

As filed with the Securities and Exchange Commission on February 11, 2019

Registration No. 333-\_\_\_\_\_

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

FORM S-1  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

**SOCIAL REALITY, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or jurisdiction of  
incorporation or organization)

**7311**

(Primary Standard Industrial  
Classification Code Number)

**45-2925231**

(I.R.S. Employer Identification No.)

**456 Seaton Street  
Los Angeles, CA 90013  
telephone (323) 694-9800**

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

**Paracorp Incorporated  
2140 S Dupont Hwy  
Camden, DE 19934**

**Telephone: (302) 697-4590**

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

*Copy to:*

**Raul Silvestre  
Silvestre Law Group, P.C.  
31200 Via Colinas, Suite 200  
Westlake Village, CA 91362  
(818) 597-7552  
Fax (805) 553-9783**

**Approximate date of commencement of proposed sale to the public:** From time to time after this registration statement becomes effective.

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

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

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company:

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If any emerging growth company, indicate by check mark if the registrant has elected to extend the transition period for complying with any new or revised financial accounting standards provided in Section 7(a)(2)(b) of the Securities Act.

### CALCULATION OF REGISTRATION FEE

<u>Title of Each Class of Securities to be Registered</u>	<u>Amount to be Registered <sup>(1)</sup></u>	<u>Proposed Offering Price Per Share</u>	<u>Proposed Aggregate Offering Price</u>	<u>Amount of Registration Fee</u>
Big Token Preferred Tracking Stock	20,000,000	\$ 0.20(2)	\$ 4,000,000	\$ 484.80
Total	20,000,000		4,000,000	

(1) Pursuant to SEC Rule 416, also covers additional common shares that may be offered to prevent dilution as a result of stock splits or stock dividends.

(2) We will receive user data instead of cash as consideration for the issuance of the shares. We have set the Purchase Price of shares for data based on our management's evaluation of the fair value of the data to be received.

***THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SUCH SECTION 8(a), MAY DETERMINE.***

**The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION

February 11, 2019



**20,000,000 Shares of BIGToken Preferred Tracking Stock**

This prospectus relates to the offer of up to 20,000,000 shares of our BIGToken Preferred Tracking Stock, par value \$0.001 per share ("Preferred Tracking Stock"), by Social Reality, Inc. (the "Company"). The shares of Preferred Tracking Stock will be issued to users of the BIGToken application ("BIGToken Application"), our wholly owned subsidiary's consumer data management and distribution system pursuant to such users' interactions and use with the BIGToken Application and the completion of tasks thereunder.

The shares of the Preferred Tracking Stock will be subject to the BIGToken Preferred Tracking Stock Policy ("Tracking Stock Policy"). See "Synopsis of BIGToken Application," "Plan of Distribution," "BIGToken Application," and "Description of Securities" sections contained in this Prospectus for more information. The shares of Preferred Tracking Stock will be issued for no monetary consideration and can be issued in fractional shares in amounts as small as 0.000001 of a share. No underwriter or person has been engaged to facilitate the sale or distribution of the Preferred Tracking Stock in this prospectus. The shares will be distributed directly by Social Reality.

Currently, the Company's Class A Common Stock is traded on the NASDAQ Capital Market under the symbol "SRAX." The Company's Preferred Tracking Stock is not presently traded on any market or securities exchange and we have not applied for listing or quotation on any public market. No assurances can be given that a public market for the Preferred Tracking Stock will ever materialize. Additionally, even if a public market for the Preferred Tracking Stock develops and the shares become traded, the trading volume may be limited, making it difficult to sell such shares.

Our principal executive offices are located at 456 Seaton Street, Los Angeles, CA 90013, telephone 323-694-9800.

**Recipients of the Preferred Tracking Stock must consent to electronic delivery of this Prospectus, the accompanying, all prospectus amendments and supplements, confirmations and other information relating to this offering. This consent may not be revoked. Upon receipt of Preferred Tracking Stock pursuant to the redemption of points in the BIGToken Application, you must also consent to electronic delivery of annual reports, proxy statements, communications and other materials provided generally to our stockholders from time to time.**

The BIGToken Application and redemptions of points thereunder may be suspended, modified, terminated at any time. The terms and conditions of the BIGToken Application and the Tracking Stock Policy may be changed, limited, modified or eliminated at any time.

