BLUE CALYPSO, INC.
Form S-1/A
August 27, 2015
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As filed with the Securities and Exchange Commission on August 27, 2015

Registration No. 333-204442

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

Amendment No. 6 to
FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

BLUE CALYPSO, INC.
(Exact name of registrant as specified in its charter)

Delaware	**8200**	**20-8610073**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

101 W. Renner Rd. Suite 280
Richardson, TX 75082
(800) 378-2297
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Andrew Levi, Chief Executive Officer
Blue Calypso, Inc.
101 W. Renner Rd. Suite 280
Richardson, TX 75082
(800) 378-2297
(Name, address, including zip code and telephone number, including area code, of agent for service)

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

Sean F. Reid, Esq.	**Robert H. Cohen, Esq.**
Fox Rothschild LLP	**McDermott Will & Emery LLP**
997 Lenox Drive, Building 3	**340 Madison Avenue**
Lawrenceville, NJ 08648	**New York, NY 10173**
Tel. (609) 895-6719	**Tel. (212) 547-5400**
Fax (609) 896-1469	**Fax. (212) 547-5444**

Approximate date of commencment of proposed sale to the public:

As soon as practicable after this Registration Statement becomes effective.

If any 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: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) 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. o

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. o

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. o

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.

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	
(Do not check if a smaller reporting company)			

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price[1]	Amount of Registration Fee	
Units, each consisting of one share of Common Stock, par value $.0001 per share, and one Common Stock Purchase Warrant	$ 7,762,500	$ 902	
Common Stock, par value $.0001 per share, included in part of the units[2]	—	—	
Common Stock Purchase Warrants, included in part of the units[2]	—	—	
Common Stock underlying Common Stock Purchase Warrants	$ 7,762,500	$ 902	
Representatives Common Stock Purchase Warrants[2]	—	—	
Common Stock underlying Representatives Common Stock Purchase Warrants[3]	$ 371,250	$ 43.14	
Total Registration Fee	$ 15,896,250	$ 1,847.14	[4]

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act. This registration statement shall also cover, pursuant to Rule 416 under the Securities Act, any additional shares of common stock that shall become issued pursuant to prevent dilution from stock splits, stock dividends or similar transactions.

(2) No registration fee pursuant to Rule 457(g) under the Securities Act.

(3) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(g) under the Securities Act. The estimated proposed maximum aggregate offering price of the shares of common stock underlying the representative's warrants is $371,250, or 110% of $337,500 (5% of $6,750,000).

(4) 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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary 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 preliminary 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 AUGUST 27, 2015

PRELIMINARY PROSPECTUS

$6,750,000

1,383,197 UNITS CONSISTING OF ONE SHARE OF COMMON STOCK AND ONE WARRANT TO PURCHASE SHARES OF COMMON STOCK

This is a public offering of Blue Calypso, Inc. We are offering 1,383,197 units. Each unit has an offering price of $4.88 based upon our last reported sales price on the OTCQB on August 26, 2015 and consists of one share of our common stock and one warrant.

Each warrant will have an exercise price per share equal to 110% of the per unit public offering price, will be exercisable upon issuance and will expire 5 years from the date of issuance. In connection with this offering, after **[60]** days from the date of issuance, the warrants may be exercised by paying the exercise price in cash or, in lieu of payment of the exercise price in cash, by electing to receive a cash payment from us (subject to certain conditions not being met by the Company) equal to the Black Scholes Value (as defined on page 55 of this prospectus) of the number of shares the holder elects to exercise, which we refer to as the Black Scholes Payment; provided, that we have discretion as to whether to deliver the Black Scholes Payment or, subject to meeting certain conditions, to deliver a number of shares of our common stock determined according to a defined formula, referred to as the Cashless Exercise. For additional information, see “Warrants Issued in This Offering” on page 56 of this prospectus.

Our common stock is quoted on the OTCQB under the symbol BCYP . On August 26, 2015, the last reported sale price of our common stock as reported on the OTCQB was $4.88 per share. We have applied for listing of our common stock and warrants on the Nasdaq Capital Market under the symbols BCYP and BCYPW respectively. We make no representation that such applications will be approved or that the shares or warrants will trade on such market either now or at any time in the future.

The Company has agreed to grant the underwriter an option, exercisable within 45 days after the closing of this offering, to acquire up to an additional 15% of the total number of securities offered by the Company pursuant to this offering, solely for the purpose of covering over-allotments.

On July 20, 2015, the Company issued a senior convertible note in the principal amount of $550,000. Upon the closing of the public offering yielding gross proceeds to the Company of at least $5 million, 50% of the note will convert into the public offering at a 20% discount to the purchase price paid by investors in the public offering, and the Company shall be required to repay the remaining 50% at a redemption price equal to 120% of the amount then outstanding from the proceeds of the offering.

Investing in our units 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 7 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.

	Public Offering Price	Underwriting Discount and Commissions[(1)]	Proceeds to Us
Per unit			
Total	$ 6,750,000	$ 607,500	$ 6,142,500

(1) Before estimated expenses related to this offering of $435,000. The underwriters will receive compensation in addition to the underwriting discount and commissions. See Underwriting beginning on page 60 for a description of compensation payable to the underwriters.

Delivery of the shares and warrants will be on or about [_____].

Sole Book-Running Manager

Maxim Group LLC

Co-Manager

Merriman Capital, Inc.

The date of this prospectus is [_____], 2015.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in, or incorporated by reference in, this prospectus related to this offering prepared by us or on our behalf or otherwise authorized by us. 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.

Before you invest, you should read the registration statement (including the exhibits thereto and documents incorporated by reference therein) of which this prospectus forms a part.

Throughout this prospectus, unless otherwise designated, the terms we, us, our, the Company and our company refer to Blue Calypso, Inc., a Delaware corporation, and its wholly owned subsidiaries, Blue Calypso, LLC, Blue Calypso Holdings, Inc., a Texas corporation, and Blue Calypso Latin America, S.A., a Costa Rican corporation. All amounts in this prospectus are in U.S. dollars, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements about our expectations, beliefs or intentions regarding, among other things, our product development efforts, and business, and financial condition, results of operations, strategies or prospects. In addition, from time to time, we or our representatives have made or may make forward-looking statements, orally or in writing. Forward-looking statements can be identified by the use of forward-looking words such as believe, expect, intend, plan, may, should or anticipate or their negatives or other variations of these other comparable words or by the fact that these statements do not relate strictly to historical or current matters. These forward-looking statements may be included in, but are not limited to, various filings made by us with the U.S. Securities and Exchange Commission, or the SEC, press releases or oral statements made by or with the approval of one of our authorized executive officers. Forward-looking statements relate to anticipated or expected events, activities, trends or results as of the date they are made. Because forward-looking statements relate to matters that have not yet occurred, these statements are inherently subject to risks and uncertainties that could cause our actual results to differ materially from any future results expressed or implied by the forward-looking statements. Many factors could cause our actual activities or results to differ materially from the activities and results anticipated in forward-looking statements, including, but not limited to, the factors summarized below.

This prospectus identifies important factors which could cause our actual results to differ materially from those indicated by the forward-looking statements, particularly those set forth under the heading Risk Factors.

The risk factors included in this prospectus are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf speak only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligations to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events. In evaluating forward-looking statements, you should consider these risks and uncertainties.

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EXPLANATORY NOTE

Market data and certain industry data and forecasts used throughout this prospectus were obtained from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the data from third party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal surveys, industry forecasts and market research, which we believe to be reliable, based on our management s knowledge of the industry, have not been independently verified. Forecasts are particularly likely to be inaccurate, especially over long periods of time. In addition, we do not necessarily know what assumptions regarding general economic growth were used in preparing the forecasts we cite. Statements as to our market position are based on the most currently available data. While we are not aware of any misstatements regarding the industry data presented in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk Factors in this prospectus.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in the Shares. You should read the following summary together with the more detailed information appearing in this prospectus, including our consolidated financial statements and related notes and risk factors, including the Risk Factors section, before deciding to invest.

On June 26, 2015, the Company filed an amendment to its Articles of Incorporation and effected a 50-for-1 reverse stock split of its issued and outstanding shares of common stock, $0.0001 par value, whereby 250,666,631 outstanding shares of the Company s common stock were converted into 5,013,366 shares of the Company's common stock. The reverse stock split was effective in the market commencing on July 2, 2015. All per share amounts and number of shares in the condensed consolidated financial statements, related notes and other items throughout this this prospectus have been retroactively restated to reflect the reverse stock split.

BLUE CALYPSO, INC.

We develop and deliver mobile shopper marketing and analytics solutions for the business-to-consumer (B2C) marketplace leveraging mobile, social media, gamification and our intellectual property portfolio. We have developed a patented technology platform that enables brands and retailers to engage with shoppers when they are on the path-to-purchase products and services. Our technology also allows brands to leverage customer relationships and brand advocacy to increase brand loyalty and drive revenue through sharing and influencer marketing. We generate revenue from the mobile and cloud-based consumption of our technology platform, consulting/services fees, and licensing and/or enforcement of our patented technologies. Our intellectual property portfolio consists of four (4) US patents five (5) have been granted however, one is in appeal with the Federal Circuit as a result of the PTAB ruling in December 2014) and eleven (11) pending patent applications that generally cover methods and systems for communicating advertisements and electronic offers between mobile and desktop (peer-to-peer) communication devices. All of the patents and patent applications that cover the core of our business, *i.e.*, a System and Method for Peer-to-Peer Advertising Between Mobile Communication Devices , have been developed internally by our Founder and Chief Executive Officer, Andrew Levi, and our Director of Innovation, Bradley Bauer, and assigned to our wholly owned subsidiary, Blue Calypso, LLC. In September 2013, we acquired proprietary mobile gamification technology and subsequently applied for two additional patents based upon the enhancement and integration of this technology into our platform.

Our proprietary technology platform enables retailers to harness the power and adoption that today s mobile devices bring to the consumer shopping experience. We connect brands with store visitors when they are on the path-to-purchase and enable those customers to engage with, and redeem brand content as well as leverage their brand affinity across the most popular social media channels. Our platform tracks performance, monitors engagement, manages attribution and delivers robust, real-time analytics that provide acute insight regarding the adoption, performance and return on investment of product manufacturer and retailer promotions and location-based content. Our technology is designed to help brands target their marketing messages, attract new customers, increase awareness and drive product sales. For example, campaigns facilitated through our platform can encourage consumers to learn more about products, watch promotional videos about particular products, see product reviews and comparative pricing or click to buy products. All delivered through a highly engaging mobile kiosk or digital concierge type experience.

