
SCHEDULE 14A

(Rule 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ☒

Filed by a Party other than the Registrant ☐

Check the appropriate box:

- ☒ Preliminary Proxy Statement
- ☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- ☐ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to §240.14a-12

LM FUNDING AMERICA, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ No fee required.
- ☐ Fee computed on the table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

2018

LM Funding America, Inc. • 302 Knights Run Ave Suite 1000 Tampa, FL 33602 • T (813) 222-8996 • F (813) 221-7909 • lmfunding.com



June __, 2018

TO OUR SHAREHOLDERS:

You are cordially invited to attend our 2018 Annual Shareholders' Meeting, which will be held at the Hilton Hotel, Downtown Tampa, 211 N. Tampa St., Tampa, Florida 33602, on Monday, July 16, 2018, at 3 p.m., local time. Shareholders will be admitted beginning at 2:30 p.m.

The attached notice of annual meeting of shareholders and proxy statement cover the formal business of the annual meeting and contain a discussion of the matters to be voted upon at the annual meeting. At the annual meeting, our management will also provide a report on our operations and achievements during the past year.

Your vote is very important. Whether or not you plan to attend the meeting in person, please vote your shares by completing, signing and returning the accompanying proxy card, or by following the instructions on the card for voting by telephone or internet. If you later decide to attend the annual meeting and vote in person, you may revoke your proxy at that time.

Bruce M. Rodgers, Esq.

Chairman of the Board
Chief Executive Officer



NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO THE SHAREHOLDERS OF LM FUNDING AMERICA, INC.:

- TIME: 3 p.m., local time, on Monday, July 16, 2018.
Shareholders will be admitted beginning at 2:30 p.m.
- PLACE: Hilton Hotel
Downtown Tampa
211 N. Tampa St.
Tampa, Florida 33602
- ITEMS OF BUSINESS:
1. To elect three Class III directors to hold office for a three-year term ending at the 2021 annual meeting of shareholders; and
 2. To ratify the appointment of Malone Bailey LP as the Company's independent auditor to audit the Company's 2018 financial statements.
 3. To approve an amendment (in the event it is deemed by the Company's Board of Directors to be advisable) to the Company's Certificate of Incorporation, as amended, to effect a reverse stock split of the Company's issued and outstanding common stock at a ratio within the range of one-for-two (1:2) to one-for-ten (1:10), as determined by the Board of Directors
 4. To approve the issuance and sale by us to ESUSA Holdings, LLC of more than 19.99% of our outstanding common stock for purposes of complying with Nasdaq Listing Rule 5635(d);
 5. To approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of common stock from 10,000,000 shares to 30,000,000 shares; and
 6. To transact such other business that may properly come before the meeting or any adjournments or postponements thereof.
- RECORD DATE Shareholders of record on May 31, 2018 are entitled to notice of the annual meeting and are entitled to vote at the annual meeting in person or by proxy.
- ANNUAL REPORT Our 2017 Annual Report to Shareholders, as amended, which is not a part of this proxy statement but is enclosed.
- PROXY VOTING It is important that your shares be represented at the annual meeting and voted in accordance with your instructions. Please indicate your instructions by promptly signing and dating the enclosed proxy card and mailing it in the enclosed postage paid, pre-addressed envelope or by following the instructions on the proxy card for telephone or internet voting.

By Order of the Board of Directors,

Bruce M. Rodgers
Chairman of the Board
Chief Executive Officer

A handwritten signature in blue ink, appearing to read "B. Rodgers", is written over the typed name of Bruce M. Rodgers.



PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 16, 2018

**TO THE SHAREHOLDERS OF
LM FUNDING AMERICA, INC.:**

June __, 2018

This proxy statement and the form of proxy are delivered in connection with the solicitation by the Board of Directors of LM Funding America, Inc. (the "Company," "we," or "us"), a Delaware corporation, of proxies to be voted at our 2018 Annual Meeting of Shareholders and at any adjournments or postponements thereof.

You are invited to attend our Annual Meeting of Shareholders on Monday, July 16, 2018, beginning at 3 p.m., local time. The Annual Meeting will be held at Hilton Hotel, Downtown Tampa, 211 N. Tampa St., Tampa, Florida 33602. Shareholders will be admitted beginning at 2:30 p.m.

Your vote is very important. Therefore, whether you plan to attend the Annual Meeting or not and regardless of the number of shares you own, please date, sign and return the enclosed proxy card promptly or follow the instructions on the card for voting by telephone or internet.

At the meeting, the use of cameras, audio or video recording equipment, communications devices or similar equipment will be prohibited.

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to be Held on July 16, 2018:

This proxy statement and the amended 2017 Annual Report to Shareholders are available at www.proxydocs.com/lmfa

Upon your written request, we will provide you with a copy of our 2017 annual report on Form 10-K, including exhibits, free of charge. Send your request to LM Funding America, Inc., **Attention: Bruce M. Rodgers, Chief Executive Officer, 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602.**

ABOUT THE ANNUAL MEETING

What is the purpose of the meeting?

The principal purposes of the Annual Meeting are to elect three directors to the company's Board of Directors, to ratify the appointment of our outside auditors, to give the Board of Directors authority to implement a reverse stock split, to approve the issuance and sale by us to ESUSA Holdings, LLC ("ESUSA Holdings") of more than 19.99% of our outstanding common stock, and to amend our Certificate of Incorporation, as amended (the "Certificate of Incorporation") and to increase the number of authorized common shares. In addition, our management will report on our performance during 2017, discuss challenges ahead and respond to questions from shareholders.

When were these materials mailed?

We began mailing this proxy statement on or about June __, 2018.

Who is entitled to vote?

Shareholders of record at the close of business on the record date, May 31, 2018, are entitled to vote in person or by proxy at the Annual Meeting. In general, shareholders are entitled to one vote per share on each matter voted upon. In an election for directors, however, shareholders are entitled to vote the number of shares they own for as many director candidates as there are directors to be elected. The Board of Directors has determined that the Board of Directors should include three Class III directorships. Accordingly, since three directors are to be elected at this Annual Meeting, in electing directors, each share will entitle the shareholder to three votes, one per director. Shareholders may not cumulate their votes. As of May 31, 2018, there were 6,253,189 common shares outstanding.

What constitutes a quorum?

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares outstanding will constitute a quorum, permitting us to conduct the business of the meeting.

What is the difference between a shareholder of record and a beneficial owner?

If your shares are registered directly in your name with our transfer agent, VStock Transfer, LLC, then you are a "shareholder of record." This Notice of Meeting and proxy statement has been provided directly to you by LM Funding America, Inc. You may vote by ballot at the meeting or vote by proxy. To vote by proxy, sign, date and return the enclosed proxy card or follow the instructions on the proxy card for voting by telephone or internet.

If your shares are held for you in a brokerage, bank or other institutional account (that is, held in "street name"), then you are not a shareholder of record. Rather, the institution is the shareholder of record and you are the "beneficial owner" of the shares. The accompanying Notice of Meeting and this proxy statement have been forwarded to you by that institution. If you complete and properly sign the accompanying proxy card and return it in the enclosed envelope, or follow the instructions on the proxy card for voting by telephone or internet, the institution will cause your shares to be voted in accordance with your instructions. If you are a beneficial owner of shares and wish to vote in person at the Annual Meeting, then you must obtain a proxy, executed in your favor, from the holder of record (the institution).

How do I vote?

By Ballot at the Meeting. If you are a shareholder of record and attend the Annual Meeting, you may vote in person by ballot at the Annual Meeting. To vote by ballot, you must register and confirm your shareholder status at the meeting. If the shareholder of record is a corporation, partnership, limited liability company or other entity of which you are an officer or other authorized person, then you should bring evidence of your authority to vote the shares on behalf of the entity. If your shares are held for you in a brokerage, bank or other institutional account (that is, in "street name"), you must obtain a proxy, executed in your favor, from that institution (the holder of record) to vote your beneficially-owned shares by ballot at the Annual Meeting. In the election of directors (Proposal 1), each share held by a shareholder of record will be entitled to three votes, one for each director to be elected.

By Proxy. If you complete, sign and return the accompanying proxy card or follow the instructions on the proxy card for voting by telephone or internet, then your shares will be voted as you direct. In the election of directors (Proposal 1), your options with respect to each director are to direct a vote "FOR" or to "WITHHOLD AUTHORITY."

If you are a shareholder of record, then you may opt to deliver your completed proxy card in person at the Annual Meeting.

Can I vote by telephone or internet?

Yes. If you follow the instructions on the proxy card for voting by telephone or internet, your shares will be voted as you direct.

How Abstentions and Broker Non-Votes Are Treated

Abstentions will be counted as shares that are present for purposes of determining a quorum. For the election of directors, abstentions are excluded entirely from the vote and do not have any effect on the outcome. Broker non-votes occur when a broker or other nominee holding shares for a beneficial owner does not have discretionary voting power on a matter and has not received instructions from the beneficial owner. Broker non-votes are included in the determination of the number of shares represented at the Annual Meeting for purposes of determining whether a quorum is present. If you do not provide your broker or other nominee with instructions on how to vote your "street name" shares, your broker or nominee will not be permitted to vote them on non-routine matters such as Proposals 1, 3, 4 and 5. Shares subject to a broker non-vote will not be considered entitled to vote with respect to Proposals 1, 3, 4 and 5 and will not affect the outcome of such proposals.

What does it mean if I receive more than one proxy card?

You will receive separate proxy cards when you own shares in different ways. For example, you may own shares individually, as a joint tenant, in an individual retirement account, in trust or in one or more brokerage accounts. You should complete, sign and return each proxy card you receive or follow the telephone or internet instructions on each card. The instructions on each proxy card may differ. Be sure to follow the instructions on each card.

Can I change my vote or instruction?

Yes. You may follow the instructions on the proxy card to change your votes or instructions any time before midnight the day before the meeting. In addition, if you are a shareholder of record, you may revoke your proxy any time before your shares are voted by filing with the secretary of the company a written notice of revocation or submitting a duly executed proxy bearing a later date. If you file a notice of revocation, you may then vote (or abstain from voting) your shares in person at the Annual Meeting. If you submit a later dated proxy, then your shares will be voted in accordance with that later dated proxy. No such notice of revocation or later dated proxy, however, will be effective unless received by us at or before the Annual Meeting and before your shares have been voted. Unless the proxy is revoked, the shares represented thereby will be voted at the Annual Meeting or any adjournment thereof as indicated on the proxy card. Sending in a proxy does not affect your right to vote in person if you attend the meeting, although attendance at the meeting will not by itself revoke a previously granted proxy.

If I submit a proxy card, how will my shares be voted?

Your shares will be voted as you instruct on the proxy card.

What happens if I submit a proxy card and do not give specific voting instructions?

If you are a shareholder of record and sign and return the proxy card without indicating your instructions, your shares will be voted in accordance with the recommendations of the Board of Directors. With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board of Directors or, if no recommendation is given, at their own discretion. As of the date this proxy statement went to print, we did not know of any other matters to be raised at the Annual Meeting.

What are the Board of Directors' recommendations?

The Board of Directors recommends votes—

- *FOR* election of the following nominees for director positions:
Martin A. Traber
Andrew Graham
Dennis Holthaus
- *FOR* the proposal to ratify the appointment of Malone Bailey LP as the Company's independent auditor to audit the Company's 2018 financial statements;
- *FOR* the proposal to approve an amendment (to the extent it is deemed by the Company's Board of Directors to be advisable) to the Company's Certificate of Incorporation to effect a reverse stock split of the Company's issued and outstanding common stock at a ratio within the range of one-for-two (1:2) to one-for-ten (1:10), as determined by the Board of Directors;
- *FOR* the proposal to approve the potential issuance of in excess of 19.99% of our outstanding common stock to ESUSA Holdings for purposes of complying with Nasdaq Listing Rule 5635(d);
- *FOR* the proposal to amend the Company's Certificate of Incorporation to increase the number of authorized shares from 10,000,000 shares to 30,000,000 shares;
- *FOR* the authority to transact such other business as may properly come before the stockholders at the Annual Meeting.

What vote is required to approve each item?

The vote required to approve each matter to be voted on at the Annual Meeting is described below. We do not anticipate other matters coming to a vote at the Annual Meeting. Should any other matter be brought to a vote, the matter will be approved by the affirmative vote of the majority of the outstanding shares present in person or by proxy at the Annual Meeting and entitled to vote on the subject matter at a meeting at which a quorum is present unless a greater number of affirmative votes is required for approval of that matter under our Certificate of Incorporation, by-laws, or Delaware General Corporate Law.