As described in more detail in the "BIGToken Application" section of this Prospectus, you will be required to agree to certain rules, regulations, and policies of the BIGToken Application.

The Shares of Preferred Tracking Stock will be issued in book-entry form through our transfer agent, Transfer Online.

**Investing in our Class A Common Stock and Preferred Tracking Stock is highly speculative and involves a high degree of risk. You should consider carefully the risks and uncertainties in the section entitled "Risk Factors" on page 8 of this prospectus.**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The date of this Prospectus is [\_\_\_\_], 2019

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**Please read this prospectus carefully. It describes our business, our financial condition and our results of operations. We have prepared this prospectus so that you will have the information necessary to make an informed investment decision.**

**You may rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide information or to make representations not contained in this prospectus. This prospectus is neither an offer to sell, nor a solicitation of an offer to buy, these securities in any jurisdiction where an offer or solicitation would be unlawful. Neither the delivery of this prospectus, nor any sale made under this prospectus, means that the information contained in this prospectus is correct as of any time after the date of this prospectus. This prospectus may be used only where it is legal to offer and sell these securities.**

**For investors outside the United States: Neither we nor any of the underwriters have done anything that would permit this offering or possession or distribution of this prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus and any such free writing prospectus outside of the United States.**

## PROSPECTUS SUMMARY

*This summary highlights information contained throughout this prospectus and is qualified in its entirety by reference to the more detailed information and financial statements in this prospectus and related notes included elsewhere herein. This prospectus contains forward-looking statements, which involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under “Cautionary Note Regarding Forward-Looking Statements” and under “Risk Factors” and elsewhere in this prospectus. Since this is only a summary, it does not contain all of the information that may be important to you in making your investment decision. You should carefully read the more detailed information contained in this prospectus, including our financial statements in this prospectus and related notes. Our business involves significant risks. You should carefully consider the information under the heading “Risk Factors” beginning on page 8 of this prospectus.*

*As used in this prospectus, unless context otherwise requires, the words “we,” “us,” “our,” the “Company” and “Social Reality” refer to Social Reality, Inc. Also, any reference to “common stock” refers to our Class A common stock, \$0.001 par value per share. Any references to “preferred tracking stock” refers to our BIGToken Preferred Tracking Stock, \$0.001 par value, being registered hereunder.*

### **Our Company**

We are a digital marketing and data technology company with tools to reach and reveal valuable audiences with marketing and advertising communication. Our machine-learning technology analyzes marketing data to identify brands and content owners' core consumers and their characteristics across marketing channels. Through an omnichannel approach that integrates all aspects of the advertising experience into one platform, we discover new and measurable opportunities that amplify campaign performance and maximize profits. In addition to our business services and technologies, we also operate a direct to consumer platform, BIGToken, that enables consumers to own, manage and sell access to their digital identity and data. This provides us with a direct consumer relationship and gives us valuable proprietary data. We derive our revenues from:

- sales of digital advertising campaigns to advertising agencies and brands;
- sales of media inventory through real-time bidding, or “RTB”, exchanges;
- sale and licensing of our *SRAX Social* platform and related media;
- creation of custom platforms for buying media on *SRAX* for large brands; and
- sales of proprietary consumer data.

The core elements of our business as of are:

- *SRAXcore* is our *generalized services and technologies supporting brands and agencies in data management, audience optimization, and multi-channel and omnichannel media and marketing services;*
- *SRAX Social* is a social media and loyalty platform that allows brands to launch and manage their social media initiatives. Our team works with customers to identify their needs and then helps them in the creation, deployment and management of their social media presence;
- *SRAXshopper* tools enable brands and agencies to connect with shoppers driving in store an online sales; and
- *SRAXauto* tools enable targeting and engagement with potential auto buyers at dealerships, auto shows, and at home across desktop and mobile environments; and
- *SRAXir* tools to assist public companies in analyzing and marketing to their shareholder population; and
- *BIGtoken* which is a platform for consumers to own, manage and participate in the sales of their digital data, which provides *SRAX* proprietary audiences and data.