CORPORATE HISTORY

We were incorporated as a Nevada corporation on March 2, 2007 under the name JJ&R Ventures, Inc. On September 1, 2011, we entered into an Agreement of Merger and Plan of Reorganization with Blue Calypso Holdings, Inc., a

privately held Texas corporation and Blue Calypso Acquisition Corp., pursuant to which Blue Calypso Holdings, Inc. became our wholly-owned subsidiary and we succeeded to the business of Blue Calypso Holdings, Inc. as our sole line of business. We refer to this merger transaction as the reverse merger. On October 17, 2011, we reincorporated in the State of Delaware.

Our principal executive offices are located at 101 W. Renner Rd, Richardson, Texas 75082. Our telephone number is (800) 378-2297. Our website address is http://www.bluecalypso.com. Information on or accessed through our website is not incorporated into this prospectus and is not a part of this prospectus.

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OUR SOLUTIONS

We have developed four core products that form the basis of our technology platform: MOBILE ADVANTAGE™, KIOSENTRIX™, DASHTAGG®, and SOCIALECHO™. Additionally, we offer outsourced consulting and customized software development services through our Blue Calypso Labs (BC Labs) services.

MOBILE ADVANTAGE™ is our app-less retail-focused mobile shopper marketing platform. Mobile ADvantage provides retailers with an easy way of engaging with store visitors when they are on the path-to-purchase and ultimately drives more store visits and increases the purchase size while creating a higher degree of customer affinity and satisfaction.

KIOSENTRIX™ is our universal shopper mobile app. When a shopper enters a participating retailer location, KIOSentrixre-skins itself to the brand – like a digital chameleon . KIOSentrix includes an aggregated loyalty manager, price comparison tool, wish/shopping list manager and a high-quality QR code scanner. KIOSentrix is a consumer-facing companion to Mobile ADvantage which adds powerful features only possible with a true mobile app framework.

DASHTAGG® is our mobile gamification technology designed to enhance the experience that occurs when people attend physical events. DashTAGG is a unique social and mobile game of tag combined with a pseudo-scavenger hunt. The branded or sponsored challenge is designed to drive attendee behaviors while capturing pictures and videos of participating attendees as they engage in a fun challenge to tag each other by taking pictures.

SOCIALECHO™ allows brands to leverage their customers, employees and social media fans (collectively their advocates) to spread their brand content through their social networks. Our technology then tracks, monitors, and delivers real-time analytics on the full lifecycle of the syndication process including advocate attribution and content sentiment.

Blue Calypso Labs™***,*** or BC Labs, was launched in October 2013 to offer software development, innovation and related consulting services to clients. BC Lab s mission is to help clients develop unique software solutions that solve strategic business problems, focus on integrating our digital marketing and analytics technologies into various client applications as well as seek licensing revenue from our broad portfolio of intellectual property.

We intend to continue to develop new technology and expand on our intellectual property portfolio and product offerings to meet the needs of companies seeking to amplify their brand messages through social media networks.

COMPETITIVE STRENGTHS

Mobile shopper engagement, digital market awareness and branding through mobile and digital media is an extremely competitive and fragmented industry. Adequate protection of intellectual property, successful product development, adequate funding and retention of experienced personnel are critical to our success. We believe that we have the following strengths:

- ***Prominent Intellectual Property Position.*** We believe that our patents provide us with broad and comprehensive coverage for the electronic delivery of brand content and electronic offers on any electronic communication device. Our policy is to seek to protect our proprietary position by filing patent applications related to our proprietary technology and improvements that we believe are important to the development of our business. We also pursue companies that we believe are infringing on our intellectual property in order to protect our IP assets and our competitive position.
-

Extensive Knowledge and Experience in Product Advertising, Awareness and Branding. We believe that our management and personnel have extensive knowledge and experience in product advertising, digital marketing and awareness and branding which significantly adds to our competitive position.

Highly Customizable Platform. We have the ability to rapidly customize products to meet our client's needs.

- Our technology platform has evolved and matured as we have refined our go-to-market strategy and target market.

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OUR STRATEGY

We intend to continue innovating and will attempt to maximize the economic benefits of our intellectual property. We currently have two key areas of operation:

Development and Delivery of Mobile Shopper Engagement Solutions- We have developed a proprietary platform that enables brands to engage with shoppers when they are on the path-to-purchase in order to deliver a unique shopper experience, increase brand loyalty and drive revenue.

We believe that our strong intellectual property and our extensive experience in mobile technologies, affinity/advocacy, awareness and branding will enable us to continue to develop new products and services. We will execute on this strategy through a combination of: (i) Organic customer acquisition; (ii) Indirect customer acquisition through strategic partners such as IntegraColor, and; (iii) Through synergistic acquisitions.

Our direct to market approach includes aggressive market awareness through public relations, and digital and traditional marketing awareness such as mailings, calls, email campaigns, social media, trade show attendance, and industry association participation. Partnering with organizations that are part of the marketing supply chain who focus on our target market (multi-location brick-and-mortar retailers) gives us immediate access to and credibility with a portfolio of existing customers. Furthermore, by aligning with the right partners, our solutions become part of a larger program which drives revenue for our customers. These programs include our customer s branding, demand generation, marketing programs/campaigns, deals/offers/coupons, customer affinity programming and other initiatives already in existence with their brands. Finally, we expect to identify and pursue strategic acquisitions that help us grow our feature set, customer base, services capabilities, and our IP portfolio.

Maximization of the Economic Benefits of Our Intellectual Property– The Company was founded based on the opportunities created when the vision and opportunity for mobile adoption caused our founders to file our first patent in 2004. Since then we have expanded our portfolio and will continue to innovate and file for additional patent protection of our inventions. This IP portfolio is a very valuable asset and we have a duty to the company and to the shareholders to protect these assets. Therefore we will continue to identify and pursue those in the marketplace that are infringing our IP.

In summary, we have developed a proprietary platform that enables brands to engage with shoppers when they are on the path-to-purchase in order to deliver a unique shopper experience, increase brand loyalty and drive revenue. We believe that our strong intellectual property and our extensive experience in mobile technologies, awareness and branding will enable us to continue to develop new products and services.

We intend to expand our intellectual property portfolio through both internal development and acquisition. Our goal is to monetize our intellectual property through licensing and strategic partnerships.

MARKET OPPORTUNITY

We believe that as brands adapt to the changing media and content distribution landscape, they will place an increasing priority on the next frontier of mobile while leveraging social media networks, communities and digital properties. We believe that historical advertising media such as print, television and radio, and even Internet banner ads, are shifting at an increasing rate to mobile platforms and are generally exploring alternatives to traditional advertising techniques. Mobile platforms enable brands to put relevant content out to a more highly targeted buyer community, while encouraging branded and personal content syndication. In addition, mobile devices have become ubiquitous extensions of many target buyers and a critical part of the lifestyle of most generations. According to Telemetrics/xAd Mobile Path to Purchase Analysis 2014, 71% of Consumers who take secondary actions are looking

to make a purchase within the same day .

We believe that one of the most attractive characteristics of mobile consumers for advertisers is the opportunity for more accurate content targeting. Typical parameters include carrier, device type and mobile channel, with the possibility to add geo-location, behavioral, demographic and interest-based information (the latter two generally require user opt in) infused with a user s actual purchase history. For instance, mobile technology can enable relevant promotional offers and coupons to be delivered to shoppers phone while they are in the store. That level of personalization will likely affect purchase behavior. Also reported in the Telemetrics/xAd report Coupons and relevant targeting also motivate consumers to take further action.

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We also believe that peer-to-peer or friend-to-friend advertising (also known as influencer marketing) is the most powerful and effective form of communicating with consumers. According to eMarketer s October 24, 2014 report titled Millennials Social Shares Don t Stop with the Post , Two thirds of 18-34-year-olds were at least somewhat likely to make a purchase based on content shared by one of their peers on social. According to Nielsen as published in the Simply Measured report titled Influencer Marketing: Stats and Quotes You Need to Know by Lucy Hitz on June 18, 2014, 90% of consumers trust peer recommendations. Only 33% trust ads. We believe that this ability to share retail offers and product information in real-time with friends and family, makes mobile content delivery even more valuable. You are now able to combine great mobile-targeted content with word-of-mouth recommendations. Imagine your friend in a store sharing a promotional offer and saying look at the deal I just got.

Mobile marketing has the ability to connect brands with consumers on an intimate one-to-one basis, providing relevant information that is important to them when it interests them the most. While the sector is still in its infancy, we believe that brands, retailers, advertising executives, content publishers and technology enablers have high expectations regarding the potential of the mobile advertising market. We believe that our platform offers an effective tool for advertisers seeking to enter or expand their advertising presence in the mobile market, target specific customers with selected messages, and capitalize on the power of peer recommendations. In fact, according to an article published by eMarketer on January 5, 2015 titled In-Store Mobile Use Redefines Customer Service , a Deloitte study found that mobile devices used before or during in-store shopping trips converted or helped to convert nearly $600 billion in US in-store retail sales in 2013 or 19% of total brick-and-mortar sales.

RECENT DEVELOPMENTS

On June 26, 2015, we filed a Certificate of Amendment to our Certificate of Incorporation to effect a 50:1 reverse split of our common stock. The reverse split was effective in the market on July 2, 2015.

On July 20, 2015, we issued a senior convertible note with a principal amount of $550,000 (the July 2015 Note) for a purchase price of $500,000. The July 2015 is due one year from the issuance date.

On January 17, 2016, we are obligated to pay the lender interest equal to 10% of the then outstanding principal. At any time following this date, the July 2015 Note, including all accrued but unpaid interest, default interest and any applicable late charges thereon, shall be convertible at the option of the lender, at a conversion price equal to $7.6335 per share. The July 2015 Note may be prepaid at any time by us (i) in shares of our common stock at a 20% discount to the average of the three daily volume weighted average prices of our common stock for the prior three trading days (the Prepayment Price), provided that we are then and for a period prior thereto in compliance with certain equity conditions and/or (ii) in cash at a 120% premium to the amount then outstanding.

Upon the closing of a public offering yielding gross proceeds to us of at least $5 million, 50% of the note will convert into the public offering at a 20% discount to the purchase price paid by investors in the public offering, and we shall be required to repay the remaining 50% at a redemption price equal to 120% of the amount then outstanding from the proceeds of this offering.