Abstentions and broker non-votes will be counted for the purpose of determining the presence or absence of a quorum, but will not be counted for the purpose of determining the number of votes cast on a given proposal. The required vote for each of the proposals expected to be acted upon at the Annual Meeting is described below:

Proposal No. 1 — Election of directors. Directors are elected by a plurality, with the three nominees obtaining the most votes being elected. Because there is no minimum vote required, abstentions and broker non-votes will be entirely excluded from the vote and will have no effect on its outcome. Under the plurality vote standard, any shares that are not voted, whether by abstention, broker non-votes or otherwise, will not affect the election of directors.

Proposal No. 2 — Ratification of independent registered public accounting firm. This proposal must be approved by a majority of the votes cast on the matter affirmatively or negatively. As a result, abstentions and broker non-votes will be entirely excluded from the vote and will have no effect on its outcome.

Proposal No. 3 — Approval of the amendment (to the extent it is deemed by the Company's Board of Directors to be advisable) to the Company's Certificate of Incorporation to effect a reverse stock split of the Company's issued and outstanding common stock at a ratio within the range of one-for-two (1:2) to one-for-ten (1:10), as determined by the Board of Directors. This proposal must be approved by a majority of the votes cast on the matter affirmatively or negatively. As a result, abstentions and broker non-votes will be entirely excluded from the vote and will have no effect on its outcome.

Proposal No. 4 — Approve, for purposes of complying with Nasdaq Listing Rule 5635(d), the issuance of more than 20% of the Company's issued and outstanding common stock pursuant to the Company's purchase agreement with ESUSA Holdings. This proposal must be approved by a majority of the votes cast on the matter affirmatively or negatively; provided, however, that the vote of all shares of the Company's common stock issued pursuant to the Securities Purchase Agreement or the Common Stock Purchase Agreement described in this proposal below will not be counted in determining whether or not the proposal is approved. As a result, abstentions and broker non-votes will be entirely excluded from the vote and will have no effect on its outcome.

Proposal No. 5 — Approval of an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares from 10,000,000 shares to 30,000,000 shares. This proposal must be approved by the affirmative vote of the holders of a majority of the common stock outstanding and entitled to vote. Abstentions will have the same effect as voting against this proposal.

How will votes be counted?

All votes will be tabulated by the secretary of the company. We have engaged Broadridge Financial Solutions, Inc. to collect and tabulate proxy instructions.

Who is paying for the preparation and mailing of the proxy materials and how will solicitations be made?

We will pay the expenses of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by mail, telephone, facsimile or electronic transmission. We have requested brokerage houses and other custodians, nominees and fiduciaries to forward soliciting material to beneficial owners and have agreed to reimburse those institutions for their out-of-pocket expenses.

**PROPOSAL 1
ELECTION OF DIRECTORS**

Three directors are to be elected at the Annual Meeting. In accordance with our Certificate of Incorporation, the Board of Directors is divided into three classes. Class I and Class II each consists of two directors, with Class III consisting of three directors. All directors within a class have the same three-year terms of office. The class terms expire at successive annual meetings so that each year a class of directors is elected. The current terms of director classes expire in 2018 (Class III directors), 2019 (Class I directors) and 2020 (Class II directors). Each of the Class III directors elected at the 2018 Annual Meeting will be elected to serve a three-year term.

With the recommendation of the nominating and governance committee, the Board of Directors has nominated the following persons to stand for election as Class III directors at the 2018 Annual Meeting of Shareholders, with terms expiring in 2021:

*Martin A. Traber
Andrew Graham
Dennis Holthaus*

Each of the nominees for election as a director has consented to serve if elected. If, as a result of circumstances not now known or foreseen, one or more of the nominees should be unavailable or unwilling to serve as a director, proxies may be voted for the election of such other persons as the Board of Directors may select. The Board of Directors has no reason to believe that any of the nominees will be unable or unwilling to serve.

The persons named in the enclosed proxy card intend, unless otherwise directed, to vote such proxy “FOR” the election of Mr. Martin A. Traber; Mr. Andrew Graham; and Mr. Dennis Holthaus, as Class III directors of LM Funding America, Inc. The nominees receiving the three highest “FOR” vote totals will be elected as directors.

In the election of directors, the three highest recipients of “FOR” votes will be elected. A properly executed proxy card marked “WITHHOLD AUTHORITY” with respect to the election of one or more director nominees will not be voted with respect to the director or directors indicated, even though it will be counted for purposes of determining whether there is a quorum present at the Annual Meeting.

RECOMMENDATION OF THE BOARD

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ELECTION OF EACH OF THE NOMINEES AS
DIRECTORS OF THE COMPANY
ITEM 1 ON YOUR PROXY CARD.**

DIRECTORS

Set forth below is a summary of the background and experience of each director nominee and director. There is no family relationship among any of the directors and/or executive officers of the company except as follows: Mr. Bruce M. Rodgers, our Chairman, Chief Executive Officer and President, and Ms. Carolinn Gould, our Vice President—General Manager, Secretary, and director, have been married since 2004 and Joel E. Rodgers, Sr. is the father of Bruce M. Rodgers and the father-in-law of Carolinn Gould.

Directors Standing for Election (Class III):

Martin A. Traber. Mr. Traber, age 72, has served as a director of the company since its initial public offering in October 2015. Mr. Traber is currently Chairman of Skyway Capital Markets, LLC. From 1994 until 2016, Mr. Traber was a partner of Foley & Lardner LLP, in Tampa, Florida, representing clients in securities law matters and corporate transactions. Mr. Traber is a founder of NorthStar Bank in Tampa, Florida and from 2007 to 2011 served as a member of the Board of Directors of that institution. Mr. Traber served on the Board of Directors of JHS Capital Holdings, Tampa, Florida and on the Advisory Board of Platinum Bank, Tampa, Florida. From 2012 to 2013, he served on the Board of Directors of Exeter Trust Company, Portsmouth, New Hampshire. Mr. Traber holds a Bachelor of Arts and a Juris Doctor from Indiana University.

Mr. Traber brings considerable legal, financial and business experience to the Board of Directors. He has counseled and observed numerous businesses in a wide range of industries. The knowledge gained from his observations and his knowledge and experience in business transactions and securities law are considered important in monitoring the company's performance and when we consider and pursue business acquisitions and financial transactions. As a corporate and securities lawyer, Mr. Traber has a fundamental understanding of governance principles and business ethics. His knowledge of other businesses and industries are useful in determining management and director compensation.

Andrew L. Graham. Mr. Graham, age 60, has served as a director of the company since its initial public offering in October 2015. Since June 2008, Mr. Graham has served as Vice President, General Counsel and Secretary of HCI Group, Inc. (NYSE:HCI). From 1999 to 2007, Mr. Graham served in various capacities, including as General Counsel, for Trinsic, Inc. (previously named Z-Tel Technologies, Inc.), a publicly-held provider of communications services headquartered in Tampa, Florida. Since 2011, Mr. Graham has served on the Internal Audit Committee of Hillsborough County, Florida. From 2007 to 2011, he served on the Board of Trustees of Hillsborough Community College, a state institution serving over 45,000 students annually. Mr. Graham holds a Bachelor of Science, major in Accounting, from Florida State University and a Juris Doctor, as well as a Master of Laws (L.L.M.) in Taxation, from the University of Florida College of Law. Mr. Graham was licensed in Florida as a Certified Public Accountant from 1982 to 2001. As a Certified Public Accountant, he audited, reviewed and compiled financial statements and prepared tax returns. Mr. Graham's experience serving as general counsel to publicly-held companies brings to our Board of Directors a comprehensive understanding of public company operations, financial reporting, disclosure, and corporate governance, as well as perspective regarding potential acquisitions. With his accounting education and experience, he also brings a sophisticated understanding of accounting principles, auditing standards, internal accounting control and financial presentation and analysis.

Dennis Holthaus. Mr. Holthaus, age 69, has been a Managing Director of Skyway Capital Markets, LLC since 2018. Skyway Capital Markets, LLC is a full-service, industry agnostic, boutique investment bank focused on the lower middle market. From 2009 to 2018, Mr. Holthaus served various roles including Executive Vice President and Chief Financial Officer for Achieva Credit Union which provides financial solutions to its members. Prior to that, Mr. Holthaus was in commercial banking for thirty-seven years as a senior executive, primarily in the role of Chief Financial Officer, in both publicly and privately owned institutions including an SEC registrant bank holding company. Mr. Holthaus also serves on the board of directors for Corporate America Credit Union (a not-for-profit financial cooperative serving credit unions throughout the U.S.) and Lighthouse of Pinellas for the Blind and Legally Impaired (a non-profit organization that advances the independence and quality of life for individuals in Pinellas County who are blind or visually impaired.). Mr. Holthaus holds a B.A. in Accounting from St. Louis University. Mr. Holthaus brings to our Board of Directors an understanding of public company operations, financial reporting, disclosure, and corporate governance. With his accounting education and experience, he also brings an understanding of accounting principles, auditing standards, internal accounting control and financial presentation and analysis.

Directors Continuing in Office

Directors whose present terms continue until 2019 (Class I):

Bruce M. Rodgers. Mr. Rodgers, age 54, serves as the Chairman of the Board of Directors, Chief Executive Officer and President of the company. Prior to that Mr. Rodgers owned Business Law Group, P.A. ("BLG") and served as counsel to the founders

of LM Funding, LLC (“LMF”). Mr. Rodgers was instrumental in developing the company’s business model prior to inception. Mr. Rodgers transferred his interest in BLG to attorneys within the firm by means of redemption of such interest in BLG prior to the company going public in 2015. Mr. Rodgers is a former business transactions attorney and was an associate of Macfarlane, Ferguson, & McMullen, P.A. from 1991 to 1995 and a partner from 1995-1998 and was an equity partner of Foley & Lardner LLP from 1998 to 2003. Originally from Bowling Green, Kentucky, Mr. Rodgers holds an engineering degree from Vanderbilt University (1985) and a Juris Doctor, with honors, from the University of Florida (1991). Mr. Rodgers also served as an officer in the United States Navy from 1985-1989 rising to the rank of Lieutenant, Surface Warfare Officer. Mr. Rodgers is a member of the Florida Bar and holds an AV-Preeminent rating from Martindale Hubbell.

Mr. Rodgers brings to the Board of Directors considerable experience in business, management, and law, and because of those experiences and his education, he possesses analytical and legal skills which are considered of importance to the operations of the company, the oversight of its performance and the evaluation of its future growth opportunities. Furthermore, his performance as Chief Executive Officer has indicated an in-depth understanding of the company’s business. Mr. Rodgers and the Rodgers family hold a controlling majority interest in the company.

Carollinn Gould. Ms. Gould, age 54, co-founded LMF in January 2008, and currently serves as Vice President—General Manager, Secretary and a director of the company. Prior to joining LMF, Ms. Gould owned and operated a recruiting company specializing in the placement of financial services personnel. Prior to that, Ms. Gould worked at Outback Steakhouse (NYSE: OSI) (“OSI”) where she opened the first restaurant in 1989 and finished her career at OSI in 2006 as shared services controller for over 1,000 restaurants. Ms. Gould holds a Bachelor’s Degree in Business Management from Nova Southeastern University.

As a co-founder of LMF, Ms. Gould brings to our Board of Directors an encyclopedia of knowledge regarding LMF’s growth, operations, and procedures. Since inception, Ms. Gould has controlled all bank accounts of the company and managed its internal control systems. Ms. Gould also brings public company audit experience from her duties as controller at OSI as well as a wealth of personnel management and human resources skills. Ms. Gould and the Rodgers family hold approximately 38% of the common shares of the company.

Directors whose present terms continue until 2020 (Class II)

Douglas I. McCree. Mr. McCree, age 53, has served as a director of the company since its initial public offering in October 2015. Mr. McCree has been with First Housing Development Corporation of Florida (“First Housing”) since 2000 and has served as its Chief Executive Officer since 2004. From 1987 through 2000, Mr. McCree held various positions with Bank of America, N.A. including Senior Vice President—Affordable Housing Lending. Mr. McCree serves on numerous professional and civic boards. He received a B.S. from Vanderbilt University majoring in economics. Mr. McCree brings to the Board of Directors many years of banking experience and a strong perspective on public company operational requirements from his experience as Chief Executive Officer of First Housing.

