

Net Element, Inc.  
Form 4  
September 17, 2014

# FORM 4

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

OMB APPROVAL

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## STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Arco Group LLC

(Last) (First) (Middle)

CITY VIEW PLAZA 2, SUITE  
6000, 48 ROAD 165

(Street)

GUAYNABO, PR 00968-8060

(City) (State) (Zip)

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

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

09/15/2014

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

\_\_\_ Form filed by One Reporting Person  
\_X\_ Form filed by More than One Reporting Person

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  | Code                           | V   | Amount or Price   |  |   |
| Common Stock                    | 09/15/2014                           |  | S                              |   | 100,000   | D  | \$ 4.8268   |
|                                 |                                      |  |                                |   |   |  | 1,055,520 <sup>(1)</sup><br><sub>(2)</sub>            |
| Common Stock                    | 09/15/2014                           |  | S                              |   | 100,000   | D  | \$ 4.3605   |
|                                 |                                      |  |                                |   |   |  | 955,520 <sup>(1)</sup><br><sub>(2)</sub>              |
| Common Stock                    | 09/15/2014                           |  | S                              |   | 50,000  | D  | \$ 4.153  |
|                                 |                                      |  |                                |   |   |  | 905,520 <sup>(1)</sup><br><sub>(2)</sub>              |
| Common Stock                    | 09/15/2014                           |  | S                              |   | 100,000   | D  | \$ 4.031  |
|                                 |                                      |  |                                |   |   |  | 805,520 <sup>(1)</sup><br><sub>(2)</sub>              |
| Common Stock                    | 09/15/2014                           |  | S                              |   | 52,352  | D  | \$ 4.0234   |
|                                 |                                      |  |                                |   |   |  | 753,168 <sup>(1)</sup><br><sub>(2)</sub>              |

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|              |            |   |         |   |           |                                      |                  |
|--------------|------------|---|---------|---|-----------|--------------------------------------|------------------|
| Common Stock | 09/15/2014 | S | 100,000 | D | \$ 4      | 653,168 <sup>(1)</sup><br><u>(2)</u> | D <sup>(3)</sup> |
| Common Stock | 09/15/2014 | S | 50,000  | D | \$ 3.7164 | 603,168 <sup>(1)</sup><br><u>(2)</u> | D <sup>(3)</sup> |
| Common Stock | 09/15/2014 | S | 25,000  | D | \$ 3.6654 | 578,168 <sup>(1)</sup><br><u>(2)</u> | D <sup>(3)</sup> |
| Common Stock | 09/15/2014 | S | 250,000 | D | \$ 3.0006 | 328,168 <sup>(1)</sup><br><u>(2)</u> | D <sup>(3)</sup> |
| Common Stock | 09/17/2014 | S | 50,000  | D | \$ 3.6406 | 278,168 <sup>(1)</sup><br><u>(2)</u> | D <sup>(3)</sup> |
| Common Stock | 09/17/2014 | S | 102,648 | D | \$ 3.2657 | 175,520 <sup>(1)</sup><br><u>(2)</u> | D <sup>(3)</sup> |
| Common Stock | 09/17/2014 | S | 170,000 | D | \$ 2.9148 | 5,520 <sup>(1)</sup> <sup>(2)</sup>  | D <sup>(3)</sup> |

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

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(9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |       |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title | Amount or Number of Shares |
| Warrants                                   | \$ 7.5   |                                      |  |                                |   | 04/01/2013 10/02/2017                                    | Common Stock 3,714,000  |       |                            |

## Reporting Owners

| Reporting Owner Name / Address                  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| Arco Group LLC<br>CITY VIEW PLAZA 2, SUITE 6000 |               |           | X       |       |

48 ROAD 165  
 GUAYNABO, PR 00968-8060

Piovanetti Francesco  
 CITY VIEW PLAZA 2, SUITE 6000  
 48 ROAD 165  
 GUAYNABO, PR 00968-8060

X

## Signatures

Arco Group  
 LLC 09/17/2014

\*\*Signature of  
 Reporting Person

Date

Francesco  
 Piovanetti 09/17/2014

\*\*Signature of  
 Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
  - (1) Mr. Piovanetti is the ultimate beneficial owner of 5,520 shares of common stock, par value \$0.0001 per share, of the Issuer (the "Shares"), consisting of: (i) 4,600 Shares held by Bond Street Management LLC ("BSM"); and (ii) 920 Shares held by Arco International Group LLC ("AIG"). Mr. Piovanetti owns one third of the outstanding equity interest in BSM And has voting control, investment discretion and dispositive power over the Shares held by BSM. Mr. Piovanetti is the ultimate beneficiary of AIG and has voting control, investment discretion and dispositive power over the Shares held by AIG.
  - (2) Each of Arco Group LLC ("Arco Group"), Mr. Piovanetti, BSM and AIG disclaim beneficial ownership of these Shares except to the extent of their respective pecuniary interest therein.
  - (3) Mr. Piovanetti has a majority, controlling interest in Arco Group and, consequently, Mr. Piovanetti has investment discretion and dispositive power over the Shares held by Arco Group. Thus, Mr. Piovanetti is considered an indirect owner of said Shares.
  - (4) Mr. Piovanetti is the ultimate beneficiary of 3,714,000 warrants of the Issuer with an exercise price of \$7.50 per share and an expiration date of October 2, 2017 (the "Warrants"), which are held by Arco Group. Thus, Mr. Piovanetti is considered an indirect owner of said Warrants.
  - (5) Each of Arco Group and Mr. Piovanetti disclaim beneficial ownership of these Warrants except to the extent of their respective pecuniary interest therein.

### Remarks:

As a result of the transactions described herein, Arco Group and Mr. Piovanetti ceased to have a beneficial ownership (as determined by the Issuer).

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