## BIGTOKEN

### Summary

We have formed a wholly-owned subsidiary, BIG Token, Inc. (“BIGToken Sub”). Social Reality, Inc. will be the issuer of our Preferred Tracking Stock which is intended to track the financial performance of our BIGToken Sub and BIGToken Application (“BIGToken”). Our Preferred Tracking Stock is intended to be a rewards system for using and interacting our BIGToken whereby users receive points convertible into shares of our Preferred Tracking Stock in exchange for their information. We have developed BIGToken as a way for consumers to benefit off of the use of their data in the online world. In BIGToken, users will have the ability to earn points that are convertible into shares of Preferred Tracking Stock through the completion of tasks. The shares of Preferred Tracking Stock will have such rights as further described herein.

We currently anticipate that our products and technologies will be enhanced through the creation of BIGToken, and that users in the application will fall into three basic categories:

- Manufacturers, consumer product companies, marketing firms, brands and other sellers of goods and services;
- Individuals that provide personally identifiable information to us and our customers; and
- Application developers that will include the BIGToken software into their applications.

As specified herein, these categories will allow users will earn shares of Preferred Tracking Stock by performing certain tasks in BIGToken, including but not limited to:

- Users will earn points that will be redeemable for shares of Preferred Tracking Stock by signing up for an account with BIGToken, provided they meet all of the eligibility rules, and agree to the terms of service contained therein;
- Users will earn points redeemable for shares of Preferred Tracking Stock through answering questions, taking surveys, enabling location tracking, integrating social media accounts, uploading data from retailers and banking systems, and a variety of other methods to be updated from time to time (collectively “Actions”);
- Users will earn points redeemable for shares of Preferred Tracking Stock when they refer new users that sign up for BIGToken;
- Users will earn points redeemable for shares of Preferred Tracking Stock from the Actions that their referred network complete; and
- Users will earn points redeemable for shares of Preferred Tracking Stock when businesses and third parties purchase access to their data.

BIGToken is designed for consumers to own, manage, and earn from their digital identity and data. Consumers are rewarded for providing their data and completing other activities in the BIGToken platform through the receipt of points that are redeemable for the Preferred Tracking Stock. Any eligible consumer can participate. Each participating consumer is subject to the following:

- **Simple Sign-up.** Eligible users will be able to sign up for an account on BIGToken by downloading the application at the App Store and Google Player, or at <https://bigtoken.com> and creating an account. A list of the terms, conditions, and agreements are available at <https://www.bigtoken.com>.
- **No Fees to Sign-up.** Users will be able to use BIGToken at no cost.
- **Fully Electronic Stockholder Communications.** To use BIGToken and receive shares of Preferred Tracking Stock, users must agree, subject to applicable law, to receive all stockholder communications from BIGToken and the Company electronically.
- **Review Positions Online.** Users can access their account on BIGToken and stock rewards earned by visiting <https://bigtoken.com>.
- **No Control over Exact Timing of Transactions.** Users will not have complete control over the exact timing of certain transactions or the value of the shares of Preferred Tracking Stock at the time they are earned or eventually sold or otherwise disposed of.
- **Right to Suspend.** BIGToken, and the shares of Preferred Tracking Stock to be issued thereunder, may be suspended, modified, or terminated at any time.
- **Access to Features.** Users of BIGtoken will have access to platform features that are essential for earning points and the preferred tracking stock such as Actions, Team, Stream, and other features like Friends, Messaging, and Wallet.

## **The Offer**

Eligible users will be able to earn shares of Preferred Tracking Stock for completing certain tasks enumerated in BIGToken and as further governed by the rules and terms as updated and amended from time to time and contained at <https://bigtoken.com>.

Any questions regarding BIGToken or the terms, conditions and rules governing BIGToken should be referred to <https://bigtoken.com>.

## **Applicable Restrictions**

Must be eighteen (18) years or older to participate.