On July 8, 2015 we attended the Markman Hearing in order to construe the claims of the patents, which are the subject of our ongoing intellectual property litigation. On July 14, 2015, the Court entered its Memorandum Opinion and Order regarding claim construction. In that Order, the Court analyzed eleven claim terms. The Court agreed with our proffered construction as to seven terms, chose its own construction as to three terms and agreed with defendants proffered construction as to only one term.

On various dates in June and July 2015, the Company attended mediation with Yelp, Groupon, IZEA and Foursquare. On August 17, 2015, we entered into a settlement agreement with IZEA, pursuant to which we settled all outstanding

litigation with IZEA. Under the Agreement, IZEA has agreed to pay us a royalty fee of 4.125% of revenue from IZEA s discontinued legacy platforms SocialSpark, Sponsored Tweets and WeReward.

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THE OFFERING

Issuer:
Blue Calypso, Inc.
Securities Offered:
1,383,197 units at $4.88 per unit based upon our last reported sales price on the OTCQB on August 26, 2015, each unit consisting of one share of common stock and warrant to purchase one share of common stock at the exercise price of $5.368 per share (or 110% of the price of each unit sold in this offering). The warrants will be exercisable [60] days subsequent to issuance and will expire 5 years after the issuance date.
Warrants we are offering
The warrants will terminate on the fifth anniversary of the date of issuance and have an exercise price of 110% of the offering price per unit. The warrants may be exercised by paying the exercise price in cash or, in lieu of payment of the exercise price in cash, by electing to receive a cash payment from us (subject to certain conditions not being met by the Company) equal to the Black Scholes Value (as defined on page 56 of this prospectus) of the number of shares the holder elects to exercise, which we refer to as the Black Scholes Payment; provided, that we have discretion as to whether to deliver the Black Scholes Payment or, subject to meeting certain conditions, to deliver a number of shares of our common stock determined according to a defined formula, referred to as the Cashless Exercise.
For additional information, see Warrants Issued in This Offering on page 55 of this prospectus.

Common Stock Outstanding Prior To Offering(1):
5,013,366 shares
Common Stock Outstanding After Offering(1):
6,467,004 shares (7,850,201 shares if the warrants being offered hereby are exercised in full).
Offering Price:
$4.88 for Unit, representing a price of $4.87 for the underlying share of common stock and $0.01 for the underlying warrant.
Underwriter s Over-Allotment Option:
We have agreed to grant the underwriter an option, exercisable within 45 days after the closing of this offering, to acquire up to an additional 15% of the total number of securities to be offered by us pursuant to this offering, solely for the purpose of covering over-allotments, if any.
Use of Proceeds:
We intend to use the net proceeds of this offering, which we expect to be approximately $5,707,500, for business development, working capital, and general corporate purposes. In addition, a portion of the proceeds will be utilized to repay some or all of our outstanding debt. See Use of Proceeds.
Dividend Policy:
We have not in the past and do not anticipate declaring or paying any cash dividends on our common stock following this offering.
Risk Factors:
Investing in the securities involves a high degree of risk. 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 7 of this prospectus before deciding whether or not to invest in shares of our common stock.
Trading Symbol:
The Company s common stock currently trades on the OTCQB under the symbol BCYP.
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Listing:
We have applied for listing of our common stock and our warrants on the Nasdaq Capital Market under the symbols BCYP and BCYPW , respectively. We make no representation that such application will be approved or that our common stock or warrants will trade on such market either now or at any time in the future.
Lock-up:
We, our directors and executive officers have agreed with the underwriter not to offer, issue, sell, contract to sell, encumber, grant any option for the sale of or otherwise dispose of any of our securities for a period of 180 days following the closing of the offering of the Shares. See Underwriting for more information.

(1) The number of shares of common stock outstanding excludes:
- 565,939 shares of common stock issuable upon the exercise of currently outstanding options;
- 313,205 shares of common stock available for future issuance under the Blue Calypso, Inc. 2011 Long-Term Incentive Plan;
- 220,913 shares of common stock issuable upon exercise of currently outstanding warrants.

(2) Unless otherwise stated all information contained in this prospectus reflects an assumed public offering price of $4.88 per share. The number of shares of common stock outstanding after the offering is based upon 5,013,366 shares outstanding as of August 26, 2015.

Unless otherwise specifically stated, all information in this prospectus assumes (i) no exercise of the underwriter s over-allotment option, and (ii) no exercise of outstanding stock options or warrants to purchase shares of our common stock

SUMMARY CONSOLIDATED FINANCIAL DATA

We derived the summary consolidated statements of operations data for fiscal years ended December 31, 2014 and 2013, respectively, and the summary consolidated balance sheet data as of December 31, 2014, from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the statements of operations data for the six months ended June 30, 2015 and 2014, respectively, and for the balance sheet data as of June 30, 2015 from our unaudited financial statements included elsewhere in this prospectus. The unaudited financial data include, in the opinion of our management, all adjustments, consisting of normal recurring adjustments which are necessary for a fair statement of our financial position and results of operations for these periods. Our historical results are not necessarily indicative of the results that may be expected in the future. The following summary consolidated financial data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included elsewhere in this prospectus. The following tables summarize certain of our consolidated financial data:

	Year ended December 31,		Six months ended June 30,	
	2014	2013	2015	2014
Summary Consolidated Statements of Operations Data:			(unaudited)	
Revenue	$ 759,889	$ 341,972	$ 225,214	$ 286,247
Cost of Revenue	412,225	142,755	99,777	144,793
Total Operating Expenses	6,930,485	5,872,313	1,428,655	2,727,907
Total Other Expense	(1,152,643)	(1,195,693)	(1,473)	(612,160)
Net Loss	$ (7,735,464)	$ (6,823,789)	$ (1,304,691)	$ (3,198,613)
Loss Per Share - Basic and Diluted	$ (1.80)	$ (2.36)	$ (0.26)	$ (0.78)
Weighted Avg. Shares Outstanding –	4,288,825	2,885,409	4,951,625	4,110,304

Basic and Diluted

Summary Consolidated Balance Sheet Data:	**As of June 30, 2015 (unaudited)**	**As of December 31, 2014**
Cash	$ 74,725	$ 1,103,201
Working Capital	(12,924)	1,058,727
Total Assets	$ 1,067,379	$ 2,121,819
Total Liabilities	215,179	262,226
Total Stockholders' Equity	852,200	1,859,593

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RISK FACTORS

An investment in the units involves significant risks, including the risks described below. You should consult with your own financial and legal advisers and carefully consider, among other matters, the risks set forth below as well as the risks described in our Annual Report on Form 10-K for the year ended December 31, 2014. You should carefully consider the risks described in that report and the other information in this prospectus before you make a decision to invest in the Shares. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. Any of the following risks could materially adversely affect our business, financial condition or results of operations. In such case, you may lose all or part of your original investment.

Risks Relating to our Business

We have a history of losses which may continue, which may negatively impact our ability to achieve our business objectives.

We incurred net losses of $7,735,464 and $6,823,789 for the years ended December 31, 2014 and 2013, respectively. For the six months ended June 30, 2015, we incurred a net loss of $1,304,691. We cannot assure you that we can achieve or sustain profitability on a quarterly or annual basis in the future. Our operations are subject to the risks and competition inherent in the establishment of a business enterprise in the relatively new and volatile market for product marketing and branding through social media communities. Revenues and profits, if any, will depend upon various factors, including whether we will be able to continue expansion of our revenue model. We may not achieve our business objectives and the failure to achieve such goals would have an adverse impact on us.

Our limited operating history makes it difficult to evaluate our current business and future prospects.

We are an early stage company and we have generated very limited revenue to date. To date, our business focuses on the development of our patented proprietary technology platform, through which we offer various shopper marketing, social media advertising and loyalty campaigns, and the assertion of our patents. Therefore, we not only have a very limited operating history, but also a limited track record of executing our business model which includes, among other things, creating, prosecuting, licensing, litigating or otherwise monetizing our patent assets. Our limited operating history and limited revenues generated to date make it difficult to evaluate our current business model and future prospects.

In light of the costs, uncertainties, delays and difficulties frequently encountered by companies in the early stages of development with minimal operating history, there is a significant risk that we will not be able to:

- implement or execute our current business plan, or demonstrate that our business plan is sound; and/or
- raise sufficient funds in the capital markets to effectuate our long-term business plan.

If we are unable to execute any one of the foregoing or similar matters relating to our operations, our business may fail.

Our independent registered public accounting firm's report contains an explanatory paragraph that expresses substantial doubt about our ability to continue as a going concern.

As of June 30, 2015, our accumulated deficit was $33,471,925. Primarily as a result of our recurring losses from operations, negative cash flows and our accumulated deficit, our independent registered public accounting firm has included in its report for the year ended December 31, 2014 an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. Our financial statements do not include any adjustments that might

result from the uncertainty regarding our ability to continue as a going concern. Our ability to continue as a going concern is contingent upon, among other factors, our ability to obtain sufficient financing to support our operations. If we are not able to obtain sufficient financing to support our operations, we may be forced to limit or cease our operations. If we cannot continue as a going concern, our stockholders may lose all or a portion of their investment in the Company. There can be no assurance that the amounts, if any, raised on this offering will be sufficient to meet the near term needs of the Company.

The markets that we are targeting for revenue opportunities may change before we can access them.

The markets for traditional Internet and mobile web products and services that we target for revenue opportunities change rapidly and are being pursued by many other companies. Further, the barriers to entry are relatively low. Therefore, we cannot provide assurance that we will be able to realize our targeted revenue

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opportunities before they change or before other companies dominate the market. With the introduction of new technologies and the influx of new entrants to the market, we expect competition to persist and intensify in the future, which could harm our ability to increase sales, limit client attrition and maintain our prices.

We operate within a highly competitive and complex market, which could have an adverse effect on our business.

Technology for retail, product advertising, marketing, awareness and branding is an extremely competitive and fragmented industry. The industry can be significantly affected by many factors, including changes in local, regional, and national economic conditions, changes in consumer preferences, brand name recognition, marketing and the development of new and competing products or technologies. We expect that existing businesses that compete with us and have greater financial resources will be able to undertake more extensive marketing campaigns and more aggressive advertising strategies than us, thereby generating more attention to their companies. These competitive pressures could have a material adverse effect on our business, prospects, financial condition, and results of operations.