Joel E. Rodgers, Sr. Mr. Rodgers, age 80, has served as a director of the company since its initial public offering in October 2015. Mr. Rodgers has been Vice President of Allied Signal, Inc. (1987-1992) and CEO of Baron Blakeslee, Inc. (1985-1987). From 1995-2016 Mr. Rodgers has served as a part-time Professor at Nova Southeastern University teaching finance, statistics, marketing, operations, and strategy. He has published numerous articles dealing with empowerment and corporate leadership. Mr. Rodgers represented the United States State Department in China, Mexico and Brazil in negotiations regarding the Montreal Protocol which dealt with limiting fluorocarbon discharge. Mr. Rodgers’ civic work extends to service on the library, hospital, and municipal utility boards of Bowling Green, Kentucky. Mr. Rodgers holds a Doctorate of Business Administration from Nova Southeastern University, a Masters of Business Administration from University of Kentucky, a B.S. in Mechanical Engineering from University of New Mexico and was a University of Illinois PhD candidate. He brings to our Board of Directors a lifetime of management, finance and marketing experience as well as an academic career of study in each.

Arrangements as to Selection and Nomination of Directors

We are aware of no arrangements as to the selection and nomination of directors.

Independent Directors

Based upon recommendations of our nominating and governance committee, the Board of Directors has determined that current directors Messrs. McCree, Graham, Holthaus and Traber are “independent directors” meeting the independence tests set forth by NASDAQ Stock Market and Rule 10A-3(b)(i) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including having no material relationship with the company (either directly or as a partner, shareholder or officer of an organization

that has a relationship with the company). In the case of Mr. Traber, the Board of Directors considered his previous role as a partner of Foley & Lardner LLP, which provides legal services to the company, and determined that the fees received by the law firm from us amount to less than 1% of the firm's total revenue and also considered Mr. Traber's personal financial substance, his other sources of income and his lack of dependence upon legal fees from the company.

DIRECTOR COMPENSATION

The compensation of our non-employee directors is determined by the Board of Directors which solicits a recommendation from the compensation committee.

Directors who are employees of the company do not receive any additional compensation for their service as directors. During 2017, the company's non-employee directors did not earn any fees for service to the company, which includes attendance at Board of Directors and committee meetings held during 2017.

The following table sets forth information with respect to compensation earned by each of our directors (other than "named executive officers") during the year ended December 31, 2017.

Name	Fees Earned or Paid in Cash (\$)(1)	Option Awards (\$)	Total (\$)
Martin A. Traber	\$ —	\$ —	\$ —
Andrew Graham	\$ —	\$ —	\$ —
C. Birge Sigety (2)	\$ —	\$ —	\$ —
Douglas I. McCree	\$ —	\$ —	\$ —
Joel E. Rodgers, Sr.	\$ —	\$ —	\$ —

(1) Represents compensation for the period from January 1, 2017 through December 31, 2017.

(2) Mr. Sigety is retiring from the board and will not stand for re-election.

Director Compensation – Fiscal Year 2018

Independent directors will be issued an option for 15,000 shares at an exercise price of \$1.00 per share for those independent directors who are on the Board of Directors as of July 17, 2018.

TRANSACTIONS WITH RELATED PERSONS

Transactions

LMF has engaged BLG on behalf of many of its Association clients to service and collect the accounts and to distribute the proceeds as required by Florida law and the provisions of the purchase agreements between LMF and the Associations. In addition, Ms. Gould entered an employment agreement to work part-time for LMF. Ms. Gould's employment agreement with LMF permits her to also work as General Manager of Business Law Group, P.A. which pays her additional compensation of \$150,000 per year.

Legal Services

One of our directors, Martin A. Traber, is a former partner at the law firm of Foley & Lardner LLP retiring in 2016. Since our inception in 2015, the firm has provided legal representation to us. During 2017 and 2016, Foley & Lardner LLP billed us approximately \$50,000 and \$68,000, respectively, which represents less than 1% of Foley & Lardner's fee revenue. These services were provided on an arm's-length basis, and paid for at fair market value. We believe that such services were performed on terms at least as favorable to us as those that would have been realized in transactions with unaffiliated entities or individuals.

ADVERSE INTERESTS

We are not aware of any material proceedings in which an executive officer or director is a party adverse to the company or has a material interest adverse to the company.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon a review of Forms 3, 4, and 5 filed for the year 2017, we believe that all our directors, officers, and 10% beneficial owners complied with all Section 16(a) filing requirements applicable to them. In addition, all such forms were filed timely.

CODE OF ETHICS

We have adopted a code of ethics applicable to all employees and directors, including our Chief Executive Officer and Chief Financial Officer. We have posted the text of our code of ethics to our internet web site: www.lmfunding.com by clicking “Investors” at the top and then “Corporate Governance” and then the appropriate “Code of Ethics”. We intend to disclose any change to or waiver from our code of ethics by posting such change or waiver to our internet web site within the same section as described above.

CORPORATE GOVERNANCE GUIDELINES

We have adopted Corporate Governance Guidelines to promote effective governance of the company. A current copy of our Corporate Governance Guidelines is available on our website www.lmfunding.com by clicking “Investors” at the top and then “Corporate Governance” and then “Corporate Governance Guidelines.”

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors held six meetings in 2017. During 2017, no director attended less than 75% of the Board of Directors and applicable committee meetings.

Board members are encouraged, but not required to attend the Annual Meeting of the Shareholders.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS

We have established procedures by which shareholders may communicate with members of the Board of Directors, individually or as a group. Shareholders wishing to communicate with the Board of Directors or a specified member of the Board may send written communications addressed to: Board of Directors, LM Funding America, Inc., **Attention: Bruce M. Rodgers, Chief Executive Officer, 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602**. The mailing envelope should clearly specify the intended recipient or recipients, which may be the Board of Directors as a group or an individual member of the Board. The communication should include the shareholder’s name and the number of shares owned. Communications that are not racially, ethically or religiously offensive, commercial, pornographic, obscene, vulgar, profane, defamatory, abusive, harassing, threatening, malicious, false or frivolous in nature will be promptly forwarded to the specified members of the Board of Directors. We have also established procedures by which all interested parties (not just shareholders) may communicate directly with our non-management or independent directors as a group. Any interested party wishing to communicate with our non-management or independent directors as a group may send written communications addressed to: Board of Directors, LM Funding America, Inc., **Attention: Bruce M. Rodgers, Chief Executive Officer, 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602**. The mailing envelope should clearly specify the intended recipients, which may be the non-management directors or the independent directors as a group. The envelope will be promptly forwarded for distribution to the intended recipients.

COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has an audit committee, a compensation committee, and a nominating and governance committee.

AUDIT COMMITTEE

The company has a separately-designated standing audit committee established in accordance with the Exchange Act. The audit committee’s responsibilities include the following:

- assisting our Board of Directors in its oversight of the quality and integrity of our accounting, auditing, and reporting practices;
- overseeing the work of our internal accounting and auditing processes;
- discussing with management our processes to manage business and financial risk;

- making appointment, compensation, and retention decisions regarding, and overseeing the independent registered public accounting firm engaged to prepare or issue audit reports on our financial statements;
- establishing and reviewing the adequacy of procedures for the receipt, retention and treatment of complaints received by our company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- reviewing and discussing with management and the independent registered public accounting firm our annual and quarterly financial statements and related disclosures; and
- conducting an appropriate review and approval of all related party transactions for potential conflict of interest situations on an ongoing basis.

The audit committee is composed of three members: Andrew Graham, its chairman, C. Birge Sigety and Douglas I. McCree. Since our common shares are listed on Nasdaq Capital Markets, we are governed by its listing standards. Accordingly, the members of the audit committee are considered to be “independent directors” pursuant to the definition contained in Rule 5605(a)(2) of the NASDAQ and the criteria for independence set forth in Rule 10A-3(b)(1) of the Securities and Exchange Commission. The Board of Directors has determined that Mr. Graham is an audit committee financial expert. The audit committee met formally five times during 2017 and otherwise acted by unanimous written consent. The Board of Directors has adopted a written Audit Committee Charter. A current copy of the charter is available on our website www.lmfunding.com by clicking “Investors” and then “Corporate Governance.”

COMPENSATION COMMITTEE

The compensation committee’s responsibilities include the following:

- reviewing and approving the compensation programs applicable to our executive officers;
- recommending to the Board of Directors and periodically reviewing policies for the administration of the executive compensation programs;
- reviewing and approving the corporate goals and objectives relevant to the compensation of the executive officers, evaluating the performance of the executive officers in light of those goals, objectives and strategies, and setting the compensation level of the executive officers based on this evaluation;
- reviewing on a periodic basis the operation of our executive compensation programs to determine whether they are properly coordinated and achieving their intended purposes;
- administering and making awards under the company’s 2015 Omnibus Incentive Plan and monitoring and supervising the administration of any other benefit plans the company may have; and
- reviewing and approving compensation to outside directors.

The compensation committee has the authority to determine the compensation of the named executive officers, except the Chief Executive Officer. The compensation committee makes recommendations to the Board of Directors for non-employee directors and the Chief Executive Officer compensation and equity awards under the company’s 2015 Omnibus Incentive Plan. At least annually the compensation committee considers the results of the company’s operations and its financial position and makes compensation determinations. The compensation committee did not engage or rely on consultants in determining compensation paid to executive officers in 2017 instead relied on the judgment and knowledge of its own members. The compensation committee views the determination of such compensation to be a collaborative effort and accordingly it welcomes recommendations and advice from executive officers and other directors. The compensation committee is composed of three members: C. Birge Sigety, Douglas I. McCree and Martin A. Traber each of whom have been determined to be “independent” within the meaning of the SEC and NASDAQ regulations. The Board of Directors has adopted a formal compensation committee charter. As required under NASDAQ Rule 5605(d)(1), the compensation committee assesses the adequacy of its charter on an annual basis. The compensation committee met once formally during 2017 and otherwise acted by unanimous written consent.

A current copy of the charter is available on our website www.lmfunding.com by clicking “Investors” and then “Corporate Governance.”

NOMINATING AND GOVERNANCE COMMITTEE

The functions of the nominating and governance committee include the following:

- establishing criteria for selection of potential directors, taking into account all factors it considers appropriate;
- identifying and selecting individuals believed to be qualified as candidates to serve on the board and recommending to the board candidates to stand for election as directors at the annual meeting of shareholders or, if applicable, at a special meeting of the shareholders;
- recommending members of the board to serve on the committees of the board;
- evaluating and ensuring the independence of each member of each committee of the board required to be composed of independent directors;
- developing and recommending to the board a set of corporate governance principles appropriate for our company and consistent with the applicable laws, regulations, and listing requirements;
- developing and recommending to the board a code of conduct for our company's directors, officers, and employees;
- ensuring that we make all appropriate disclosures regarding the process for nominating candidates for election to the board, including any process for shareholder nominations, the criteria established by the committee for candidates for nomination for election to the board, and any other disclosures required by applicable laws, regulations, or listing standards; and
- reporting regularly to the board (i) regarding meetings of the committee, (ii) with respect to such other matters as are relevant to the committee's discharge of its responsibilities, and (iii) with respect to such recommendations as the committee may deem appropriate.

The nominating and governance committee is composed of three members: Douglas I. McCree, Bruce M. Rodgers and Joel E. Rodgers, Sr. Effective May 11, 2018, Bruce M. Rodgers and Joel E. Rodgers resigned from the nominating and governance committee. Both Martin A. Traber and Andrew Graham were appointed to the committee to replace the departing members. The nominating and governance committee had no meetings in 2017 but will meet prior to the submission of this proxy statement. The Board of Directors has adopted a written Nominating and Governance Committee Charter. A current copy of the charter is available on our website at www.lmfunding.com by clicking "Investors" and then "Corporate Governance."

Each of the proposed director nominees was recommended by the nominating and governance committee to the Board of Directors.

The nominating and governance committee identifies director candidates in numerous ways. Generally, the candidates are known to and recommended by members of the Board of Directors or management. In evaluating director candidates, the nominating and governance committee considers a variety of attributes, criteria and factors, including experience, skills, expertise, diversity, personal and professional integrity, character, temperament, business judgment, time availability, dedication and conflicts of interest. At a minimum, director candidates must be at least 18 years of age and have such business, financial, technological or legal experience or education to enable them to make informed decisions on behalf of the company. The nominating and governance committee has not adopted a specific policy on diversity.