## **Referral Offer Program Rules**

Stream is a feature in the application that supports referral incentivization. For each referred user, the referring user receives an immediate point award for a signed up and verified referred user. The referring user earns from each Action that the referred user completes and the Actions of their network for 14 referral levels below the original referring user.

## **Source of the Shares of Preferred Tracking Stock**

Shares of our Preferred Tracking Stock, or such fractional shares thereof, will be issued as stipulated in our Preferred Tracking Stock Policy. Please see the section of this prospectus entitled "BIGToken Preferred Tracking Stock Policy."

## **Timing of Receipt of Shares of Preferred Tracking Stock**

Eligible users that have earned points will be eligible to receive shares or fractional shares of Preferred Tracking Stock in exchange for their points. The shares will be issued by Transfer Online, our transfer agent, pursuant to the terms of the BIGToken Preferred Tracking Stock Policy.

## **Electronic Book-Entry of Shares**

Shares earned from BIGToken will be issued in your name in book-entry form. Physical certificates are not available.

## **Communications and Reports to Participants**

By becoming a user of the BIGToken Application, you agree, for so long as you continue as a user or hold shares of Preferred Tracking Stock, to receive all communications from the Company electronically either via email or email notification to access online information (except when the Company is required to provide the option for non-electronic communication or documentation by law or regulation upon your request). Electronic communication will include, but will not be limited to, confirmations of transactions, account statements, proxy materials and stockholder communications, notices of modifications of BIGToken and the Preferred Tracking Stock Policy as well as other basic communications. Any communications electronically delivered to you, will be deemed to have been received by you at the time notice by email is sent to your email address, and any communications delivered by email when sent to your email address. You agree to advise the Company promptly of any change of your email and/or residential address. You also agree to notify the Company promptly of any errors or omissions in any transaction or in the handling of your use of BIGToken.

You will also consent to electronically receive U.S. tax reporting documents (such as an IRS Form 1099-B) upon your receipt of shares of Preferred Tracking Stock unless you affirmatively opt to receive them in paper form by writing to the Company at Corporate Secretary of Social Reality, 456 Seaton St. Los Angeles, CA 90013.

## **Termination of Plan Participation**

You may discontinue your membership and use of BIGToken at any time by deleting your data in the application and then terminating your account in the application.

## Cost to Participants

### *Applicable fees are as follows:*

BIGToken Sign up:	No charge
Receive earned shares of Preferred Tracking Stock:	No charge

The fees specified above may be changed at any time. The Company will provide you with advance notice of the imposition of any change to such fees. Furthermore, the Company reserves the right to terminate any account that the Company, in its sole discretion, deems to violate the terms of use or that engages in suspicious activity.

### **Additional Information about BIGToken**

**Responsibilities.** The shares of Preferred Tracking Stock may never have any value. The Company, nor any of its affiliates will be liable for any act done in good faith, or as required by applicable law, or for any good faith omission to act. This includes, without limitation, any claims for liability relating to the prices at which shares of our Preferred Tracking Stock are disposed of or sold for you, the dates of redemption or sales, or any change in the value of the Preferred Tracking Stock.

Your ownership of the Preferred Tracking Stock earned through BIGToken represents an investment in our securities. You are responsible for the investment decisions regarding your shares of Preferred Tracking Stock, subject to the terms of the Preferred Tracking Stocks. We will not provide any investment advice. **You must make independent investment decisions regarding your shares of Preferred Tracking Stock earned pursuant to BIGToken based upon your own judgment and research.**

You are responsible for all costs that you separately incur in connection with your use of BIGToken or your earning of shares of the Preferred Tracking Stock, such as the cost of your Internet service provider or any fees that your bank, or brokers may charge you. You are responsible for providing notice of any change in your email address, or other personal or payment information on in BIGToken.

**BIGToken Changes or Interpretations.** This prospectus (including any supplements or revisions that may be distributed in the future) sets forth the material terms of BIGToken. We reserve the right to add to, suspend, modify, or terminate BIGToken or the earning of any rewards thereunder at any time. You will receive notice of any significant addition, suspension, modification, or termination. The Company also reserves the right to change any administrative procedures of BIGToken without notice.