We are presently exclusively reliant on a limited number of patented technologies.

We derive substantially all of our revenue from a relatively small number of key technologies. As new technological advances occur, many of our patented technologies may become obsolete before they are completely monetized. If we are unable to monetize our current patent assets for any reason, including obsolescence of our technology, the expiration of our patents or any other reason, we may be unable to acquire additional assets. If this occurs, our business and prospects would be materially harmed.

Any failure to protect or enforce our patent or other intellectual property rights could significantly impair our business.

Our ability to successfully operate our business depends largely on the validity and enforceability of our patent rights and the relevance of our patent rights to commercially viable products or services. Third parties have challenged, and we expect will continue to challenge, the infringement, validity and enforceability of certain of our patents. In some instances, our patent claims could be substantially narrowed or declared invalid, unenforceable, not essential or not infringed. We cannot assure you that the validity and enforceability of our patents will be maintained or that our patent claims will be applicable to any particular product or service. In addition, the U.S. Patent and Trademark Office, or the USPTO, could invalidate or render unenforceable our current or future patents (if any) or materially narrow the scope of their claims during the course of a re-examination. Any significant adverse finding as to the validity, enforceability or scope of certain of our patents and/or any successful design around certain of our patents could materially and adversely affect our ability to secure future settlements or licenses on beneficial terms, if at all, and otherwise harm our business.

On December 17, 2014, the Patent Trial and Appeal Board issued final decisions in Covered Business Method Review proceedings CBM2013-00035, CBM2013-00033, CBM2013-00046 and CBM2013-00044. In each case, certain claims of each patent were held to be invalid for various reasons. With respect to the ‘516, ‘679, ‘055 and ‘646 patents, many of the claims survived and the patents remain enforceable. All of the claims of the ‘670 patent were held invalid. The Company has appealed each of the final decisions to the United States Federal Circuit Court of Appeals. A decision on those appeals is expected sometime in early 2016.

The value of our patent assets may decline.

We will likely be required to spend significant time and resources to maintain the effectiveness of our issued patents by paying maintenance fees and making filings with the USPTO as well as prosecuting our patent applications. In the

future, we may acquire patent assets, including patent applications, which require us to spend resources to prosecute the applications with the USPTO.

Despite efforts to protect our intellectual property rights, any of the following or similar occurrences may reduce the value of our intellectual property:

- our applications for patents may not be granted and, if granted, may be challenged or invalidated. If we were to lose additional claims from our issued patents due to invalidity or other possible legal event our ability to protect our business against competition would be reduced and possibly eliminated. Additionally, if we are unsuccessful at our pursuit of additional patent protection for new innovations we will not be able to prevent competitors from entering our space.

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- issued patents may not provide us with any competitive advantages versus potentially infringing parties. If
- the court finds that our patents do not cover key features employed by our competition then our patents will not be effective against our competition.
- our efforts to protect our intellectual property rights may not be effective in preventing misappropriation of our technology; or
- our efforts may not prevent the development and design by others of products or technologies similar to or competitive with, or superior to those we acquire and/or prosecute. If our competition is able to engineer around our patents we will not be successful in asserting our patents against them.

Moreover, we may not be able to effectively protect our intellectual property rights in certain foreign countries where we may do business in the future or where competitors may operate. All of our issued patents today are valid only in the United States – we have no international patent protection. If we fail to maintain, defend or prosecute our patent assets properly, the value of those assets would be reduced or eliminated, and our business would be harmed.

We commenced legal proceedings against several companies and we expect such proceedings to be time-consuming and expensive, which may adversely affect our ability to operate our business.

We commenced legal proceedings against certain daily deal, social promotion and check-in applications (including Groupon, LivingSocial, Yelp, IZEA, MyLikes, and Foursquare), pursuant to which we alleged that such companies infringe on our patents. All of these defendants have substantially more resources than we do, which could make our litigation efforts more difficult. We reached settlement in our patent infringement disputes with MyLikes in July 2013 and with LivingSocial in August 2013. On August 17, 2015, we entered into a settlement agreement with IZEA, pursuant to which we settled all outstanding litigation with IZEA. Under the Agreement, IZEA has agreed to pay us a royalty fee of 4.125% of revenue from IZEA s discontinued legacy platforms SocialSpark, Sponsored Tweets and WeReward.

We anticipate that certain of our ongoing legal proceedings may continue for several years and will require significant attention from our senior management. Disputes regarding the assertion of patents and other intellectual property rights are highly complex and technical. Once initiated, we may be forced to litigate against others to enforce or defend our intellectual property rights or to determine the validity and scope of other parties proprietary rights. The defendants or other third parties involved in the lawsuits in which we are involved may allege defenses and/or file counterclaims in an effort to avoid or limit liability and damages for patent infringement. If such defenses or counterclaims are successful, they may preclude our ability to derive licensing revenue from the patents. A negative outcome of any such litigation, or one or more claims contained within any such litigation, could materially and adversely impact our business. Such litigation is often expensive and associated costs may adversely affect our ability to operate our business. Our failure to monetize our patent assets could significantly harm our business and financial position.

While we believe that the patents we own are being infringed by certain leading daily deal, social promotion and check-in applications, there is a risk that a court will find the patents invalid, not infringed or unenforceable and/or that the U.S. Patent Office (USPTO) will either invalidate the patents or materially narrow the scope of their claims during the course of a re-examination. In addition, even with a positive trial court verdict, the patents may be invalidated, found not infringed or rendered unenforceable on appeal. This risk may occur either presently or from time to time in connection with future litigations we may bring. If this were to occur, it could have a material adverse effect on the viability of our company and our operations.

We believe that there are companies that have, and continue to, infringe our patents, but actually obtaining and collecting a judgment against such companies may be difficult or impossible. Patent litigation is inherently risky and the outcome is uncertain. Some of the parties we believe infringe on our patents are large and well-financed companies with substantially greater resources than ours. We believe that these parties would devote a substantial

amount of resources in an attempt to avoid or limit a finding that they are liable for infringing our patents or, in the event liability is found, to avoid or limit the amount of associated damages. In addition, there is a risk that these parties may file re-examinations or other proceedings with the USPTO or other government agencies in an attempt to invalidate, narrow the scope or render unenforceable the patents we own.

Moreover, in connection with any of our present or future patent enforcement actions, it is possible that a defendant may request and/or a court may rule that we violated statutory authority, regulatory authority, federal rules, local court rules, or governing standards relating to the substantive or procedural aspects of such enforcement actions.

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In such event, a court may issue monetary sanctions against us or our operating subsidiaries or award attorneys fees and/or expenses to one or more defendants, which could be material, and if we or our subsidiaries are required to pay such monetary sanctions, attorneys fees and/or expenses, such payment could materially harm our operating results and financial position.

In addition, it is difficult in general to predict the outcome of patent enforcement litigation at the trial or appellate level. There is a higher rate of appeals in patent enforcement litigation than standard business litigation. The defendants in any patent action we bring in the United States may file an appeal to the Court of Appeals to the Federal Circuit and possibly in the United States Supreme Court. Such appeals are expensive and time-consuming, and the outcomes of such appeals are sometimes unpredictable, resulting in increased costs and reduced or delayed revenue.

Finally, we believe that the more prevalent patent enforcement actions become, the more difficult it will be for us to license our patents without engaging in litigation. As a result, we may need to increase the number of our patent enforcement actions to cause infringing companies to license the patent or pay damages for lost royalties. This will adversely affect our operating results due to the high costs of litigation and the uncertainty of the results.

Trial judges and juries often find it difficult to understand complex patent enforcement litigation, and as a result, we may need to appeal adverse decisions by lower courts in order to successfully enforce our patents.

It is difficult to predict the outcome of patent enforcement litigation at the trial level. It is often difficult for juries and trial judges to understand complex, patented technologies, and as a result, there is a higher rate of successful appeals in patent enforcement litigation than more standard business litigation. Such appeals are expensive and time consuming, resulting in increased costs and delayed revenue. Although we will diligently pursue enforcement litigation, we cannot predict with significant reliability the decisions made by juries and trial courts.

Federal courts are becoming more crowded, and as a result, patent enforcement litigation is taking longer.

Federal trial courts that hear our patent enforcement actions also hear criminal cases. Criminal cases always take priority over patent enforcement actions. As a result, it is difficult to predict the length of time it will take to complete an enforcement action. Moreover, we believe there is a trend in increasing numbers of civil lawsuits and criminal proceedings before federal judges, and as a result, we believe that the risk of delays in our patent enforcement actions will have a greater effect on our business in the future unless this trend changes.

If a court finds that any of our patents are invalid or narrows their scope over the course of a re-examination or we are otherwise unable to protect our proprietary rights, our ability to competitively conduct our business will be adversely effected.

We rely on our proprietary rights to deliver our platform. To protect our proprietary rights, we rely on a combination of patent and trade secret laws, confidentiality agreements, and protective contractual provisions. Despite these efforts, our patents and intellectual property relating to our business may not provide us with adequate protection of our platform or any competitive advantages.

Our five issued patents may be subject to challenge and possibly invalidated by third parties. Changes in either the patent laws or in the interpretations of patent laws in the United States or other countries may diminish the value of our intellectual property.

We own nine pending patent applications in the United States. We cannot assure that these patent applications will be issued, in whole or in part, as patents. Patent applications in the United States are maintained in secrecy until the patents are published or issued. Since publication of discoveries in the scientific or patent literature tends to lag behind

actual discoveries by several months, we cannot be certain that we are the first creator of the inventions covered by pending patent applications.

The status of patents involves complex legal and factual questions and the breadth of claims allowed is uncertain. Accordingly, we cannot be certain that the patent applications that we file will actually afford protection against competitors with similar technology. Others may independently develop similar or alternative products and technologies that may be outside the scope of our intellectual property. In addition, patents issued to us may be infringed upon or designed around by others and others may obtain blocking patents that we need to license or design around, either of which would increase costs and may adversely affect our operations.

Further, effective protection of intellectual property rights may be unavailable or limited in some foreign countries. Our inability to adequately protect our proprietary rights would have an adverse impact on our ability to competitively market our platform on a world-wide basis.