The nominating and governance committee will consider director candidates recommended by shareholders. Any shareholder wishing to recommend one or more director candidates should send the recommendations before November 1st of the year preceding the next annual meeting of shareholders to LM Funding America, Inc., **Attention: Bruce M. Rodgers, Chief Executive Officer, 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602**. Each recommendation should set forth the candidate's name, age, business address, business telephone number, residence address, and principal occupation or employment and any other attributes or factors the shareholder wishes the committee to consider, as well as the shareholder's name, address and telephone number and the class and number of shares held. The committee may require the recommended candidate to furnish additional information. Mr. Rodgers will forward recommendations of qualified candidates to the nominating and governance committee and those candidates will be given the same consideration as all other candidates.

A shareholder wishing to nominate an individual for election to the Board of Directors at the Annual Meeting of the Shareholders, rather than recommend a candidate to the nominating and governance committee, must comply with the advance notice requirements set forth in our bylaws. See "Shareholder Proposals for Presentation at the 2018 Annual Meeting" for further information.

Board of Directors Leadership Structure

Our business and affairs are managed under the direction of the Board of Directors. Under our current leadership structure, Bruce M. Rodgers serves as Chairman of the Board of Directors, Chief Executive Officer, and President. Mr. Rodgers' role includes providing continuous feedback on the direction and performance of the company, serving as chairman of regular meetings of the Board of Directors, setting the agenda for the meetings of the Board of Directors and leading the Board of Directors in anticipating and responding to changes in our business. Mr. Rodgers plays a significant role also in formulating and executing the company's strategic plans, financing activity and investment decisions. We believe board oversight and planning is a collaborative effort among the directors, each of whom has unique skills, experience and education, and this structure facilitates collaboration and communication among the directors and management and makes the best use of their respective skills. The Board of Directors periodically reviews the board leadership structure to evaluate whether the structure remains appropriate for the company and may determine to alter this leadership structure anytime based on then existing circumstances.

Board of Directors' Role in Risk Oversight

The Board of Directors plays a significant role in monitoring risks to the company. Where major risks are involved, the Board of Directors takes a direct role in reviewing those matters. The Board of Directors also approves any strategic initiatives and any large or unusual investment or other such expenditure of the company's resources. The Board of Directors has established committees to assist in ensuring that material risks are identified and managed appropriately. Among them are the audit committee, the compensation committee, and the nominating and governance committee. The Board of Directors and its committees regularly review material operational, financial, compensation and compliance risks with executive management. The audit committee is responsible for assisting the Board of Directors in its oversight of the quality and integrity of our accounting, auditing, and reporting practices and discussing with management our processes to manage business and financial risk. The compensation committee considers risk in connection with its design of our compensation programs for our executives. The nominating and governance committee regularly reviews the company's corporate governance structure and board committee assignments. Each committee regularly reports to the Board of Directors.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Malone Bailey LLP was our principal registered public accounting firm for 2017. Skoda Minotti & Co. Certified Public Accountants was our principal registered public accounting firm for 2016.

AUDIT FEES

The following table sets forth the aggregate fees for services related to the years ended December 31, 2016 and 2015 provided by Skoda Minotti & Co. Certified Public Accountants, our principal accountant:

	2017	2016
Audit Fees - Malone Bailey, LLP (1)	\$ 85,000	\$ —
Audit Fees - Skoda Minotti & Co. Certified Public Accountants (2)	\$ 45,000	\$ 195,000
All Other Fees (3)	12,500	15,975
Total	<u>\$ 142,500</u>	<u>\$ 210,975</u>

- (1) Audit Fees represent fees billed for professional services rendered for the audit of our annual financial statements and review of our quarterly financial statements included in our quarterly reports on Form 10-Q.
- (2) All Other Fees represent fees billed for services provided to us not otherwise included in the category above.

PRE-APPROVAL POLICIES

All auditing services and non-auditing services are pre-approved by the audit committee. The audit committee has delegated this authority to the chairman of the audit committee for situations when pre-approval by the full audit committee is inconvenient. Any decisions by the chairman of the audit committee must be disclosed at the next audit committee meeting.

AUDIT COMMITTEE REPORT

TO: The Board of Directors of LM Funding America, Inc.

The audit committee oversees the financial reporting processes of LM Funding America, Inc. on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the audit committee reviewed the audited financial statements in the Annual Report with management and discussed with management the quality, in addition to the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The audit committee reviewed with representatives of Malone Bailey LLP, the company's independent registered public accounting firm responsible for auditing the company's financial statements and expressing an opinion on the conformity of those audited financial statements with accounting principles generally accepted in the United States of America, their judgments as to the quality, not just the acceptability, of the company's accounting principles. The audit committee has discussed with the independent registered public accounting firm the matters required to be discussed under auditing standards adopted by the Public Company Accounting Oversight Board. The audit committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence, and has discussed with the independent accountant the independent accountant's independence.

The audit committee discussed with representatives of Malone Bailey LLP, the overall scope and plans for their audit. The audit committee met with representatives of Malone Bailey LLP, with and without management present, to discuss the results of their examinations, their evaluations of the company's internal controls, and the overall quality of the company's financial reporting.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the Board of Directors the inclusion of the audited financial statements in the company's Annual Report on Form 10-K for the year ended December 31, 2017 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE
Andrew Graham, Chairman
C. Birge Sigety
Douglas I. McCree

PROPOSAL 2 RATIFICATION OF MALONE BAILEY LLP

The Audit Committee of the Board of Directors has appointed Malone Bailey LLP ("Malone Bailey") as the Company's independent registered public accounting firm for our fiscal year ending December 31, 2018. Malone Bailey also served as the Company's independent registered public accounting firm for our 2017 fiscal year ended December 31, 2017. The Board of Directors concurs with the appointment and is submitting the appointment of Malone Bailey as our independent registered public accounting firm for stockholder ratification at the annual meeting.

Our Bylaws do not require that the stockholders ratify the appointment of Malone Bailey as our independent registered public accounting firm. We are seeking ratification because we believe it is a sound corporate governance practice. If the stockholders do not ratify the appointment, the Audit Committee will reconsider whether to retain Malone Bailey, but may retain Malone Bailey in any event. Even if the appointment is ratified, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that a change would be in the best interests of the Company and its stockholders.

We expect that representatives of Malone Bailey, LLP will be either physically present or available via phone at the Annual Meeting. They will be given the opportunity to make a statement if they desire to do so, and they will be available to respond to appropriate questions after the meeting.

RECOMMENDATION OF THE BOARD

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF MALONE BAILEY LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE CURRENT YEAR.
ITEM 2 ON YOUR PROXY CARD.**

PROPOSAL 3
APPROVAL OF AN AMENDMENT TO OUR CERTIFICATE OF INCORPORATION,
TO EFFECT A REVERSE STOCK SPLIT

General

You are being asked to approve an amendment (in the event it is deemed by our Board of Directors to be advisable) to our Certificate of Incorporation to effect a reverse stock split of the issued and outstanding shares of our common stock, at a ratio within the range of one-for-two (1:2) to one-for-ten (1:10), as determined by our Board of Directors (the “Reverse Stock Split Amendment”). Any reverse stock split effectuated pursuant to this authorization being sought at the Annual Meeting is referred to herein as the “Reverse Stock Split.” Consummation of the Reverse Stock Split is subject to (i) stockholder approval at the Annual Meeting and (ii) further Board of Directors discretion as to whether to implement the Reverse Stock Split and, if implemented, the determination of the ratio within the range authorized by the stockholders. Under the proposed amendment, outstanding shares of our common stock between a range of two to ten would be combined and converted into one share of common stock. Our Board of Directors believes that a Reverse Stock Split at a ratio of between (1:2) and (1:10), inclusive, as currently proposed, will be effective to increase the per share trading price of our common stock above the minimum bid price of \$1.00 per share required by Nasdaq to be listed on the Nasdaq Capital Market, as further discussed below. The proposed amendment to our Certificate of Incorporation was approved by our Board of Directors on May 11, 2018, at which time the Board of Directors directed that the Company seek the authorization of its stockholders to implement the Reverse Stock Split subject to the discretion of the Board of Directors.

If our stockholders approve the Reverse Stock Split, the Board of Directors may implement the Reverse Stock Split promptly if necessary to satisfy Nasdaq’s minimum bid price rule in order to maintain our listing on the Nasdaq Capital Market. However, the Board of Directors reserves the right to abandon the Reverse Stock Split at any time prior to filing the Reverse Stock Split Amendment if it determines, in its sole discretion, that this proposal is no longer in the best interests of the Company and its stockholders.

If approved by our stockholders, and if implemented by the Board of Directors, the Reverse Stock Split will become effective at the time specified in the Reverse Stock Split Amendment, which would be filed with the Secretary of State of the State of Delaware. The exact ratio of the Reverse Stock Split within the one-for-two (1:2) to one-for-ten (1:10) range would be determined in the Board’s discretion and publicly announced by the Company.

Reasons for the Reverse Stock Split

Our common stock currently trades on the Nasdaq Capital Market under the symbol “LMFA.” The Nasdaq Marketplace Rules contain various continued listing criteria that companies must satisfy in order to remain listed on the exchange. On May 8, 2018, we received a notice from Nasdaq stating that we are not in compliance with the requirement of Nasdaq Listing Rule 5550(a)(2) for continued listing on the Nasdaq Capital Market (the “Bid Price Rule”), as a result of the closing bid price of our common stock being below \$1.00 per share for 30 consecutive business days. Nasdaq Listing Rules provide that we have 180 calendar days, or until November 5, 2018, to regain compliance with the Bid Price Rule. To regain compliance, the closing bid price of our common stock has to be at least \$1.00 per share for a minimum of 10 consecutive business days. If we are unable to regain compliance by November 5, 2018, we may be eligible for an additional 180-day period to demonstrate compliance with the Bid Price Rule. To qualify for the additional compliance period, we will be required to meet the continued listing requirement for market value of publicly held shares set forth in Nasdaq Listing Rule 5550(a) and all other initial listing standards set forth in Nasdaq Listing Rule 5505, with the exception of the Bid Price Rule, and will need to provide written notice to Nasdaq of our intention to cure the deficiency during the second compliance period. If we do not qualify for the second compliance period or fail to regain compliance during the second 180-day period, then we expect that Nasdaq will provide notice that our common stock is subject to delisting from the Nasdaq Capital Market, at which point we would have an opportunity to appeal the delisting determination to a Nasdaq hearings panel.

The Board of Directors’ primary objective in proposing the Reverse Stock Split is to raise the per share trading price of our common stock in the event it becomes necessary in order to maintain and/or regain compliance with the Bid Price Rule. If a delisting from Nasdaq were to occur, the Company believes its common stock would be eligible to be quoted on the inter-dealer electronic quotation and trading system operated by Pink OTC Markets Inc. commonly referred to as the Pink Sheets and now known as the OTCQB market. The common stock may also be quoted on the Over-the-Counter Bulletin Board (the “OTCBB”), an electronic quotation service maintained by the Financial Industry Regulatory Authority (“FINRA”), provided that a market maker in the common stock files the appropriate application with, and such application is cleared by, FINRA. These markets are generally considered to be

less efficient than, and not as broad as, the Nasdaq Capital Market. If our common stock were to trade on the OTCQB or the OTCBB, selling such shares could be more difficult because smaller quantities of shares would likely be bought and sold, transactions could be delayed, and security analysts' coverage of the Company may be reduced. In addition, in the event our common stock is delisted, broker-dealers have certain regulatory burdens imposed upon them, which may discourage broker-dealers from effecting transactions in our shares, further limiting their liquidity. These factors could result in lower prices and larger spreads in the bid and ask prices for our common stock.

Such delisting from the Nasdaq Capital Market could also greatly impair the Company's ability to raise additional necessary capital through equity or debt financing, and could significantly increase the ownership dilution to shareholders caused by the Company's issuing equity in financing or other transactions. Our Board of Directors has considered the potential harm to us and our stockholders should Nasdaq delist our common stock from the Nasdaq Capital Market and believes that, if compliance were not otherwise regained, the Reverse Stock Split would help the Company regain compliance with the Bid Price Rule.