We will determine any question of interpretation arising under the BIGToken Application, and any such determination will be final. Any action taken by us to effectuate the BIGToken Application in the good faith exercise of our or its respective judgment will be binding on all parties.

### **BIGTOKEN PREFERRED TRACKING STOCK POLICY**

The Shares of BIGToken Preferred Tracking Stock being registered hereunder are subject to our Tracking Stock Policy.

### **Corporate Information**

We were incorporated in the state of Delaware in 2011. Our principal executive offices are located at 456 Seaton Avenue, Los Angeles, CA 90013, telephone number 323-694-9800. We maintain a website at [www.srax.com](http://www.srax.com). The reference to our web address does not constitute incorporation by reference of the information contained at this site into this prospectus.



## The Offering

Securities offered	Up to 20,000,000 share(s) of Preferred Tracking Stock.
Offering price	The Preferred Tracking Stock is being issued pursuant to the redemption of points derived from interactions of users with BIGToken. The shares of Preferred Tracking Stock are not being issued for monetary consideration.
Use of proceeds	We will not receive any proceeds pursuant to the issuance of the Preferred Tracking Stock.
Description of the Preferred Tracking Stock	A brief outline of the terms of the Preferred Tracking Stock is contained herein. For a more complete description, please see Description of Securities, beginning on page 22 of this Prospectus.
Dividends	Holder(s) of the Preferred Tracking Stock may receive dividends at the discretion of the Board of Directors – See “ <i>Dividends</i> ” in the Description of Securities section.
Voting Rights:	None
Liquidation	Holder(s) of the Preferred Tracking Stock shall have rights to a percentage of the liquidation of assets of the BIGToken Group (as defined below) and / or Social Reality – See “ <i>Liquidation</i> ” in the Description of Securities section.
Redemption/Exchange/Conversion	<ol style="list-style-type: none"><li>(1) The Preferred Tracking Stock may be redeemed by The Company in exchange for (i) cash or (ii) common stock of a subsidiary owning the BIGToken Group – See “<i>Redemption/Exchange of Preferred Tracking Stock by the Company</i>” in the Description of Securities section.</li><li>(2) Upon the sale / disposition of some or all of the assets of the BIGToken Group, the Company may (i) pay a dividend, (ii) redeem the shares, (iii) convert the shares into shares of Common Stock of Social Reality, or (iv) a combination of the foregoing – See “<i>Dividend, Redemption or Conversion in Case of BIGToken Group Disposition</i>” in the Description of Securities section.</li><li>(3) Upon meeting certain ownership conditions, a holder of Preferred Tracking Stock may elect to redeem some or all of its shares for cash – See “<i>Redemption for Cash at the Election of Holder</i>” in the Description of Securities section.</li><li>(4) Upon certain conditions being met, the Company may, in its sole discretion, convert all of the outstanding shares of Preferred Tracking Stock into Common Stock of Social Reality – See “<i>Conversion of Preferred Tracking Stock into Common Stock</i>” in the Description of Securities section.</li></ol>
U.S. federal income tax consequences	For material U.S. federal income tax consequences of the ownership, disposition, redemption, exchange, and conversion of the Preferred Tracking Stock, please see Material U.S. Federal Income Tax Considerations section.

Electronic Form and Transferability

Preferred Tracking Stock will be issued in electronic form only and will be available exclusively through our transfer agent. Shares of our Preferred Tracking Stock are new securities; there are currently none issued and there is currently no established market. We do not intend to apply for a listing of our Preferred Tracking Stock on any securities exchange or for their inclusion in any established automated dealer quotation system. Accordingly, we cannot assure you as to the development or liquidity of any market for our Preferred Tracking Stock. The Preferred Tracking Stock will not be listed on any exchange and will not be transferable except through our transfer agent and subject further to applicable federal and state securities laws. There can be no assurance that an active trading market for the Preferred Tracking Stock will develop, or that you will be able to resell shares of our Preferred Tracking Stock at a price that would reflect their fundamental value, if at all.