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We also rely on trade secrets law to protect our technology. Trade secrets, however, are difficult to protect. While we believe that we use reasonable efforts to protect our trade secrets, our or our strategic partners employees, consultants, contractors or advisors may unintentionally or willfully disclose our information to competitors. We seek to protect this information, in part, through the use of non-disclosure and confidentiality agreements with employees, consultants, advisors, and others. However, these agreements may be breached and we may not have adequate remedies for a breach. In addition, we cannot ensure that those agreements will provide adequate protection for our trade secrets, know-how or other proprietary information or prevent their unauthorized use or disclosure.

If our trade secrets become known to competitors with greater experience and financial resources, the competitors may copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. If we were to prosecute a claim that a third party had illegally obtained and was using our trade secrets, it could be expensive and time consuming and the outcome could be unpredictable. In addition, courts outside the United States are sometimes less willing to protect trade secrets than courts in the United States. Moreover, if our competitors independently develop equivalent knowledge, we would lack any contractual claim to this information, and our business could be harmed.

To the extent that consultants and key employees apply technological information independently developed by them or by others to our potential products, disputes may arise as to the proprietary rights of the information, which may not be resolved in our favor. Consultants and key employees that work with our confidential and proprietary technologies are required to assign all intellectual property rights in their discoveries to us. However, these consultants and key employees may terminate their relationship with us, and we cannot preclude them indefinitely from dealing with our competitors.

We may seek to internally develop additional new inventions and intellectual property, which would take time and would be costly. Moreover, the failure to obtain or maintain intellectual property rights for such inventions could lead to the loss of our investments in such activities.

Members of our management team have significant experience as inventors. As such, part of our business may include the internal development of new inventions or intellectual property that we will seek to monetize. However, this aspect of our business would likely require significant capital and would be time consuming. Such activities could also distract our management team from its present business initiatives, which could have a material and adverse effect on our business. There is also the risk that our initiatives in this regard would not yield any viable new inventions or technology, which would lead to a loss of our investments in time and resources in such activities.

In addition, even if we are able to internally develop new inventions, in order for those inventions to be viable and to compete effectively, we would need to develop and maintain a proprietary position with respect to such inventions and intellectual property. However, there are significant risks associated with any such intellectual property we may develop principally including the following:

- patent applications we file may not result in issued patents or may take longer than we expect to result in issued patents;
- we may be subject to interference proceedings;
- we may be subject to opposition proceedings in the U.S. or foreign countries;
- any patents that are issued to us may not provide meaningful protection;
- we may not be able to develop additional proprietary technologies that are patentable;
- other companies may challenge patents issued to us;
- other companies may have independently developed and/or patented (or may in the future independently develop and patent) similar or alternative technologies, or duplicate our technologies;
- other companies may design around technologies we have developed; and

- enforcement of our patents would be complex, uncertain and very expensive.

We cannot be certain that patents will be issued as a result of any future applications, or that any of our patents, once issued, will provide us with adequate protection from competing products. For example, issued patents may be circumvented or challenged, declared invalid or unenforceable, or narrowed in scope. In addition, since publication of discoveries in scientific or patent literature often lags behind actual discoveries, we cannot be certain that we will

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be the first to make our additional new inventions or to file patent applications covering those inventions. It is also possible that others may have or may obtain issued patents that could prevent us from commercializing our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. As to those patents that we may license or otherwise monetize, our rights will depend on maintaining our obligations to the licensor under the applicable license agreement, and we may be unable to do so. Our failure to obtain or maintain intellectual property rights for our inventions would lead to the loss of our investments in such activities, which would have a material and adverse effect on our company.

Moreover, patent application delays could cause delays in recognizing revenue from our internally generated patents and could cause us to miss opportunities to license patents before other competing technologies are developed or introduced into the market.

We could become involved in intellectual property disputes that create a drain on our resources and could ultimately impair our assets.

We do not knowingly infringe on any patents, copyrights or other intellectual property rights owned by other parties; however, in the event of an infringement claim, we may be required to spend a significant amount of money to defend a claim, develop a non-infringing alternative or to obtain licenses. We may not be successful in developing such an alternative or obtaining licenses on reasonable terms, if at all. Any litigation, even if without merit, could result in substantial costs and diversion of our resources and could materially and adversely affect our business and operating results.

Third-party intellectual property rights in our field are complicated and continuously evolving. We have not performed searches for third-party intellectual property rights that may raise freedom-to-operate issues, and we have not obtained legal opinions regarding commercialization of our potential products. As such, there may be existing patents that may affect our ability to commercialize our potential products.

In addition, because patent applications are published up to 18 months after their filing, and because applications can take several years to issue, there may be currently pending third-party patent applications that are unknown to us, which may later result in issued patents that result in challenges to our use of intellectual property.

If a third party claims that we infringe on its patents or other proprietary rights, we could face a number of issues that could seriously harm our competitive position, including:

- infringement claims, with or without merit, which can be costly and time consuming to litigate, delay any regulatory approval process and divert management’s attention from our core business strategy;
- substantial damages for past infringement, which we may have to pay if a court determines that our products or technologies infringe upon a competitor’s patent or other proprietary rights; and
- a court order prohibiting us from commercializing our potential products or technologies unless the holder licenses the patent or other proprietary rights to us, which such holder is not required to do.

Future competitive technology for advertising, branding and awareness campaigns in the mobile device market may render our technology obsolete.

Newer technology may render our technology obsolete which would have a material adverse effect on our business and results of operations. In addition, in order to adapt to new technology, we may be required to collaborate with third parties to develop and deploy our services, and we may not be able to do so on a timely and cost-effective basis, if at all.

New legislation, regulations or court rulings related to enforcing patents could harm our business and operating results.

If Congress, the USPTO or courts implement new legislation, regulations or rulings that impact the patent enforcement process or the rights of patent holders, these changes could negatively affect our business model. For example, limitations on the ability to bring patent enforcement claims, limitations on potential liability for patent infringement, lower evidentiary standards for invalidating patents, increases in the cost to resolve patent disputes and other similar developments could negatively affect our ability to assert our patent or other intellectual property rights.

Recently, United States patent laws were amended with the enactment of the Leahy-Smith America Invents Act, or the America Invents Act, which took effect on March 16, 2013. The America Invents Act includes a number of

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significant changes to U.S. patent law. In general, the legislation attempts to address issues surrounding the enforceability of patents and the increase in patent litigation by, among other things, establishing new procedures for patent litigation. For example, the America Invents Act changes the way that parties may be joined in patent infringement actions, increasing the likelihood that such actions will need to be brought against individual parties allegedly infringing by their respective individual actions or activities. At this time, it is not clear what, if any, impact the America Invents Act will have on the operation of our enforcement business. However, the America Invents Act and its implementation could increase the uncertainties and costs surrounding the enforcement of our patented technologies, which could have a material adverse effect on our business and financial condition.

On December 5, 2013, the United States House of Representatives passed a patent reform titled the Innovation Act by a vote of 325-91. Representative Bob Goodlatte, with bipartisan support, introduced the Innovation Act on October 23, 2013. The Innovation Act, as passed by the House, has a number of major changes. Some of the changes include a heightened pleading requirement for the filing of patent infringement claims. It requires a particularized statement with detailed specificity regarding how each asserted claim term corresponds to the functionality of each accused instrumentality. The Innovation Act, as passed by the House, also includes fee-shifting provisions which provide that, unless the non-prevailing party of a patent infringement litigation positions were objectively reasonable, such non-prevailing party would have to pay the attorney s fees of the prevailing party.

The Innovation Act also calls for discovery to be limited until after claim construction. The patent infringement plaintiff must also disclose anyone with a financial interest in either the asserted patent or the patentee and must disclose the ultimate parent entity. When a manufacturer and its customers are sued at the same time, the suit against the customer would be stayed as long as the customer agrees to be bound by the results of the case.

On April 29, 2014, the U.S. Supreme Court relaxed the standard for fee shifting in patent infringement cases. Section 285 of the Patent Act provides that attorneys fees may be awarded to a prevailing party in a patent infringement case in exceptional cases.

In *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, the Supreme Court overturned the U.S. Court of Appeals for the Federal Circuit decisions limiting the meaning of exceptional cases. The U.S. Supreme Court held that an exceptional case is simply one that stands out from others with respect to the substantive strength of a party s litigation position or the unreasonable manner in which the case was litigated. The U.S. Supreme Court also rejected the clear and convincing evidence standard for making this inquiry. The Court held that the standard should a preponderance of the evidence.

In *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, the U.S. Supreme Court held that a district court s grant of attorneys fees is reviewable by the U.S. Court of Appeals for the Federal Circuit only for abuse of discretion by the district court instead of the *de novo* standard that gave no deference to the district court.

This pair of decisions lowered the threshold for obtaining attorneys fees in patent infringement cases and increased the level of deference given to a district court s fee-shifting determination.

These two cases will make it much easier for district courts to shift a prevailing party s attorneys fees to a non-prevailing party if the district court believes that the case was weak or conducted in an abusive manner. Defendants that get sued for patent infringement by non-practicing entities may elect to fight rather than settle the case because these U.S. Supreme Court decisions make it much easier for defendants to get attorneys fees.

On June 19, 2014, the U.S. Supreme Court decided *Alice Corp. v. CLS Bank International* in which the Court addressed the question of whether patents related to software are patent eligible subject matter. The Supreme Court did not rule that patents related to software were *per se* invalid or that software-related inventions were unpatentable.

The Supreme Court outlined a test that the courts and the USPTO must apply in determining whether software-related inventions qualify as patent eligible subject matter. We must now wait and see how the federal district courts and the USPTO will apply this ruling. The test outlined by the Supreme Court could potentially affect the value of some of the patents we hold.

On December 16, 2014, the USPTO published a new set of guidelines directed at its patent examiners in response to solicited and received feedback from the public. The guidelines significantly changed what examiners can and cannot consider patent eligible material in applications based on recent Court decisions. The guidelines summarize recent court decisions with explanations of the facts, and include a discussion of claims and how to apply them to similar situations moving forward. Because the guidelines are new, it is difficult to foresee with clarity how they will be applied.