Our Board of Directors is also submitting the Reverse Stock Split to stockholders for approval based on its belief that increasing the price of our common stock may make our common stock more attractive to a broader range of institutional and other investors. We have been advised that the current market price of our common stock may affect its acceptability to certain institutional investors, professional investors and other members of the investing public. If the Reverse Stock Split is approved by our stockholders, our Board of Directors may determine to approve the Reverse Stock Split in an effort to make our common stock a more attractive and cost effective investment for many investors. Accordingly, for these and other reasons discussed in this Proxy Statement, we believe that stockholder approval of the Reverse Stock Split will provide the Board of Directors with flexibility to implement the Reverse Stock Split in a manner designed to maximize the desired results and anticipated benefits and is consequently in the Company's best interest. As such, assuming the Reverse Stock Split is approved by our stockholders as proposed, the Board of Directors may determine to implement the Reverse Stock Split even if doing so is not necessary in order to maintain and/or regain compliance with the Bid Price Rule.

Reducing the number of issued and outstanding shares of our common stock through the Reverse Stock Split would be intended, absent other factors, to increase the per share market price of our common stock. However, other factors, such as our financial results, market conditions and the market perception of our business may adversely affect the market price of our common stock. As a result, there can be no assurance that the Reverse Stock Split, if completed, will result in the intended benefits described above, that the market price of our common stock will increase following the Reverse Stock Split or that the market price of the common stock will not decrease in the future. Under applicable Nasdaq Listing Rules, in order to regain compliance with the Bid Price Rule and maintain our listing on the Nasdaq Capital Market, a consolidated closing bid price of \$1.00 per share must be maintained for a minimum of 10 consecutive business days, and Nasdaq may, in its discretion, require us to maintain a consolidated closing bid price of at least \$1.00 per share for a longer period, not to exceed 20 consecutive business days, before determining that we have regained compliance with this requirement. Accordingly, we cannot assure you that we will be able to maintain our Nasdaq listing after the Reverse Stock Split is effected or that the market price of the common stock will exceed or remain in excess of \$1.00 per share for any period of time. Additionally, we cannot assure you that the market price per share of our common stock after the Reverse Stock Split will increase in proportion to the reduction in the number of the shares of common stock issued and outstanding before the Reverse Stock Split or that our Board of Directors will effect the Reverse Stock Split. Accordingly, the total market capitalization of our common stock after the Reverse Stock Split may be lower than the total market capitalization before the Reverse Stock Split. We also cannot assure you that our common stock will not be delisted from Nasdaq due to failure to meet other continued listing standards.

Board Discretion to Implement the Reverse Stock Split

If the stockholders approve this proposal, the Board of Directors would effect the Reverse Stock Split only upon the Board's determination that the Reverse Stock Split is in the best interests of the Company and its stockholders at that time. Assuming the Board of Directors effects the Reverse Stock Split, the Board of Directors will set the timing for such a split and select the specific ratio within the range set forth herein. No further action on the part of stockholders would be required to either implement or abandon the Reverse Stock Split. If stockholders approve the proposal, and the Board of Directors determines to implement the Reverse Stock Split, we would communicate to the public, prior to the effective date of the Reverse Stock Split, additional details regarding the Reverse Stock Split, including the specific ratio the Board of Directors selects.

The ratio to be used in the Reverse Stock Split would be determined by the Board of Directors in its discretion and would depend on the trading price of our common stock at the time of the split among other factors. The Board of Directors is seeking approval of a reverse stock split of our common stock within the range of one-for-two (1:2) to one-for-ten (1:10) to provide maximum flexibility to achieve the purposes of the Reverse Stock Split. The table below provides estimates of the expected effects assuming implementation of the Reverse Stock Split at various ratios within the range for which authorization is sought, as to (1) the number of

shares of our common stock (a) authorized, (b) issued and outstanding, (c) reserved for issuance, and (d) authorized but neither issued nor reserved for issuance, and (2) the trading price of our common stock. The estimates in the table are based on the assumptions referenced in the footnotes below.

	Number of Shares of Common Stock Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Issuance	Number of Shares Authorized but Neither Issued nor Reserved for Future Issuance	Assumed Post- Reverse Stock Split Trading Price
Prior to any Reverse Stock Split	10,000,000	6,253,189	3,121,032	625,779	\$ 0.62
After Assumed 1-for-2 Reverse Stock Split	10,000,000	3,126,595	1,560,516	5,312,890	\$ 1.24
After Assumed 1-for-5 Reverse Stock Split	10,000,000	1,250,638	624,206	8,125,156	\$ 3.10
After Assumed 1-for-10 Reverse Stock Split	10,000,000	625,319	312,103	9,062,578	\$ 6.20

- (1) These estimates assume a total of 6,253,189 shares of our common stock issued and outstanding immediately prior to the Reverse Stock Split, which is based on the 6,253,189 shares issued and outstanding as of May 31, 2018.
- (2) The following 3,121,032 shares of common stock are included in the Number of Shares Reserved for Issuance, based on shares reserved as of May 31, 2018: (i) warrants to purchase 1,200,000 shares of our common stock at a weighted average exercise price of \$12.50 per share; (ii) options to purchase 187,904 shares of our common stock outstanding under the 2015 Omnibus Incentive Plan at a weighted average exercise price of \$10.00 per share; (iii) an additional aggregate of 412,096 shares of our common stock reserved for future issuance under the 2015 Omnibus Incentive Plan (excluding options already issued and therefore included in the outstanding options referenced in clause (ii) and (iv) 1,321,032 reserved for issuance pursuant to the Securities Purchase Agreement and Common Stock Purchase Agreement described in Proposal No. 4, which does not represent all of the shares that we may sell pursuant to the Common Stock Purchase Agreement. All shares reserved for issuance would be proportionately reduced by the same ratio at which outstanding shares are adjusted in the event the Reverse Stock Split is effected.
- (3) These estimates do not reflect the effects of paying cash in lieu of fractional shares resulting from the Reverse Stock Split.
- (4) The Assumed Post-Reverse Stock Split Trading Price of our common stock is based on the \$0.62 closing price of our common stock as reported on the Nasdaq Capital Market on May 31, 2018, and assumes that immediately after any Reverse Stock Split, the market price of our common stock would adjust proportionately to reflect the Reverse Stock Split ratio. There can be no assurances that our common stock will trade at a price proportionate to the ratio at which the Reverse Stock Split is implemented, or that our common stock will remain at any given price following implementation of the Reverse Stock Split.

Effect on Existing Shares of Common Stock

The proposed Reverse Stock Split would affect all of our stockholders uniformly and would not affect any stockholder's percentage ownership interest in the Company, except to the extent that the Reverse Stock Split results in any stockholders owning a fractional share, as described below.

Effect on Options, Warrants and Shares Reserved for Issuance Under Incentive Plan

All outstanding options and warrants to purchase shares of our common stock would be adjusted proportionately as a result of the Reverse Stock Split. In addition, the number of shares available pursuant to the 2015 Plan would be adjusted proportionately as a result of the Reverse Stock Split.

Effect on Authorized but Unissued Shares of Common Stock

If and when the Board of Directors elects to effect the Reverse Stock Split, we will not reduce the number of authorized shares of common stock in proportion to the Reverse Stock Split ratio. Therefore, upon effectiveness of the Reverse Stock Split, the number of authorized shares of common stock that are not issued or outstanding will increase substantially because the proposed Reverse Stock Split will not reduce the number of authorized shares, while it will reduce the number of outstanding shares. The actual number of authorized shares of common stock available for issuance after giving effect to the Reverse Stock Split, if implemented,

will depend on the Reverse Stock Split ratio that is ultimately determined by the Board of Directors and whether the increase of our authorized common stock described in Proposal No. 5 is approved. The issuance of such securities may result in potentially significant dilution of current stockholders' ownership interests in the Company.

Effect on Par Value

The Reverse Stock Split Amendment will not change the par value of our common stock.

Payment for Fractional Shares

Whether shares are held in street name or directly, fractional shares of common stock will not be issued to stockholders. Instead, fractional shares will be cashed out. For example, if a stockholder holds 125 shares on a pre-split basis and the Reverse Stock Split ratio is 1:2, 124 of such shares would be combined and converted into 112 shares on a post-split basis and such stockholder would receive cash for one pre-split share.

The amount of cash to be paid for fractional shares will be equal to the product obtained by multiplying:

- the closing sales price of our common stock on the effective date of the Reverse Stock Split as reported on the Nasdaq Capital Market; by
- the amount of the fractional share.

Stockholders would not be entitled to receive interest for their fractional shares. Any stockholder that holds a number of our shares that is less than the ratio used to implement the Reverse Stock Split will be completely cashed out as a result of the payment of fractional shares in lieu of any fractional share interests.

Mechanics of Reverse Stock Split

If the Reverse Stock Split proposal is approved by our stockholders at the Annual Meeting and thereafter the Board of Directors determines to implement the Reverse Stock Split, our stockholders will be notified of the ratio at which the Reverse Stock Split has been implemented. The mechanics of the Reverse Stock Split will differ depending upon whether shares held are held beneficially in street name or whether they are registered directly in a stockholder's name.

- If a stockholder's shares are registered directly in the stockholder's name, the stockholder will receive a transmittal letter asking the stockholder to surrender certificates representing pre-split shares in exchange for certificates representing post-split shares. No new certificates will be issued to the stockholder until the outstanding certificate(s) together with the properly completed and executed letter of transmittal are delivered in accordance with the instructions contained in such transmittal letter.
- Non-registered stockholders holding our common stock through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the consolidation than those that would be put in place by us for registered stockholders, and their procedures may result, for example, in differences in the precise cash amounts being paid by such nominees in lieu of a fractional share. If you hold your shares with such a bank, broker or other nominee and if you have questions in this regard, you are encouraged to contact your nominee.

We estimate that our aggregate expenses relating to the Reverse Stock Split will not be material.

Accounting Consequences

The Reverse Stock Split will not affect total stockholders' equity on the Company's balance sheet. However, because the par value of our common stock will not change, the components that make up total stockholders' equity will change by offsetting amounts. The per share common stock net loss and net book value would be increased because there would be fewer shares of our common stock outstanding. Fractional shares cashed out will be accounted for as retired stock.

Certain U.S. Federal Income Tax Consequences

The following discussion summarizes certain material U.S. federal income tax consequences relating to the participation in the Reverse Stock Split by a beneficial owner of common stock that is a citizen or individual resident of the United States, a

corporation organized in or under the laws of the United States or any state thereof or the District of Columbia or otherwise subject to U.S. federal income taxation on a net income basis in respect of our common stock (a “U.S. holder”). A trust may also be a U.S. holder if (1) a U.S. court is able to exercise primary supervision over administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in place to be treated as a U.S. person. An estate whose income is subject to U.S. federal income taxation regardless of its source may also be a U.S. holder.

This summary does not address all of the tax consequences that may be relevant to any particular stockholder, including tax considerations that arise from rules of general application to all taxpayers or to certain classes of taxpayers or that are generally assumed to be known by stockholders. This summary also does not address the tax consequences to (i) persons that may be subject to special treatment under U.S. federal income tax law, such as banks, insurance companies, thrift institutions, regulated investment companies, real estate investment trusts, tax-exempt organizations, U.S. expatriates, persons subject to the alternative minimum tax, traders in securities that elect to mark to market and dealers in securities or currencies, (ii) persons that hold our common stock as part of a position in a “straddle” or as part of a “hedging,” “conversion” or other integrated investment transaction for federal income tax purposes, or (iii) persons that do not hold our common stock as “capital assets” (generally, property held for investment). If a partnership (or other entity classified as a partnership for U.S. federal income tax purposes) is the beneficial owner of our common stock, the U.S. federal income tax treatment of a partner in the partnership will generally depend on the status of the partner and the activities of the partnership. Partnerships that hold our common stock, and partners in such partnerships, should consult their own tax advisors regarding the U.S. federal income tax consequences of the Reverse Stock Split.

This summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), final, temporary and proposed U.S. Treasury regulations promulgated thereunder and current administrative rulings and judicial decisions, all as in effect as of the date hereof. All of these authorities may be subject to differing interpretations or repealed, revoked or modified, possibly with retroactive effect, which could materially alter the tax consequences set forth herein.

There can be no assurance that the IRS will not take a contrary position to the tax consequences described herein or that such position will not be sustained by a court. No ruling from the IRS has been obtained with respect to the U.S. federal income tax consequences of the Reverse Stock Split.

This discussion is for general information only and is not tax advice. All stockholders should consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the Reverse Stock Split.