Risk Factors

You should read the “Risk Factors” section of this Prospectus beginning on page 8 for a discussion of factors you should consider carefully before deciding whether to purchase our securities or participate and use BIGToken.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the "Securities Act", and Section 21E of the Securities Exchange Act of 1934, as amended, or the "Exchange Act".

Such statements in connection with any discussion of future operations or financial performance are identified by the use of words such as "may," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning. Forward-looking statements include, but are not limited to, statements about: our business, operations, financial performance and condition, earnings, our prospects, our ability to raise capital to fund our operations and business plan, the continued listing of our securities on the NASDAQ Capital Market, our ability to protect intellectual property rights as well as regarding our industry generally. Forward-looking statements are not guarantees of performance. Such statements are based on management's expectations and are subject to certain factors, risks and uncertainties that may cause actual results, outcome of events, timing and performance to differ materially from those expressed or implied by such statements. For a summary of such factors, please refer to the section entitled "Risk Factors" in this prospectus, as updated and supplemented by the discussion of risks and uncertainties in our most recent annual report on Form 10-K, as revised or supplemented by our subsequent quarterly reports on Form 10-Q or our current reports on Form 8-K, as well as any amendments thereto, as filed with the SEC and which are incorporated herein by reference. The information contained in this document is believed to be current as of the date of this document. We do not intend to update any of the forward-looking statements after the date of this document to conform these statements to actual results or to changes in our expectations, except as required by law.

In light of these assumptions, risks and uncertainties, the results and events discussed in the forward-looking statements contained in this prospectus or in any document incorporated herein by reference might not occur. Investors are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this prospectus or the date of the document incorporated by reference in this prospectus. We are not under any obligation, and we expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements attributable to us or to any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

## RISK FACTORS

*Investing in our Class A common stock or our Preferred Tracking Stock offered pursuant to this prospectus involves a high degree of risk. You should carefully consider the following risk factors and all other information contained in this prospectus before purchasing our securities. If any of the following events were to occur, our business, financial condition or results of operations could be materially and adversely affected. In these circumstances, the market price of our common stock could decline, and you could lose some or all of your investment*

### **Risks Related to our Business**

***We have a history of losses and there are no assurances we will report profitable operations in the foreseeable future.***

We reported net losses of \$6,658,882 and \$4,248,233 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017, we had an accumulated deficit of \$21,148,706. For the nine months ended September 30, 2018, we reported net income of \$12,717,573. As of September 30, 2018, we had an accumulated deficit of \$8,431,134. Our future success depends upon our ability to continue to grow our revenues, contain our operating expenses and generate profits. We do not have any long-term agreements with our customers. There are no assurances that we will be able to increase our revenues and cash flow to a level which supports profitable operations. In addition, our operating expenses increased 3.2% in 2017 from 2016. As described elsewhere herein, in 2017 we made certain changes in our operations to limit growth of operating expenses and focus our resources in areas of our operations which we believe have the greatest potential to increase our revenues. We additionally sold the SRAXmd product line in August 2018, which accounted for a substantial portion of our revenue. We may continue to incur losses in future periods until such time, if ever, as we are successful in significantly increasing our revenues and cash flow beyond what is necessary to fund our ongoing operations and pay our obligations as they become due. If we are able to significantly increase our revenues in future periods, the rapid growth which we are pursuing will strain our organization and we may encounter difficulties in maintaining the quality of our operations. If we are not able to grow successfully, it is unlikely we will be able to generate sufficient cash from operations to pay our operating expenses and service our debt obligations, or report profitable operations in future periods.

***Our independent registered public accounting firm has substantial doubts about our ability to continue as a going concern.***

At December 31, 2017, we had an accumulated deficit of \$21,148,706 and at September 30, 2018, we had an accumulated deficit of \$8,431,134. Primarily as a result of our recurring losses from operations, negative cash flows and our accumulated deficit, our independent registered public accounting firm has included in its report for the year ended December 31, 2017, an explanatory paragraph expressing substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is contingent upon, among other factors, our ability to obtain sufficient financing to support our operations.

