selling Stockholders.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the securities may be resold by the Selling Stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for the Company to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of securities of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

Annex B

BIOSIG TECHNOLOGIES, INC.

Selling Stockholder Notice and Questionnaire

The undersigned beneficial owner of common stock (the "Registrable Securities") of BioSig Technologies, Inc., a Delaware corporation (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Stockholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name.

(a) Full Legal Name of Selling Stockholder

_____

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

_____

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

_____

2. Address for Notices to Selling Stockholder:

_____

_____

_____

Telephone: _____

Fax: _____

Contact Person: _____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Stockholder.

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.

(a) Type and Amount of other securities beneficially owned by the Selling Stockholder:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date: _____ Beneficial Owner: _____
By: _____
Name:
Title:

PLEASE FAX A COPY (OR EMAIL A .PDF COPY) OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

BIOSIG TECHNOLOGIES, INC.

Warrant Shares: _____ Initial Exercise Date: April __, 2014

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, _____ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the five year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from BioSig Technologies, Inc., a Delaware corporation (the "Company"), up to _____ shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated April 4, 2014, among the Company and the purchasers signatory thereto.

Section 2. Exercise.

a) Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto. Within five (5) Trading Days following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless this Warrant may be exercised on a cashless basis and the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased (or cancelled, in the event of a cashless exercise). The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within one (1) Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **$3.75**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If there is no effective Registration Statement registering, or no current prospectus available for the resale of the Warrant Shares by the Holder, then this Warrant may be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the Common Stock is not then listed or quoted for trading on a Trading Market and if prices for the Common Stock are then reported on an over-the-counter market maintained by OTC Markets Group Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent closing price per share of the Common Stock so reported, or (c) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders.

Notwithstanding anything herein to the contrary, on the Termination Date, this Warrant shall be automatically exercised via cashless exercise pursuant to this Section 2(c).

d) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) this Warrant is being exercised via cashless exercise at a time when the Warrant Shares may subsequently sold pursuant to Rule 144 without the requirement for the Company to be in compliance with the current public information required under Rule 144 and without volume or manner-of-sale restrictions, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is five (5) Trading Days after the latest of (A) the delivery to the Company of the Notice of Exercise, (B) surrender of this Warrant (if required) and (C) payment of the aggregate Exercise Price as set forth above (including by cashless exercise, if permitted) (such date, the "Warrant Share Delivery Date"). The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(vi) prior to the issuance of such shares, having been paid.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not affect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any such increase or decrease will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction that is (1) an all cash transaction, (2) a "Rule 13e-3 transaction" as defined in Rule 13e-3 under the Exchange Act, or (3) a Fundamental Transaction involving a person or entity not traded on a Trading Market, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction, purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction. "Black Scholes Value" means the value of this Warrant based on the Black and Scholes Option Pricing Model obtained from the "OV" function on Bloomberg, L.P. ("Bloomberg") determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the "Successor Entity") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

c) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

d) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K if the Company is then subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. This Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the initial issuance date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of the Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise at a time when the Warrant Shares may be sold pursuant to Rule 144 without the requirement for the Company to be in compliance with the current public information requirements under Rule 144 and without volume or manner-of-sale restrictions, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and holders holding Warrants to acquire 67% of the Warrant Shares issuable pursuant to the Warrants that were issued under the Purchase Agreement.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

BIOSIG TECHNOLOGIES, INC.

By:_____
Name:
Title:

NOTICE OF EXERCISE

TO: BIOSIG TECHNOLOGIES, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

[ ] in lawful money of the United States; or

[ ] [if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

_____

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

_____

_____

_____

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____
Signature of Authorized Signatory of Investing Entity: _____
Name of Authorized Signatory: _____
Title of Authorized Signatory: _____
Date: _____

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

_____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

EXHIBIT 23.1

Rosenberg Rich Baker Berman & Company
265 Davidson Avenue Suite 210
Somerset, N.J. 08873-4120

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of BioSig Technologies, Inc. of our report dated May 7, 2013 relating to the financial statements of BioSig Technologies, Inc., which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ Rosenberg Rich Baker Berman & Company
Somerset, NJ
May 1 , 2014

EXHIBIT 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Amendment No. 4 to the Registration Statement on Form S-1 of BioSig Technologies, Inc. of our report dated March 27, 2014, relating to the financial statements of BioSig Technologies, Inc., which appears in such Registration Statement. Our report includes an explanatory paragraph expressing substantial doubt regarding the Company's ability to continue as a going concern.

We also consent to the reference to us under the heading "Experts" in such Registration Statement.

s/ Liggett, Vogt & Webb, P.A.
Liggett, Vogt & Webb, P.A.

New York, New York
May 1 , 2014