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On February 5, 2015 House Judiciary Committee Chairman Bob Goodlatte (R-Va.) reintroduced a patent reform bill, now called the *Innovation Act of 2015*. The bill, as introduced, includes the following provisions:

- Heightened pleading requirements – A patent holder filing an infringement suit, at the time of filing, must include a set of infringement charts showing how *each limitation* of *each asserted claims* in *each asserted patent* is found within *each accused product* or instrumentality.
- Presumption of attorney fees – A court would be required to award attorney fees and other expenses to the prevailing party unless a judge finds the position and conduct of the nonprevailing reasonably justified in law and fact or under special circumstances.
- IPR claim construction – The USPTO would be required to construe claims in post-issuance reviews in the same manner as a district court.
- Discovery limits – Discovery in litigation would be limited until after a claim construction ruling.
- Willful infringement – Can lead to treble damages.
- Transparency of ownership – The patent owner must disclose the ultimate parent entity of any assignee of the patent.
- Stay of customer suits – In limited cases, the courts will stay customer lawsuits when the manufacturing of the accused product steps up to challenge the patent.
- Foreign Bankruptcy – The bill would stop the practice of a bankruptcy executor canceling US IP licenses in foreign bankruptcies.
- Codifying double patenting – The proposal would allow prior filings by overlapping inventors to count as prior art unless a terminal disclaimer is filed.

The bill is not yet law, but enjoys wide support in both houses and may soon become law.

Further, and in general, it is impossible to determine the extent of the impact of any new laws, regulations or initiatives that may be proposed, or whether any of the proposals will become enacted as laws. Compliance with any new or existing laws or regulations could be difficult and expensive, affect the manner in which we conduct our business and negatively impact our business, prospects, financial condition and results of operations.

Our dependence on the continued growth in the use of the web and mobile smartphone networking could adversely affect our results of operations.

Our business depends on consumers continuing to increase their use of the mobile smartphone for social networking, to obtain product content, reward type offers as well as for conducting commercial transactions. The rapid growth and use of the smartphone as an information conduit is a relatively recent phenomenon. As a result, the acceptance and use of smartphones may not continue to develop at historical rates. Mobile web usage may be inhibited for a number of reasons, such as inadequate network infrastructure, security concerns, and inconsistent quality of service and availability of cost-effective, high-speed service or smart mobile devices.

If mobile web usage grows, the mobile Internet infrastructure may not be able to support the demands placed on it by this growth or its performance and reliability may decline. In addition, websites and mobile networks have experienced interruptions in their service as a result of outages and other delays occurring throughout the Internet and mobile network infrastructure. If these outages and delays occur frequently in the future, web usage, as well as usage of our website, could grow more slowly or decline, which could adversely affect our results of operations.

Difficulty accommodating increases in the number of users of our services and Internet service problems outside of our control ultimately could result in the reduction of users.

Our website must accommodate a high volume of traffic and deliver frequently updated information. Our website may in the future experience slower response times or other problems for a variety of reasons. In addition, our website

could experience disruptions or interruptions in service due to the failure or delay in the transmission or receipt of this information. In addition, our users depend on Internet service providers, online service providers and other website operators for access to our website. Each of them has experienced significant outages in the past, and could experience outages, delays and other difficulties due to system failures unrelated to our systems.

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Given our early stage of development, we are still developing our regulatory compliance program and our failure to comply with existing and future regulatory requirements could adversely affect our business, results of operations and financial condition.

Aspects of the digital marketing and advertising industry and how our business operates are highly regulated. We are subject to a number of domestic and, to the extent our operations are conducted outside the U.S., foreign laws and regulations that affect companies conducting business on the Internet and through other electronic means, many of which are still evolving and could be interpreted in ways that could harm our business. In particular, we are subject to rules of the FTC, the Federal Communications Commission (FCC) and potentially other federal agencies and state laws related to our advertising content and methods, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, or CAN-SPAM Act, which establishes certain requirements for commercial electronic mail messages and specifies penalties for the transmission of commercial electronic mail messages that follow a recipient s opt-out request or are intended to deceive the recipient as to source or content, federal and state regulations covering the treatment of member data that we collect from endorsers.

U.S. and foreign regulations and laws potentially affecting our business are evolving frequently. We are, and will continue to update and improve our regulatory compliance features and functionality, and we will need to continue to identify and determine how to effectively comply with all the regulations to which we are subject now or in the future. If we are unable to identify all regulations to which our business is subject and implement effective means of compliance, we could be subject to enforcement actions, lawsuits and penalties, including but not limited to fines and other monetary liability or injunction that could prevent us from operating our business or certain aspects of our business. In addition, compliance with the regulations to which we are subject now or in the future may require changes to our products or services, restrict or impose additional costs upon the conduct of our business or cause users to abandon material aspects of our services. Any such action could have a material adverse effect on our business, results of operations and financial condition.

Existing federal, state and foreign laws regulating email and text messaging marketing practices impose certain obligations on the senders of commercial emails and text messages, which could minimize the effectiveness of our on-demand software or increase our operating expenses to the extent financial penalties are triggered.

The CAN-SPAM Act, establishes certain requirements for commercial email messages and specifies penalties for the transmission of commercial email messages that are intended to deceive the recipient as to source or content. The CAN-SPAM Act, among other things, obligates the sender of commercial emails, and someone who initiates commercial emails, to provide recipients with the ability to opt out of receiving future emails from the sender. In addition, some states have passed laws regulating commercial email practices that are significantly more punitive and difficult to comply with than the CAN-SPAM Act, particularly Utah and Michigan, which have enacted do-not-email registries listing minors who do not wish to receive unsolicited commercial email that markets certain covered content, such as adult content or content regarding harmful products. Some portions of these state laws may not be preempted by the CAN-SPAM Act. We, our clients and our client's consumers/brand advocates may all be subject to various provisions of the CAN-SPAM Act. If we are found to be subject to the CAN-SPAM Act, we may be required to change one or more aspects of the way we operate our business, including by eliminating the option for endorsers to send emails containing our advertisers messages or by not allowing endorsers to receive compensation directly or indirectly as a result of distributing emails containing our advertisers messages.

If we were found to be in violation of the CAN-SPAM Act, other federal laws, applicable state laws not preempted by the CAN-SPAM Act, or foreign laws regulating the distribution of commercial email, whether as a result of violations by our endorsers or any determination that we are directly subject to and in violation of these requirements, we could be required to pay penalties, which would adversely affect our financial performance and significantly harm our reputation and our business.

Security breaches and other disruptions could compromise our information and expose us to liability, which could cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our endorsers, and personally identifiable information of our endorsers and employees in our data center and on our network. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our network and the information stored there

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could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of information, disrupt our operations and the services we provide to customers, and damage our reputation, which could adversely affect our business, revenues and competitive position.

We could be subject to enforcement action or civil liability under federal and state law regarding privacy and the use and sharing of personal information.

Our business model includes the collection of certain personal information from our endorsers. Federal and state privacy laws regulate the circumstances under which we may use or share this information. We take steps to ensure our compliance with these laws, and we take steps to ensure compliance by those with whom we share personal information through non-disclosure agreements and contract provisions. Nonetheless, we may be subject to federal or state governmental enforcement action or civil litigation for improper use or sharing of personal identifying information. This risk could result in substantial costs to our business and materially and adversely affect our business and operating results. Further, if any party overcomes our physical, electronic, and procedural safeguards implemented to protect personal information, we may be subject to federal or state governmental enforcement action or civil litigation for inadequately protecting personal identifying information.

Our business method relies heavily on circulating endorsements, including through social media, which if conducted improperly, could subject our business to liability under Federal Trade Commission regulations.

The FTC adopted Guides Concerning the Use of Endorsements and Testimonials in Advertising, or Guides, on October 5, 2009. The Guides recommend that advertisers and publishers clearly disclose in third-party endorsements made online, such as in social media, if compensation was received in exchange for said endorsements. Because our business connects endorsers and advertisers, relies on endorsers sharing their brand endorsements within their digital social circles, and both we and endorsers may earn cash and other incentives, the Guides are relevant to our business.

We are currently taking several steps to ensure that our endorsers or other appropriate language indicate in social media posts that compensation or incentives are being provided to the endorsers. First, the media content provided to endorsers includes the phrase paid or ad. Our system generally provides for endorsers to post advertising content on social media in the exact form provided. An endorser would have to take steps to individually modify the content provided in order to delete the phrase paid or ad. Second, when registering as endorsers with us, endorsers are required to agree to abide by the terms and conditions regarding the use of our website and mobile platform. These terms and conditions specifically require compliance with the FTC Guides regarding paid endorsements, and contain other, general prohibitions against deceptive posts. The terms and conditions also allow us to terminate an endorser s access to the system at any time for non-compliance with the terms and conditions, and it is our policy to terminate the accounts of endorsers for noncompliance with the Guides. Nonetheless, the FTC could potentially identify a violation of the Guides, which could subject us to a financial penalty or loss of endorsers or advertisers.

Risks Relating to Our Common Stock

We have not paid dividends in the past and do not expect to pay dividends in the future. Any return on investment may be limited to the value of our common stock.

We have never paid cash dividends on our common stock and do not anticipate doing so in the foreseeable future. The payment of dividends on our common stock will depend on earnings, financial condition and other business and economic factors affecting us at such time as our board of directors may consider relevant. If we do not pay dividends, our common stock may be less valuable because a return on your investment will only occur if our stock price appreciates.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

There may be risks associated with us becoming public through a reverse merger with a shell company. Although the shell company did not have recent or past operations or assets and we performed a due diligence review of the shell company, there can be no assurance that we will not be exposed to undisclosed liabilities resulting from the prior operations of the shell company. Securities analysts of major brokerage firms and securities institutions may also not provide coverage of us because there were no broker-dealers who sold our stock in a public offering that

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would be incentivized to follow or recommend the purchase of our common stock. The absence of such research coverage could limit investor interest in our common stock, resulting in decreased liquidity. No assurance can be given that established brokerage firms will, in the future, want to cover our securities or conduct any secondary offerings or other financings on our behalf.

The public trading market for our common stock is volatile and may result in higher spreads in stock prices, which may limit the ability of our investors to sell their securities at a profit, if at all.

Our common stock trades in the over-the-counter market and is quoted on the Over-the-Counter Markets on the OTCQB. The over-the-counter market for securities has historically experienced extreme price and volume fluctuations during certain periods. These broad market fluctuations may adversely affect the market price of our common stock and result in substantial losses to our investors. In addition, the spreads on stock traded through the over-the-counter market are generally unregulated and higher than on national stock exchanges, which means that the difference between the price at which shares could be purchased by investors in the over-the-counter market compared to the price at which they could be subsequently sold would be greater than on these exchanges. Significant spreads between the bid and asked prices of the stock could continue during any period in which a sufficient volume of trading is unavailable or if the stock is quoted by an insignificant number of market makers. Historically our trading volume has been insufficient to significantly reduce this spread and we have had a limited number of market makers sufficient to affect this spread. These higher spreads could adversely affect investors who purchase the shares at the higher price at which the shares are sold, but subsequently sell the shares at the lower bid prices quoted by the brokers. Unless the bid price for the stock exceeds the price paid for the shares by the investor, plus brokerage commissions or charges, the investor could lose money on the sale. For higher spreads such as those on over-the-counter stocks, this is likely a much greater percentage of the price of the stock than for exchange listed stocks. There is no assurance that at the time an investor in our common stock wishes to sell the shares, the bid price will have sufficiently increased to create a profit on the sale.