***Our operations rely on various third party vendors and if we lose these vendors it may adversely affect our financial position and results of operations.***

We rely on third party vendors to provide us with media inventory to facilitate sales of advertising, the majority of which are engaged on a per order basis. Any loss of these vendors or litigation arising out of our failure to satisfy our obligations to any of these vendors could disrupt our business and have a material negative effect on our operations.

***Our success is dependent upon our ability to effectively expand and manage our relationships with our publishers. We do not have any long-term contracts with our publishing partners.***

We do not generate our own media inventory. Accordingly, we are dependent upon our publishing partners to provide the media which we sell. We depend on these publishers to make their respective media inventories available to us to use in connection with our campaigns that we manage, create or market. We are not a party to any long-term agreements with any of our publishing partners and there are no assurances we will have continued access to the media. Our growth depends, in part, on our ability to expand and maintain our publisher relationships within our network and to have access to new sources of media inventory such as new partner websites and Facebook pages that offer attractive demographics, innovative and quality content and growing Web user traffic volume. Our ability to attract new publishers to our networks and to retain Web publishers currently in our networks will depend on various factors, some of which are beyond our control. These factors include, but are not limited to, our ability to introduce new and innovative products and services, our pricing policies, and the cost-efficiency to Web publishers of outsourcing their advertising sales. In addition, the number of competing intermediaries that purchase media inventory from Web publishers continues to increase. In the event we are not able to maintain effective relationships with our publishers, our ability to distribute our advertising campaigns will be greatly hindered which will reduce the value of our services and adversely impact our results of operations in future periods.

***If we were to lose access to the Facebook platform, our SRAX Social growth would be limited and we could lose our existing revenue from these sources.***

Facebook currently provides access to companies to build applications on their platform. We have built our *SRAX Social* platform to use the Facebook application programming interface, or APIs. The loss of access to the Facebook platform would limit our ability to effectively grow a portion of our operations. We are subject to Facebook's standard terms and conditions for application developers, which govern the promotion, distribution and operation of applications on the Facebook platform. Facebook reserves the right to change these terms and conditions at any time. Our business would be harmed if Facebook:

- discontinues or limits access to its platform by us and other application developers;
- modifies its terms of service or other policies, including fees charged to, or other restrictions on, us or other application developers, or changes how the personal information of its users is made available to application developers on the Facebook platform or shared by users;
- establishes more favorable relationships with one or more of our competitors; or
- develops its own competitive offerings.

We have benefited from Facebook's strong brand recognition and large user base. Facebook has broad discretion to change its terms of service and other policies with respect to us and other developers, and any changes to those terms of service may be unfavorable to us. Facebook may also change its fee structure, add fees associated with access to and use of the Facebook platform, change how the personal information of its users is made available to application developers on the Facebook platform or restrict how Facebook users can share information with friends on their platform. In the event Facebook makes any changes in the future, we may have to modify the structure of our campaigns which could impact the effectiveness of our campaigns and adversely impact our results of operations in future periods.

***If we lose access to RTB inventory buyers our business may suffer.***

In an effort to reduce our dependency on any one provider of advertising demand, we created a platform that utilizes feeds from a number of demand sources for our inventory. We believe that our proprietary technology assists us in aggregating this demand, as well as providing the tools needed by our publishing partners to evaluate and track the effectiveness of the demand that we are aggregating for them. In the event that we lose access to a majority of this demand, however, our revenues would be impacted and our results of operations would be materially adversely impacted until such time, if ever, as we could secure alternative sources of demand for our inventory.

***We depend on the services of our executive officers and the loss of any of their services could harm our ability to operate our business in future periods***

Our success largely depends on the efforts and abilities of our executive officers, including Christopher Miglino and Kristoffer Nelson. We are a party to an employment agreement with Mr. Miglino and an "at will" agreement with Mr. Nelson. Although we do not expect to lose their services in the foreseeable future, the loss of any of them could materially harm our business and operations in future periods until such time as we were able to engage a suitable replacement.