Based on the assumption that the Reverse Stock Split will constitute a tax-free reorganization within the meaning of Section 368(a)(1)(E) of the Code (i.e., a deemed exchange of existing shares for newly-issued shares), and subject to the limitations and qualifications set forth in this discussion and the discussion below regarding the treatment of cash paid in lieu of fractional shares, the following U.S. federal income tax consequences will result from the Reverse Stock Split:

- A U.S. holder will not recognize gain or loss on the deemed exchange of shares pursuant to the Reverse Stock Split (except to the extent of cash received in lieu of a fractional share);
- The aggregate tax basis of the shares deemed received by a U.S. holder in the Reverse Stock Split will be equal to the aggregate tax basis of the shares deemed surrendered in exchange therefor, reduced by the amount of the adjusted tax basis allocated to any fractional share for which cash is received; and
- The holding period of the shares received by a U.S. holder in the Reverse Stock Split will include the holding period of the shares deemed surrendered therefor.

Cash Received in the Reverse Stock Split in Lieu of Fractional Shares

A stockholder who receives cash in lieu of fractional shares in the Reverse Stock Split should recognize capital gain or loss equal to the difference between the amount of the cash received in lieu of fractional shares and the portion of the stockholder’s adjusted tax basis allocable to the fractional shares unless the distribution of cash is treated as having the effect of a distribution of a dividend, in which case the gain will be treated as dividend income to the extent of our current accumulated earnings and profits as calculated for U.S. federal income tax purposes. Stockholders are urged to consult their own tax advisors to determine whether a stockholder’s receipt of cash has the effect of a distribution of a dividend.

No Appraisal Rights

Under the Delaware General Corporation Law, stockholders are not entitled to dissenters' rights of appraisal with respect to the proposed amendment to our Certificate of Incorporation to effect the Reverse Stock Split, and we will not independently provide our stockholders with any such right.

Interests of Certain Persons in the Proposal

Our directors and executive officers have no substantial interests, directly or indirectly, in the matters set forth in this proposal except to the extent of their ownership of shares of our common stock.

RECOMMENDATION OF THE BOARD

THE BOARD RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE APPROVAL OF THE AMENDMENT TO OUR CERTIFICATE OF INCORPORATION EFFECTING THE REVERSE STOCK SPLIT AND ACCORDINGLY "FOR" THE REVERSE STOCK SPLIT. ITEM 3 ON YOUR PROXY CARD.

PROPOSAL 4

APPROVAL OF THE ISSUANCE AND SALE BY US OF MORE THAN 19.99% OF OUR OUTSTANDING COMMON STOCK FOR PURPOSES OF COMPLYING WITH NASDAQ LISTING RULE 5635(D)

General

On April 2, 2018, we entered into a Securities Purchase Agreement (the "Securities Purchase Agreement"), with ESUSA Holdings pursuant to which we issued to ESUSA HOLDINGS a senior secured convertible promissory note (the "Note") in the original principal amount of \$500,000 together with a five-year warrant to purchase up to 400,000 shares of our common stock (the "Warrant Shares") at an exercise price of \$0.66 per share (the "Warrant"), subject to certain anti-dilution adjustments, for an aggregate purchase price of \$500,000. ESUSA Holdings may at any time on or after the maturity date convert all or any part of the outstanding and unpaid principal amount and accrued and unpaid interest of the Note into shares of the Company's common stock (the "Conversion Shares"), at a conversion price equal to 85% of the lowest daily volume-weighted average price of the Company's common stock in the ten trading days immediately prior to conversion. As of May 31, 2018, the outstanding principal balance of the Note was \$500,000, and accrued but unpaid interest was \$8,750.

On April 2, 2018, we also entered into a common stock purchase agreement (the "Common Stock Purchase Agreement") and a registration rights agreement, with ESUSA Holdings, pursuant to which the Company has the right to sell to ESUSA Holdings up to \$5,000,000 in shares of our common stock, subject to certain limitations and conditions set forth in the Common Stock Purchase Agreement, over the two-year term of the Common Stock Purchase Agreement. In consideration for entering into the Common Stock Purchase Agreement, we will issue to ESUSA Holdings as a commitment fee such number of shares of our common stock that would have a value equivalent to \$200,000 calculated using the average of the volume-weighted average price for our common stock during the three trading days period immediately preceding the date of issuance of such shares (the "Commitment Shares"). We currently intend to use the net proceeds we receive from sales of our common stock under the Common Stock Purchase Agreement for working capital and general corporate purposes.

Under the Common Stock Purchase Agreement, the Company has the right, from time to time in its sole discretion and subject to certain conditions, to direct ESUSA Holdings to purchase up to 15% of the trading volume of our common stock established by the Nasdaq Capital Market during normal trading hours for the five trading days immediately preceding the date of purchase at a purchase price equal to 87.5% of the lowest daily volume-weighted average trading price of our common stock established by the Nasdaq Capital Market during normal trading hours during the ten trading days immediately preceding the purchase date; provided that the consolidated closing bid price of our common stock established by the Nasdaq Capital Market exceeds \$0.50. We may not issue any common stock (or securities convertible or exchangeable for common stock) during the 90-day period immediately before or after any purchase date under the Common Stock Purchase Agreement, subject to certain exceptions.

ESUSA Holdings will not be required to purchase any shares of our common stock if such sale would result in the beneficial ownership of ESUSA Holdings exceeding 4.99% of the then outstanding shares of our common stock. In addition, we will not issue any shares of our common stock under the Common Stock Purchase Agreement if such shares proposed to be issued and

sold, when aggregated with all other shares of our common stock then owned beneficially (as calculated pursuant to Section 13(d) of the Exchange Act and Rule 13d-3 promulgated thereunder) by ESOSA Holdings and its affiliates would result in the beneficial ownership by ESOSA Holdings and its affiliates of more than 9.9% of the then outstanding shares of our common stock.

We do not know what the purchase price for our common stock will be and therefore cannot be certain as to the number of shares we might issue to ESOSA Holdings under the Common Stock Purchase Agreement. We have filed a registration statement with the SEC to register 1,321,032 shares of our common stock that will be issued or may be issuable to ESOSA Holdings pursuant to the Common Stock Purchase Agreement, the Note and the Warrant. If all of such 1,321,032 shares of our common stock were issued and outstanding as of May 31, 2018, such shares would represent 17.4% of the total common stock outstanding. The 1,321,032 shares included in such registration statement represent 33.3% of the outstanding shares of common stock held by non-affiliates as of May 31, 2018. If we choose to sell additional shares to ESOSA Holdings under the Common Stock Purchase Agreement, we must first register for resale under the Securities Act any such additional shares. We may not file subsequent registration statements until the later of (1) 60 days after ESOSA Holdings has resold substantially all of the shares covered by the registration statement described above and (2) six months after the effective date of that registration statement, unless the market value of our outstanding common stock held by non-affiliates increases to \$75 million.

The Securities Purchase Agreement and Common Stock Purchase Agreement provide that the total number of Conversion Shares and any shares of common stock issued to ESOSA Holdings pursuant to the Common Stock Purchase Agreement, including the Commitment Shares, may not exceed 19.99% of our outstanding shares of common stock as of the date of those agreements, or 1,250,638 shares of our common stock (the “Exchange Cap”). You are being asked to consider and vote upon a proposal (the “Share Issuance Proposal”) that provides for the potential issuance of a number of shares of our common stock in excess of 19.99% of our outstanding shares of common stock, pursuant to the Common Stock Purchase Agreement and upon the conversion of the Note.

Why We Need Stockholder Approval

Pursuant to Nasdaq Listing Rule 5635(d), stockholder approval is required prior to the issuance of securities in connection with a transaction (or a series of related transactions) other than a public offering involving the sale, issuance or potential issuance of common stock (or securities convertible into or exercisable for common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for less than the greater of book or market value of the stock. Therefore, the total number of Conversion Shares and shares of common stock that may be issued under the Common Stock Purchase Agreement, including the Commitment Shares, will be limited to the Exchange Cap. The foregoing limitation will not apply if (i) we obtain stockholder approval to issue shares of common stock in excess of the Exchange Cap or (ii) the average price paid for the Conversion Shares and all shares of our common stock issued under the Common Stock Purchase Agreement equals or exceeds \$0.66 per share (which represents the consolidated closing bid price of our common stock on April 2, 2018).

Potential Effects of Approval of this Proposal

If the Share Issuance Proposal is approved, the Exchange Cap will no longer apply to the issuance of the Conversion Shares and the issuance of shares pursuant to the Common Stock Purchase Agreement. The issuance of shares of our common stock in excess of the Exchange Cap could result in significant dilution to our stockholders, and could substantially reduce our stockholders’ percentage interest in the voting power of the Company.

Potential Effects of Non-Approval of this Proposal

If the Share Issuance Proposal is not approved by the stockholders, then the Exchange Cap would limit the number of shares of our common stock issuable upon the conversion of the Note and pursuant the Common Stock Purchase Agreement, including the Commitment Shares, to 1,250,012 shares

RECOMMENDATION OF THE BOARD

**THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE “FOR” THE SHARE ISSUANCE PROPOSAL.
ITEM 4 ON YOUR PROXY CARD.**

**PROPOSAL 5:
AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO
INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK**

The Proposed Amendment

Our Board of Directors has adopted a resolution (i) approving an amendment to Section 1 of Article IV of our Certificate of Incorporation that would increase the number of authorized shares of common stock, par value \$0.001 per share, from 10,000,000 to 30,000,000 shares (the “Amendment”) and (ii) directing that the Amendment be submitted to the stockholders for approval at the Annual Meeting.

The text of the proposed amendment to our Certificate of Incorporation to effect the increase in our authorized common stock is included as Appendix A to this Proxy Statement.

Reasons for Amendment

Our Board of Directors believes that an increase in the number of authorized shares of the Company’s common stock from 10,000,000 to 30,000,000 shares is in the best interests of our stockholders. Increasing the number of authorized shares of common stock will enable us to engage in capital raising transactions and other strategic transactions involving the issuance of equity securities. We have limited capital and in order for us to execute on our business plan and remain viable as a going concern, we must have the flexibility to engage in capital raising transactions until we are able to generate sufficient revenue and cash flow. Investors in prior transactions have purchased our common stock or our derivative securities, such as warrants, for which we must reserve unissued common stock.

As discussed in more detail below in the section titled “Number of Shares of Common Stock Outstanding and Subject to Issuance,” we significantly rely on our authorized common stock and will be limited in future capital raising opportunities if we don’t increase our authorized shares. Increasing the number of authorized shares of common stock will enable us to issue common stock or securities convertible or exercisable into common stock to investors and other strategic partners. These transactions, if they can be successfully negotiated and consummated, will help us fund our business plan. You should be aware that these potential capital raising transactions or other strategic transactions involving the issuance of additional shares of common stock will have a dilutive effect on our existing stockholders, as further described in the section below titled “General Effects of the Amendment.”

If the increase is not approved, we will be limited in our efforts to raise additional capital, including issuing shares of common stock upon conversion of the Note and pursuant to the Common Stock Purchase Agreement described in Proposal 4. In such event, our operations, financial condition and our ability to continue as a going concern may be materially and adversely affected.

Number of Shares of Common Stock Outstanding and Subject to Issuance

As of May 31, 2018, we had a total of 9,374,221 shares of common stock issued and outstanding or reserved for future issuance, as follows: (i) 6,253,189 shares of common stock issued and outstanding, (ii) 187,904 shares of common stock reserved for future issuance upon exercise of options that have previously been granted, (iii) 412,096 shares of common stock reserved for future issuance under our 2015 Omnibus Incentive Plan but that have not yet been granted, (iv) 1,321,032 shares of common stock reserved for issuance pursuant to the Note, Warrant and the Common Stock Purchase Agreement described in Proposal 4 (which does not represent all of the shares that we may sell pursuant to the Common Stock Purchase Agreement) and (v) 1,200,000 shares of common stock issuable upon the exercise of outstanding warrants. This leaves only 625,779 shares of common stock available for future issuance.

General Effects of the Amendment Proposal

Upon stockholder approval of this Proposal 5, the Amendment will be filed with the Secretary of State of the State of Delaware and the number of authorized shares of our common stock will be increased from 10,000,000 shares to 30,000,000 shares.

The additional shares of our common stock to be authorized by adoption of the Amendment would have rights identical to our currently outstanding shares of common stock. Adoption of the proposed Amendment and subsequent issuance of the shares of common stock would not affect the rights of the holders of our currently outstanding shares of common stock, except for effects incidental to increasing the number of shares of our common stock. Incidental effects of a subsequent issuance of shares of our common stock (but not of the adoption of the Amendment in and of itself) include potentially diluting the voting power and percentage ownership of existing stockholders. Current holders of shares of our common stock do not have preemptive or similar

rights, which means that current stockholders do not have a prior right to purchase any new issue of our capital stock, including shares of our common stock, in order to maintain their proportionate ownership of our company.