We do not know whether a market for our common stock will be sustained or what the market price of our common stock will be and as a result it may be difficult for you to sell your shares of our common stock.

Although our common stock now trades on the OTCQB, an active trading market for our shares may not be sustained. It may be difficult for our stockholders to sell their shares without depressing the market price for our shares or at all. As a result of these and other factors, our stockholders may not be able to sell their shares. Further, an inactive market may also impair our ability to raise capital by selling shares of our common stock and may impair our ability to enter into strategic partnerships or acquire companies or products by using our shares of common stock as consideration. Although we have applied for the listing of our common stock and warrants on the Nasdaq Capital Market, an active trading market for our common stock may never develop or may not be sustained if one develops. If an active market for our common stock does not develop or is not sustained, it may be difficult for our stockholders to sell shares of our common stock.

There is no guarantee that our common stock will be listed on the Nasdaq Capital Market.

We have applied to have our shares of common stock and warrants listed for trading on the Nasdaq Capital Market. Upon completion of this offering, we believe that we will satisfy the listing requirements and expect that our common stock and warrants will be listed on the Nasdaq Capital Market. Such listing, however, is not guaranteed. If the application is not approved, our common stock will continue to be quoted on the OTCQB. Even if such listing is approved, there can be no assurance any broker will be interested in trading our common stock. Therefore, it may be difficult to sell any shares you purchase in this offering if you desire or need to sell them.

Speculative nature of warrants.

The Warrants offered do not confer any rights of common stock ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire shares of common stock for a limited period of time. Specifically, each Warrant is exercisable for one share of common stock at an initial cash exercise price of 110% of the per share offering price or, in lieu of paying the exercise price in cash, holders may elect a cashless exercise whereby the holder would receive a number of shares equal to the Black Scholes Value (as defined herein). The Warrants will be exercisable at any time commencing 60 days after the Issuance Date. The Warrants will expire on the fifth anniversary of the Issuance Date after which time they would have no further value. For additional information, see Warrants Issued in This Offering on page 56 of this prospectus. Moreover, following this offering,

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the market value of the Warrants is uncertain and there can be no assurance what the market value of the Warrants will be. There can be no assurance that the market price of the common stock will ever equal or exceed the exercise price of the Warrants, and consequently, whether it will ever be profitable for holders of the Warrants to exercise the Warrants.

Our cash flows are unpredictable, and this may harm our financial condition or the market price for our common stock.

The amount and timing of cash flows from our licensing and enforcement activities are subject to uncertainties stemming primarily from uncertainties regarding the rates of adoption of our patented technologies, the growth rates of our licensees, the outcome of enforcement actions and certain other factors. As such, our income and cash flows may vary significantly from period to period, which could make our business difficult to manage, adversely affect our business and operating results, cause our annual or quarterly results to fall below market expectations and adversely affect the market price of our common stock.

The market price for our common stock may fluctuate significantly, which could result in substantial losses by our investors.

The market price of our common stock may fluctuate significantly in response to numerous factors, some of which are beyond our control, such as:

- the out comes of our current and potential future patent litigation;
- our ability to monetize our patents;
- changes in our industry;
- announcements of technological innovations, new products or product enhancements by us or others;
- announcements by us of significant strategic partnerships, out-licensing, in-licensing, joint ventures, acquisitions or capital commitments;
- changes in earnings estimates or recommendations by security analysts, if our common stock is covered by analysts;
- investors' general perception of us;
- future issuances of common stock;
- the addition or departure of key personnel
- general market conditions, including the volatility of market prices for shares of technology companies, generally, and other factors, including factors unrelated to our operating performance; and
- the other factors described in this Risk Factors section.

These factors and any corresponding price fluctuations may materially and adversely affect the market price of our common stock and result in substantial losses by our investors.

Further, the stock market in general, and the market for technology companies in particular, has experienced extreme price and volume fluctuations in the past. Continued market fluctuations could result in extreme volatility in the price of our common stock, which could cause a decline in the value of our common stock.

Price volatility of our common stock might be worse if the trading volume of our common stock is low. In the past, following periods of market volatility, stockholders have often instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and attention of management from our business, even if we are successful. Future sales of our common stock could also reduce the market price of such stock.

Moreover, the liquidity of our common stock is limited, not only in terms of the number of shares that can be bought and sold at a given price, but by delays in the timing of transactions and reduction in security analysts and the media s coverage of us, if any. These factors may result in lower prices for our common stock than might otherwise be obtained and could also result in a larger spread between the bid and ask prices for our common stock. In addition, without a large float, our common stock is less liquid than the stock of companies with broader public

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ownership and, as a result, the trading prices of our common stock may be more volatile. In the absence of an active public trading market, an investor may be unable to liquidate its investment in our common stock. Trading of a relatively small volume of our common stock may have a greater impact on the trading price of our stock than would be the case if our public float were larger. We cannot predict the prices at which our common stock will trade in the future.

Some or all of the restricted shares of our common stock issued in connection with the closing of the reverse acquisition transaction in September 2011 or held by other of our stockholders may be offered from time to time in the open market pursuant to an effective registration statement or Rule 144 promulgated under Regulation D of the Securities Act, or Rule 144, and these sales may have a depressive effect on the market for our common stock.

Offers or availability for sale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our stockholders sell substantial amounts of our common stock in the public market, it could create a circumstance commonly referred to as an overhang, in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could make more difficult our ability to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate.

Our stockholders may experience substantial dilution as a result of the conversion of outstanding convertible preferred stock, convertible debentures, convertible notes, or the exercise of options and warrants to purchase shares of our common stock.

As of August 26, 2015, we have outstanding granted options to purchase 565,939 shares of common stock and have reserved 313,205 shares of our common stock for issuance upon the exercise of options pursuant to our 2011 Long-Term Incentive Plan. In addition, as of August 26, 2015, we have reserved 220,913 shares of our common stock for issuance upon exercise of outstanding warrants. As of August 26, 2015, we have also reserved 11,520 shares of our common stock for issuance to certain vendors for services provided. In addition, the Company currently has a $550,000 outstanding convertible note. Principal and interest on this note may be repaid either in common stock or cash. Upon the closing of a public offering yielding gross proceeds to us of at least $5 million, 50% of such note shall convert into the public offering at a 20% discount to the purchase price paid by investors in the public offering, and we shall be required to repay the remaining 50% at a redemption price equal to 120% of the amount then outstanding from the proceeds of the offering.

Because our directors and executive officers are among our largest stockholders, they can exert significant control over our business and affairs and have actual or potential interests that may depart from those of our other stockholders.

Our directors and executive officers own or control a significant percentage of our common stock. Additionally, the holdings of our directors and executive officers may increase in the future upon vesting or other maturation of exercise rights under any of the options or warrants they may hold or in the future be granted or if they otherwise acquire additional shares of our common stock. As of August 26, 2015, our officers and directors beneficially own approximately 15.7% of the outstanding shares of our common stock. The interests of such persons may differ from the interests of our other stockholders. As a result, in addition to their board seats and offices, such persons will have significant influence over and control all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including the following actions:

- to elector defeat the election of our directors;

- to amend or prevent amendment of our certificate of incorporation or bylaws;
- to effect or prevent a merger, sale of assets or other corporate transaction; and
- to control the outcome of any other matter submitted to our stockholders for vote.

In addition, such persons stock ownership may discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us, which in turn could reduce our stock price or prevent our stockholders from realizing a premium over our stock price.

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Because our chief financial officer devotes only a portion of his business time to us, conflicts of interest may arise with respect to his other activities which could materially and adversely affect our company.

Chris Fameree, our chief financial officer, does not work for us exclusively. Mr. Fameree currently devotes approximately 20 hours per week to Company matters. Mr. Fameree also presently serves as the Managing Partner of Assure Professional, LLC, an accounting and advisory services firm to which he devotes the remainder of his time. Therefore, it is possible that a conflict of interest with regard to Mr. Fameree may arise based on Mr. Fameree's other employment.

A member of our board of directors is a principal of the Co-Manager of this offering and therefore conflicts of interest may arise with respect to his interests in the offering.

Jon Merriman, a member of our board of directors, also serves as the Chief Executive Officer and owns in excess of 10% of the parent company of the co-manager of this offering. Therefore, it is possible that a conflict of interest may arise with respect to Mr. Merriman s interests in this offering as a result of his affiliation with the co-manager.

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USE OF PROCEEDS

We estimate that we will receive net proceeds of $5,707,500 from our sale of units in this offering or approximately $6,628,875 if the underwriter exercises its option to purchase additional shares of common stock and warrants after deducting underwriting discounts and estimated offering expenses payable by us.

We intend to use the net proceeds of this offering for business development, working capital, and general corporate purposes. In addition, in the event that this offering yields gross proceeds to us of at least $5 million, 50% of our senior convertible note in the principal balance of $550,000 will convert into this offering at a 20% discount to the purchase price paid by the investors, and we shall be required to repay the remaining 50% at a redemption price equal to 120% of the amount then outstanding from proceeds of this offering. The following table represents our estimated use of proceeds:

Proceeds:	
Gross Proceeds	$ 6,750,000
Discounts, Fees and Expenses	(1,042,500)
Net Proceeds	$ 5,707,500
Uses:	
Working Capital	$ 3,000,000
Business development	2,377,500
Debt repayment	330,000
Total Uses	$ 5,707,500

Circumstances that may give rise to a change in the use of proceeds include:

- the existence of other opportunities or the need to take advantage of changes in timing of our existing activities;
- the need or desire on our part to accelerate, increase or eliminate existing initiatives due to, among other things, changing market conditions and competitive developments;
- if strategic opportunities of which we are not currently aware present themselves (including acquisitions, joint ventures, licensing and other similar transactions); and/or
- a portion of the proceeds may be utilized to repay some or all of our outstanding debt.