If the proposed Amendment is approved, our Board of Directors may cause the issuance of additional shares of our common stock without further vote of our stockholders, except as provided under Delaware or other applicable law, our charter or bylaws or under the rules of the Nasdaq Stock Market. If the Amendment is adopted, it will become effective upon filing of the Amendment with the Secretary of State of the State of Delaware.

The increase in number of authorized shares of our common stock is not being proposed as a means of preventing or dissuading a change in control or takeover of our company; however, use of these shares for such a purpose is possible. Shares of authorized but unissued or unreserved common stock, for example, could be issued in an effort to dilute the stock ownership and voting power of persons seeking to obtain control of us or could be issued to purchasers who would support our Board of Directors in opposing a takeover proposal. In addition, the increase in number of authorized shares of our common stock, if approved, may have the effect of discouraging a challenge for control of us or make it less likely that such a challenge, if attempted, would be successful. Our Board of Directors and executive officers have no knowledge of any current effort to obtain control of our company or to accumulate large amounts of our common stock.

RECOMMENDATION OF THE BOARD

**THE BOARD OF DIRECTORS
RECOMMENDS THAT THE STOCKHOLDERS VOTE “FOR” THE APPROVAL OF THE AMENDMENT.
ITEM 5 ON YOUR PROXY CARD.**

EXECUTIVE OFFICERS

The following table provides information with respect to our executive officers as of May 31, 2018:

<u>Name</u>	<u>Age</u>	<u>Title</u>
Bruce M. Rodgers	54	Chairman, Chief Executive Officer and President
Richard Russell	57	Chief Financial Officer
Ryan Duran	33	Vice President of Operations
Carollinn Gould	54	Vice-President, Secretary and Director

Bruce M. Rodgers. Mr. Rodgers background and experience is contained above in the section of the Proxy Statement entitled “Directors” above.

Richard Russell. Mr. Russell, age 57, has served as Chief Financial Officer of the company since November 2017. Since 2016 Mr. Russell provided financial and accounting consulting services with a focus on technical and external reporting, internal auditing, mergers & acquisitions, risk management and interim CFO and controller services. Mr. Russell also served as Chief Financial Officer for Mission Health from 2013 to 2016 and before that, Mr. Russell served in a variety of roles for Cott Corporation from 2007 to 2013 including Senior Director Finance, Senior Director of Internal Auditing and Assistant Corporate Controller. Mr. Russell’s extensive professional experience with public companies includes his position as Director of Financial Reporting and Internal Controls for Quality Distribution and as Danka’s Director of Reporting from 2001 – 2004. Mr. Russell also holds the following positions: Chief Executive Officer and Chief Financial Officer of Omega Brands Inc. which is an inactive public shell company and Chief Financial Officer of Affinitas Life which is an emerging senior care private company. Mr. Russell earned his bachelor of science in accounting and a master’s in tax accounting from the University of Alabama, a bachelor of arts in international studies from the University of South Florida and a master’s in business administration from the University of Tampa.

Ryan Duran. Mr. Duran, age 33, currently serves as Vice President of Operations of the company and joined the Company in March 2015. Prior to joining the Company, Mr. Duran served as Operations Manager of Business Law Group, since 2008. Mr. Duran holds a Bachelor’s Degree in Real Estate and Finance from Florida State University.

Carollinn Gould. Ms. Gould’s background and experience is contained above in the section of the Proxy Statement entitled “Directors” above.

We are aware of no arrangements as to the selection or appointment of executive officers.

EXECUTIVE COMPENSATION AND RELATED INFORMATION

SUMMARY COMPENSATION TABLE

The following table provides summary information concerning compensation for services rendered in all capacities awarded to, earned by or paid to our named executive officers during the years ended December 31, 2017 and 2016. The table does not include compensation for 2017 for each named executive officer if such officer was not employed by the company in 2017.

<u>Name and Principal Position</u>	<u>Fiscal Year</u>	<u>Salary (\$)</u>	<u>Bonus (\$)</u>	<u>Stock Awards (\$)(1)</u>	<u>Option Awards (\$)</u>	<u>All Other Compensation (\$)(4)</u>	<u>Total (\$)</u>
Bruce Rodgers	2017	\$ 269,500	\$ —	\$ —	\$ —	\$ 1,593	\$ 271,093
Chairman and CEO	2016	370,832	-	-	-	3,797	374,629
Richard Russell	2017	9,691	-	-	5,800 (1)	1,177	16,667
Chief Financial Officer	2016	-	-	-	-	-	-
Ryan Duran	2017	101,385	-	-	-	7,062	108,447
Chief Operating Officer	2016	80,769	-	-	-	-	80,769
Stephen Weclaw	2017	96,923	-	-	-	9,416	106,339
Former Chief Financial Officer	2016	187,351	-	-	35,512 (2)	20,433	243,296
R. Dean Akers	2017	140,000	-	-	-	21,624	161,624
Former 'Chief Operating Officer	2016	183,628	-	-	25,000 (3)	23,921	232,549

- (1) Includes an option to purchase 25,000 shares of common stock granted to Mr. Russell on November 29, 2017. The option has an exercise price of \$12.50 per share and expires on November 29, 2027. The option vests fully in three equal annual installments on November 29, 2018, November 29, 2019 and November 29, 2020.
- (2) Includes an option to purchase 25,600 shares of common stock granted to Mr. Weclaw on January 4, 2016. The option has an exercise price of \$12.50 per share and expires on January 3, 2026. The option vests fully in three equal annual installments on January 3, 2017, January 3, 2018 and January 3, 2019.
- (3) Includes an option to purchase 25,000 shares of common stock granted to Mr. Akers on May 10, 2016. The option has an exercise price of \$12.50 per share and expires on May 9, 2026. The option vests fully in three equal annual installments on May 9, 2017, May 9, 2018 and May 9, 2019.
- (4) These amounts consist of:
 - health insurance premiums paid by the company in excess of non-executive contribution
 - auto allowance

Name	Year	Health Insurance Premiums (\$)	Auto Allowance (\$)	Total (\$)
Bruce Rodgers	2017	\$ 1,593	\$ —	\$ 1,593
	2016	3,797	-	3,797
Richard Russell	2017	1,177	-	1,177
	2016	-	-	-
Ryan Duran	2017	7,062	-	7,062
	2016	-	-	-
Stephen Weclaw	2017	9,416	-	9,416
	2016	20,433	-	20,433
R. Dean Akers	2017	14,124	7,500	21,624
	2016	16,721	7,200	23,921

Employment Agreements

Certain executives' compensation and other arrangements are set forth in employment agreements. These employment agreements are described below.

Bruce M. Rodgers. On October 22, 2015, we entered into an employment agreement with Mr. Bruce M. Rodgers, our Chief Executive Officer. A cost-cutting initiative was implemented by the company on August 31, 2016. The employment agreement was subsequently amended to reduced Mr. Rodgers' annual compensation to \$269,500.00. The employment agreement states that he may be granted annual bonuses at the discretion of the Board of Directors. Mr. Rodgers is entitled to participate in all of our pension, life insurance, health insurance, disability insurance and other benefit plans on the same basis as our other employee officers participate. The term of Mr. Rodgers' agreement is for three years and is automatically renewed each year unless terminated for "cause", as defined in the employment agreement. He will receive the base salary and benefits due under the employment agreement for the remainder of the term if terminated "without cause", as defined in the employment agreement, or such base salary shall be paid for the remainder of the term to his estate if his employment is terminated due to his death. Mr. Rodgers' employment agreement contains certain non-competition covenants and confidentiality provisions.

Richard Russell. On November 29, 2017, we entered into an employment agreement with Mr. Richard Russell, our Chief Financial Officer. Under the terms of the Employment Agreement between the Company and Mr. Russell, Mr. Russell will serve as Chief Financial Officer of the Company. Mr. Russell is to receive a base salary of \$180,000 per year, subject to possible merit increases. In addition, Mr. Russell is eligible to receive an annual bonus and long term incentive awards as determined by the Company's Board of Directors and is eligible to participate in any equity incentive plan, stock option plan, or similar plan adopted by the Company.

On the Effective Date, Mr. Russell also received stock options to purchase 25,000 shares of the Company's common stock under the Company's 2015 Omnibus Incentive Plan ("Plan") at a price equal to \$12.50 per share. These stock options vest over a three-year period in equal annual installments beginning on the one-year anniversary of the Effective Date. Additional grants under the Plan may be made to Mr. Russell based upon an evaluation of his performance by the Company's Board of Directors.

Ryan Duran. In March 2015 we agreed to employ Mr. Ryan Duran, as our Vice President of Operations. Effective March 1, 2018, Mr. Duran's current compensation was increased to \$130,000.

On January 1, 2016, Mr. Duran was awarded an option grant for 4,333 shares at an exercise price of \$10.00 per share. This option grant was fully vested upon issuance.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information on exercisable and unexercisable options and unvested stock awards held by the named executive officers on December 31, 2017.

Name	Option Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
Bruce Rodgers	—	—	\$ —	—
Richard Russell	—	25,000	\$ 12.50	11/29/202
Ryan Duran	4,333	—	\$ 10.00	1/2/2026
R. Dean Akers	17,067	8,533 (1)	\$ 12.50	05/09/26

(1) Mr. Akers resigned effective February 28, 2018. His options expire 90 days after his employment with the company ends.

EQUITY COMPENSATION PLAN INFORMATION

The table below sets forth information with respect to shares of common stock that may be issued under our 2015 Omnibus Incentive Plan, as of December 31, 2017:

Plan Category	Equity Compensation Plan Information		
	(a)	(b)	(c)
	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	112,904	\$ 11.11	487,096
Equity compensation plans not approved by security holders	-	\$ -	-

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of May 31, 2018 by:

- each person who is known by us to beneficially own more than 5% of our outstanding common stock,
- each of our directors and named executive officers, and
- all directors and executive officers as a group.

The number and percentage of shares beneficially owned are based on 6,253,189 common shares outstanding as of May 31, 2018. Information with respect to beneficial ownership has been furnished by each director, officer or beneficial owner of more than 5% of our common stock. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, which generally require that the individual have voting or investment power with respect to the shares. In computing the number of shares beneficially owned by an individual listed below and the percentage ownership of that individual, shares underlying options, warrants and convertible securities held by each individual that are exercisable or convertible within 60 days of May 31, 2018, are deemed owned and outstanding, but are not deemed outstanding for computing the percentage ownership of any other individual. Except as otherwise indicated in the footnotes to this table, or as required by applicable community property laws, all individuals listed have sole voting and investment power for all shares shown as beneficially owned by them. Unless otherwise indicated in the footnotes, the address for each principal shareholder is LM Funding America, Inc., 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage
5% Stockholders:		
Bruce M. Rodgers Revocable Trust (1)	1,161,832	18.39 %
Carol Linn Gould Revocable Trust (1)	1,161,832	18.39 %
Executive Officers and Directors		
Bruce M. Rodgers (2)	2,384,344	37.31 %
Carollinn Gould (2)	2,384,344	37.31 %
Douglas I. McCree (3)	13,334	*
Joel E. Rodgers, Sr. (4)	5,334	*
C. Birge Sigety (5)	44,934	*
Martin A. Traber (6)	24,334	*
Andrew L. Graham (7)	11,134	*
Ryan Duran (8)	4,333	*
Richard Russell (9)	—	*
All Executive Officers and Directors as a Group (9 individuals)	2,487,747	38.54 %

* Represents less than 1% of beneficial ownership

(1) Includes 2,191,244 shares of common stock and 132,420 shares of common stock issuable upon the exercise of warrants held by the two revocable trusts. Bruce M. Rodgers, Carollinn Gould and their family, including trusts or custodial accounts of minor children of each of Mr. Rodgers and Ms. Gould, own 100% of the outstanding membership interests of each trust.

(2) Includes 2,323,664 shares beneficially owned by Bruce M. Rodgers Revocable Trust and Carol Linn Gould Revocable Trust, 44,176 shares beneficially owned by BRR Holding, LLC, 15,504 shares beneficially owned by Bruce M. Rodgers IRA, and 1,000 shares beneficially owned by Carollinn Gould IRA, of which 132,420 shares in the case of Bruce M. Rodgers Revocable Trust and Carol Linn Gould Revocable Trust, 1,500 shares in the case of BRR Holding, LLC and 3,900 shares in the case of Bruce M. Rodgers IRA are issuable upon the exercise of warrants to purchase shares of common stock. Bruce M. Rodgers is the sole Trustee of the Bruce M. Rodgers Revocable Trust and Carollinn Gould is the sole Trustee of the Carol Linn Gould Revocable Trust. Bruce M. Rodgers, Carollinn Gould and their family, including trusts or custodial accounts of minor children of each of Mr. Rodgers and Ms. Gould owns 100% of the outstanding membership interests of BRR Holding, LLC, and therefore Mr. Rodgers and Ms. Gould may be deemed to have shared voting and investment power for all 2,367,840 shares owned by both Trusts and BRR Holding, LLC.

- (3) Includes 5,000 shares of common stock, 5,000 shares of common stock issuable upon the exercise of warrants at an exercise price of \$12.50 and 3,334 shares of common stock issuable upon the exercise of options at an exercise price of \$10.00 that are currently exercisable or become exercisable within 60 days after May 31, 2018. This amount excludes 1,666 options that are not exercisable 60 days after the record date of May 31, 2018.
- (4) Includes 1,000 shares of common stock, 1,000 shares of common stock issuable upon the exercise of warrants at an exercise price of \$12.50, and 3,334 shares of common stock issuable upon the exercise of options at an exercise price of \$10.00 that are currently exercisable or become exercisable within 60 days after May 31, 2018. This amount excludes 1,666 options that are not exercisable 60 days after the record date of May 31, 2018.
- (5) Includes 20,800 shares of common stock (10,000 shares of common stock owned directly and 10,800 shares of common stock owned indirectly via a Trust), 20,800 shares of common stock issuable upon the exercise of warrants (10,000 owned directly and 10,800 owned indirectly via a Trust) at an exercise price of \$10.00 3,334 shares of common stock issuable upon the exercise of options at an exercise price of \$10.00 that are currently exercisable or become exercisable within 60 days after May 31, 2018. This amount excludes 1,666 options that are not exercisable 60 days after the record date of May 31, 2018.
- (6) Includes 11,000 shares of common stock, 10,000 shares of common stock issuable upon the exercise of warrants at an exercise price of \$12.50, and 3,334 shares of common stock issuable upon the exercise of options at an exercise price of \$10.00 that are currently exercisable or become exercisable within 60 days after May 31, 2018. This amount excludes 1,666 options that are not exercisable 60 days after the record date of May 31, 2018.
- (7) Includes 1,000 shares of common stock, 6,000 shares of common stock issuable upon the exercise of warrants at an exercise price of \$12.50, and 3,334 shares of common stock issuable upon the exercise of options at an exercise price of \$10.00 that are currently exercisable or become exercisable within 60 days after May 31, 2018. This amount excludes 1,666 options that are not exercisable 60 days after the record date of May 31, 2018.
- (8) Includes 4,333 shares of common stock issuable upon the exercise of options at an exercise price of \$10.00 that are currently exercisable or become exercisable within 60 days after May 31, 2018. Excludes 25,000 shares of common stock issuable upon the exercise of options at an exercise price of \$1.00 that are not exercisable 60 days after the record date of May 31, 2018.
- (9) Excludes 25,000 shares of common stock issuable upon the exercise of options at an exercise price of \$12.50 that are not exercisable 60 days after the record date of May 31, 2018. Excludes 75,000 shares of common stock issuable upon the exercise of options at an exercise price of \$1.00 that are not exercisable 60 days after the record date of May 31, 2018.

OTHER MATTERS

We do not expect any other matters to be brought before the meeting. However, if any other matters are presented, it is the intention of the persons named in the proxy to vote the proxy as recommended by the Board of Directors or, if no recommendation is given, in their own discretion using their best judgment.

SHAREHOLDER PROPOSALS FOR PRESENTATION AT THE 2018 ANNUAL MEETING

Shareholder proposals intended to be considered for inclusion in next year's proxy statement and form of proxy for presentation at the 2018 Annual Meeting of Shareholders must comply with Securities and Exchange Commission Rule 14a-8. The deadline for submitting such proposals is January 15, 2019 (120 days before the date of this year's mailing without regard to the year), unless the date of the 2019 Annual Meeting is more than 30 days before or after the one-year anniversary date of the 2018 Annual Meeting, in which case proposals must be submitted a reasonable time before we print our proxy materials for the 2019 Annual Meeting.

Shareholders wishing to submit proposals for the 2019 Annual Meeting outside the process of Securities and Exchange Commission Rule 14a-8 must comply with the advance notice and other provisions of Article II, Section 11 of our bylaws. To be timely, notice of the proposal must be received by the company by March 14, 2019, unless the date of the 2019 Annual Meeting is more than 30 days before or after the one-year anniversary date of the 2018 Annual Meeting, in which case the notice must be delivered at least 45 days before the company sends its proxy materials to shareholders for the 2019 Annual Meeting.

Address proposals to LM Funding America, Inc., **Attention: Bruce M. Rodgers, Chief Executive Officer, 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602**. The specific requirements for submitting shareholder proposals are set forth in Article II, Section 11 of our bylaws.

DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of our proxy statement and annual report to stockholders may have been sent to multiple stockholders in your household. The company will promptly deliver a separate copy of any of these documents to you if you contact us at the following address or telephone number: LM Funding America, Inc., **Attention: Bruce M. Rodgers, Chief Executive Officer, 302 Knights Run Avenue, Suite 1000, Tampa, Florida 33602**, telephone: 813-222-8996. If you want to receive separate copies of the proxy statement or annual report to stockholders in the future, or if you are receiving multiple copies and would like to receive only one copy per household, you should contact your bank, broker, or other nominee record holder, or you may contact the company at the above address or telephone number.

**-- CERTIFICATE OF AMENDMENT TO THE
CERTIFICATE OF INCORPORATION OF
LM FUNDING AMERICA, INC.**

LM Funding America, Inc., a corporation organized and existing under the laws of the State of Delaware (the "Corporation"), hereby certifies that:

1. The name of the Corporation is LM Funding America, Inc. The date of filing of the Corporation's original Certificate of Incorporation with the Secretary of State of the State of Delaware was April 20, 2015, as amended on August 7, 2015.
2. This Certificate of Amendment to the Certificate of Incorporation was duly authorized and adopted by the Corporation's Board of Directors and stockholders in accordance with Section 242 of the General Corporation Law of the State of Delaware and amends the provisions of the Company's Certificate of Incorporation, as amended.

3. The amendments to the existing Certificate of Incorporation being effected hereby are as follows:

[a. Delete Section 1 of Article IV in its entirety and to substitute in its place the following:

"SECTION 1. The aggregate number of shares of all classes of capital stock which the Corporation shall have the authority to issue is Thirty-Five Million (35,000,000) shares, consisting of Five Million (5,000,000) shares of preferred stock, par value \$0.001 per share (the "Preferred Stock") and Thirty Million (30,000,000) shares of common stock, par value \$0.001 per share (the "Common Stock")."] (1)

[b. Add the following paragraph at the end of Article IV as a new Article IV, Section 3:

"6. *Reverse Stock Split*. Upon the effectiveness (the "Effective Time") pursuant to the DGCL of this amendment to the Certificate of Incorporation, each * shares of Common Stock issued and outstanding immediately prior to the Effective Time shall be combined into one (1) validly issued, fully paid and non-assessable share of Common Stock without any further action by the Corporation or the holder thereof; *provided* that no fractional shares shall be issued to any holder and that instead of issuing such fractional shares, the Corporation shall round shares up to the nearest whole number. Each certificate that immediately prior to the Effective Time represented shares of Common Stock ("Old Certificates"), shall thereafter represent that number of shares of Common Stock into which the shares of Common Stock represented by the Old Certificate shall have been combined, subject to the treatment of fractional shares as described above."

*Number between two (2) and ten (10) as determined by the Board of Directors in its sole discretion.](2)

(1) To be included if the stockholders approve Proposal 5.

(2) To be included if the stockholders approve Proposal 3 and the Board of Directors elects, in its sole discretion, to proceed with the Reverse Stock Split.

LM FUNDING AMERICA, INC.
302 KNIGHTS RUN AVE., SUITE 1000
TAMPA, FL 33602

Investor Address Line 1
Investor Address Line 2
Investor Address Line 3
Investor Address Line 4
Investor Address Line 5
John Sample
1234 ANYWHERE STREET
ANY CITY, ON A1A 1A1

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

NAME

THE COMPANY NAME INC. - COMMON
THE COMPANY NAME INC. - CLASS A
THE COMPANY NAME INC. - CLASS B
THE COMPANY NAME INC. - CLASS C
THE COMPANY NAME INC. - CLASS D
THE COMPANY NAME INC. - CLASS E
THE COMPANY NAME INC. - CLASS F
THE COMPANY NAME INC. - 401 K

CONTROL # → 0000000000000000

SHARES 123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345
123,456,789,012.12345

PAGE 1 OF 2

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:



THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

The Board of Directors recommends you vote FOR the following:

For All Withhold For All Except
All All Except
☐ ☐ ☐

1. Election of Directors

Nominees

01 Mr. Martin A. Traber 02 Mr. Andrew Graham 03 Mr. Dennis Holthaus

The Board of Directors recommends you vote FOR proposals 2, 3, 4 and 5.

For Against Abstain
☐ ☐ ☐

2 To ratify the appointment of Malone Bailey LP as the Company's Independent auditor to audit the Company's 2018 Financial Statements.

5 To approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of common stock from 10,000,000 shares to 30,000,000 shares; and

For Against Abstain
☐ ☐ ☐

3 To approve an amendment (in the event it is deemed by the Company's Board of Directors to be advisable) to the Company's Certificate of Incorporation, as amended, to effect a reverse stock split of the Company's issued and outstanding common stock at a ratio within the range of the one-for-two(1:2) to one-for-ten(1:10), as determined by the Board of Directors.

☐ ☐ ☐

NOTE: To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

4 To approve the issuance and sale by us to ESOSA Holdings, LLC of more than 19.99% of our outstanding common stock for purposes of complying with Nasdaq Listing Rule 5635(d);

☐ ☐ ☐

Investor Address Line 1
Investor Address Line 2
Investor Address Line 3
Investor Address Line 4
Investor Address Line 5
John Sample
1234 ANYWHERE STREET
ANY CITY, ON A1A 1A1

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

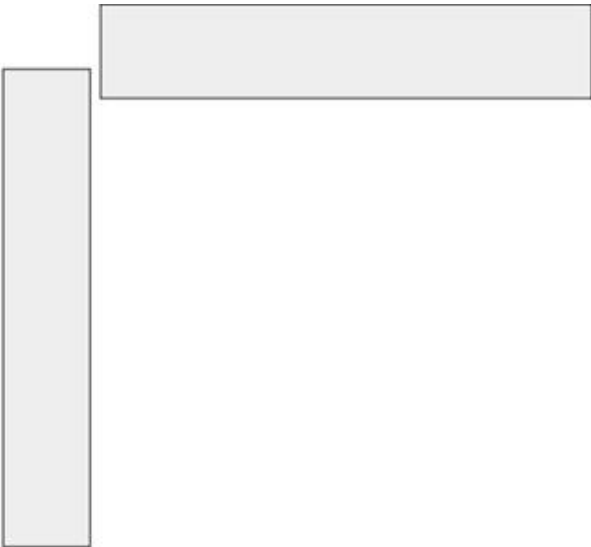
JOB #

Signature (Joint Owners) Date

SHARES
CUSIP #
SEQUENCE #

0000384428_1 R1.0.1.17

02 0000000000



Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice & Proxy Statement, Form 10-K are available at www.proxyvote.com

LM FUNDING AMERICA, INC.
Annual Meeting of Shareholders
July 16, 2018 3:00 PM
This proxy is solicited by the Board of Directors

The shareholder(s) hereby appoint(s) Bruce M. Rodgers and Carrollinn Gould, or either of them, as proxies, each with the power to appoint (his/her) substitute, and hereby authorizes them to represent and to vote, as designated on the reverse side of this ballot, all of the shares of (Common/Preferred) stock of LM FUNDING AMERICA, INC. that the shareholder(s) is/are entitled to vote at the Annual Meeting of shareholder(s) to be held at 03:00 PM, EDT on July 16, 2018, at the Hilton Hotel, 211 N. Tampa St., Tampa, FL 33602, and any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on reverse side