From time to time, we evaluate these and other factors and we anticipate continuing to make such evaluations to determine if the existing allocation of resources, including the proceeds of this offering, is being optimized. Pending such uses, we intend to invest the net proceeds of this offering in direct and guaranteed obligations of the United States, interest-bearing, investment-grade instruments or certificates of deposit.

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CAPITALIZATION

The following table sets forth our cash and our capitalization as of June 30, 2015:

- on an actual basis;
- on a pro forma basis after the reflection of $500,000 of gross proceeds (net proceeds of approximately $443,000) received from bridge financing subsequent to June 30, 2015 in the form of a convertible note and the conversion of 50% of the outstanding principal of $550,000 into Units at a 20% discount to the offering price immediately after the closing of this offering, and the repayment of 50% of the principal outstanding at a 120% premium (approximately $330,000) upon closing of the offering.
- on a pro forma basis assuming the sale in this offering of 1,383,197 of Units being offered, at an estimated price to the public of $4.88 per unit based upon our last reported sales price on the OTCQB on August 26, 2015, resulting in net proceeds to us of $5,707,500, after deducting the selling agent's commissions (9% of gross proceeds) and our estimated total expenses for this offering of $435,000.

The following table and associated information is subject to final pricing and deal terms. You should read this table together with our consolidated financial statements as of and for the years ended December 31, 2014 and 2013 and the related notes thereto, the condensed consolidated financial statements as of and for the three and six months ended June 30, 2015 and 2014 and the related notes thereto, Selected Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations, included elsewhere in this prospectus.

	June 30, 2015				
	Actual	Pro Forma (unaudited)			
	(unaudited)	Conversion of Notes into Units	Pro Forma before Offering	This Offering	Pro Forma as Adjusted
Cash	$ 74,725	$ 113,750	$ 188,475	$ 5,707,500	$ 5,895,975
Deferred offering costs	79,912	—	79,912	(79,912)	—
Common stock, $0.0001 par value	501	7	508	138	646
Additional paid in capital	34,323,624	343,743	34,667,367	5,627,450	40,294,817
Accumulated deficit	(33,471,925)	(230,000)	(33,701,925)	—	(33,701,925)
Total stockholders' equity	$ 852,200	$ 113,750	$ 965,950	$ 5,627,588	$ 6,593,538

The table above includes an estimated 70,441 shares of common stock included in the Units issuable upon the conversion of the 50% of the convertible note immediately after closing of this offering. The convertible note will convert at a 20% discount price to the offering and the repayment of the remaining 50% at a redemption price equal to 120% of the amount then outstanding from the proceeds of this offering. The table above excludes:

- 565,939 outstanding options at June 30, 2015 with terms as follows:

Options Outstanding		Options Exercisable
Exercise Price	Number of Options	Weighted Average Remaining Life In Years

$0.00 - $ 5.00	165,081	4
$5.01 - $12.50	375,449	5.3
$12.51 - $25.00	15,008	4.7
$25.01 - $45.00	10,401	4.7
	565,939	4.9

- 220,913 in outstanding warrants with a $5.00 per share exercise price and 1.2 year remaining contractual term.
- The column containing the impact of the conversion of notes into units excludes the impact of the accounting treatment for any potential derivative liabilities associated with this transaction.

To the extent such stock options or warrants are hereafter exercised, or awards made under such equity compensation plans result in the issuance of additional shares of our common stock, there will be further dilution to our investors.

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DILUTION

If you purchase any of the units offered by this prospectus, you will experience dilution to the extent of the difference between the offering price per unit you pay in this offering and the net tangible book value per share of our common stock immediately after this offering, assuming no value is attributed to the Warrants included in the units. Our pro-forma net tangible book value was $110,848, or approximately $0.02 per share of common stock after adjusting for the conversion of bridge financing subsequent to June 30, 2015 (see Capitalization). Net tangible book value per share is equal to our total tangible assets minus total liabilities, divided by the number of shares of common stock outstanding.

After giving effect to the assumed sale by us of 1,383,197 units in this offering, including units issued upon conversion of our senior convertible note, at an assumed public offering price of $4.88 per unit based upon our last reported sales price on the OTCQB on August 26, 2015, assuming no value is attributed to the Warrants included in the units, and after deducting estimated underwriting discounts and commissions and expenses payable by us, our as adjusted net tangible book value as of June 30, 2015 would have been approximately $5.8 million (after giving effect to the Company s intangible assets), or approximately $0.90 per share of common stock. This represents an immediate increase in net tangible book value of approximately $0.88 per share to existing shareholders and an immediate dilution of approximately $3.98 per share to new investors. The following table illustrates this per share dilution:

Price charged for each unit in this offering	$ 4.88
Historical net tangible book value per share as of June 30, 2015	$ 0.00
Increase attributable to the pro forma transactions	$ 0.02
Pro forma net tangible book value per share as of June 30, 2015	$ 0.02
Increase in net tangible book value per share attributable to new investors	$ 0.88
Pro forma net tangible book value per share after this offering	$ 0.90
Dilution per share to new investors	$ 3.98

Investors that acquire additional shares of common stock through the exercise of the Warrants offered hereby may experience additional dilution depending on our net tangible book value at the time of exercise. The above table does not include any currently outstanding stock options or warrants as described in the above capitalization section.

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MARKET FOR OUR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock was originally approved for quotation on the OTC Bulletin Board on July 13, 2010 and is currently quoted on the OTCQB under the trading symbol BCYP. The following table sets forth the high and low bid prices for our common stock for the periods indicated, as reported by the OTCQB. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Fiscal Year 2013		**High**		**Low**
First Quarter	$	22.50	$	6.50
Second Quarter	$	18.00	$	6.00
Third Quarter	$	9.50	$	6.00
Fourth Quarter	$	11.00	$	7.00
Fiscal Year 2014		**High**		**Low**
First Quarter	$	8.00	$	6.00
Second Quarter	$	7.00	$	4.50
Third Quarter	$	8.00	$	4.50
Fourth Quarter	$	10.00	$	3.50
Fiscal Year 2015		**High**		**Low**
First Quarter	$	7.00	$	7.00
Second Quarter	$	7.50	$	5.90
Third Quarter (through August 26, 2015)	$	8.99	$	4.65

The last reported sales price of our common stock on the OTCQB on August 26, 2015, was $4.88 per share. As of August 26, 2015, there were approximately 57 known holders of record of our common stock. The Company has applied to listing of its common stock and warrants on the Nasdaq Capital Market. There can be no assurance that such application will be approved.

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DIVIDEND POLICY

In the past, we have not declared or paid cash dividends on our common stock, and we do not intend to pay any cash dividends on our common stock. Rather, we intend to retain future earnings, if any, to fund the operation and expansion of our business and for general corporate purposes.

Securities Authorized for Issuance Under Equity Compensation Plans

On August 31, 2011, the board adopted, subject to stockholder approval, the Blue Calypso, Inc. 2011 Long-Term Incentive Plan, or the Plan. Our stockholders approved the Plan on September 9, 2011. The Plan is intended to enable us to remain competitive and innovative in our ability to attract, motivate, reward and retain the services of key employees, certain key contractors, and non-employee directors. The Plan provides for the granting of incentive stock options, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance awards, dividend equivalent rights, and other awards which may be granted singly, in combination, or in tandem, and which may be paid in cash or shares of common stock. The Plan is expected to provide flexibility to our compensation methods in order to adapt the compensation of employees, contractors, and non-employee directors to a changing business environment, after giving due consideration to competitive conditions and the impact of federal tax laws. Subject to certain adjustments, the maximum number of shares of our common stock that may be delivered pursuant to awards under the Plan is 700,000 shares.

As of December 31, 2014, securities issued and securities available for future issuance under the Blue Calypso 2011 Long-Term Incentive Plan were as follows:

	Number of securities issued or to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding and issued options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column)
Equity compensation plans approved by security holders	255,520	$ 8.60	438,080
Equity compensation plans not approved by security holders	185,535	$ 7.85	—
Total	441,055	$ 8.30	438,080

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated 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 information that involves risks, uncertainties, and assumptions. Actual results and the timing of events could differ materially from those anticipated by these forward looking statements as a result of many factors, including those discussed under Risk Factors. See also Special Note Regarding Forward-Looking Statements.

Business Overview

We offer a patented mobile shopper engagement platform through which advertisers connect with in-store shoppers when they are on the path-to-purchase. The brand journey starts with an addressable market, attracting shoppers that become buyers and then advocates. If the brand experience is embraced, advocates become influencers within their digital social circles perpetuating the lifecycle by attracting new customers to the brand.

Critical Accounting Policies

Deferred Offering Costs

The Company classifies amounts related to a potential future offering not closed as of the balance sheet date as Deferred Offering Costs. During the six months ended June 30, 2015, the Company capitalized costs in the amount of $79,912 as Deferred Offering Costs.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the recoverability and useful lives of long-lived assets, the fair value of the Company s stock, stock-based compensation, fair values relating to warrant and other derivative liabilities, debt discounts and the valuation allowance related to deferred tax assets. Actual results may differ from these estimates.

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product or service has occurred, all obligations have been performed pursuant to the terms of the agreement, the sales price is fixed or determinable, and collectability is reasonably assured. Revenue includes fees received from customers for advertising and marketing services. In each case Revenue is recognized when services are performed or licenses are granted to customers.

Revenue from the licensing of the Company s intellectual property and settlements reached from legal enforcement of the Company s patent rights is recognized when the arrangement with the licensee has been signed and the license has been delivered and made effective, provided license fees are fixed or determinable and collectability is reasonably assured. The fair value of licenses achieved by ordinary business negotiations is recognized as revenue.

The amount of consideration received upon any settlement or judgment is allocated to each element of the settlement based on the fair value of each element. Elements related to licensing agreements, royalty revenues, net of contingent

legal fees, are recognized as revenue in the consolidated statement of operations. Elements that are not related to license agreements and royalty revenue in nature will be reflected as a separate line item within the other income section of the consolidated statements of operations. Elements provided in either settlement agreements or judgments include: the value of a license, legal release, and interest. When settlements or judgments are achieved at discounts to the fair value of a license, the Company allocates the full settlement or judgment, excluding specifically named elements as mentioned above, to the value of the license agreement or royalty revenue under the residual method. Legal release as part of a settlement agreement is recognized as a separate line item in the consolidated statements of operations when value can be allocated to the legal release. When the Company reaches a settlement with a defendant, no value is allocated to the legal release since the existence of a settlement removes legal standing