***If advertising on the Internet loses its appeal, our revenue could decline.***

Our business model may not continue to be effective in the future for a number of reasons, including:

- a decline in the rates that we can charge for advertising and promotional activities;
- our inability to create applications for customers;
- internet advertisements and promotions are, by their nature, limited in content relative to other media;
- companies may be reluctant or slow to adopt online advertising and promotional activities that replace, limit or compete with their existing direct marketing efforts;
- companies may prefer other forms of Internet advertising and promotions that we do not offer;

- the quality or placement of transactions, including the risk of non-screened, non-human inventory and traffic, could cause a loss in customers or revenue; and
- regulatory actions may negatively impact our business practices.

If the number of companies who purchase online advertising and promotional services from us does not grow, we may experience difficulty in attracting publishers, and our revenue could decline.

***Additional acquisitions may disrupt our business and adversely affect results of operations.***

We may pursue acquisitions in an effort to increase revenue, expand our market position, add to our technological capabilities, or for other purposes. However, any future acquisitions would likely involve risk, including the following:

- the identification, acquisition and integration of acquired businesses requires substantial attention from management. The diversion of management's attention and any difficulties encountered in the transition process could hurt our business;
- the anticipated benefits from an acquisition may not be achieved, we may be unable to realize expected synergies from an acquisition or we may experience negative culture effects arising from the integration of new personnel;
- difficulties in integrating the technologies, solutions, operations, and existing contracts of the acquired business;
- we may fail to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company, technology, or solution;
- to pay for future acquisitions, we could issue additional shares of our Class A common stock or pay cash, raised through equity sales or debt issuance. The issuance of any additional shares of our Class A common stock would dilute the interests of our current stockholders, and debt transactions would result in increased fixed obligations and would likely include covenants and restrictions that would impair our ability to manage our operations; and
- new business acquisitions can generate significant intangible assets that result in substantial related amortization charges and possible impairments.

While our general growth strategy includes identifying and closing additional acquisitions, we are not presently a party of any agreements or understandings. There are no assurances we will acquire any additional companies.

***Failure to meet the financial performance guidance or other forward-looking statements we have provided to the public could result in a decline in our stock price.***

We have previously provided, and may provide in the future, public guidance on our expected financial results for future periods. Although we believe that this guidance provides investors with a better understanding of management's expectations for the future and is useful to our stockholders and potential stockholders, such guidance is comprised of forward-looking statements subject to the risks and uncertainties. Our actual results may not always be in line with or exceed the guidance we have provided.

**Risks Related to the Ownership of our BIGToken Preferred Tracking Stock**

***Your ownership of the BIGToken Preferred Tracking Stock will subject you to the risks associated with an investment in Social Reality as a whole.***

Holders of the Preferred Tracking Stock will be subject to risks associated with an investment in Social Reality whole, even if a holder only owns the Preferred Tracking Stock, and not any Common Stock of Social Reality. Except as expressly stated in the Description of Securities section of this Prospectus, holders of the Preferred Tracking Stock will not have any legal rights related to specific assets attributed to BIGToken Group. Rather, Social Reality will retain and any future stockholders of the BIGToken subsidiary will retain legal title to all of its assets, and, in any liquidation, holders of the Preferred Tracking Stock will, together with holders of our Common Stock, be entitled to each receive certain percentages of our available net assets available for distribution to stockholders after we satisfy our creditors and other obligations. See "Description of Securities" for a further discussion of the liquidation rights.

**The shares of Preferred Tracking Stock may be redeemed, converted, or exchanged by the Company without your consent, which may diminish your ability to dispose of your shares when you determine is most advantageous.**

Once you have received shares of Preferred Tracking Stock, the Company, upon meeting certain conditions and events, may (i) declare dividends, (ii) force a redemption for cash or securities, or (iii) convert your shares into Common Stock of the Company. As such, you may not be able to dispose of your shares of Preferred Tracking Stock at a time that you determine to be most advantageous to you financially. A further discussion of these features is contained in the Description of Securities section of this Prospectus.

**If you decide to redeem your shares of Preferred Tracking Stock, you will be required to do so during certain predetermined times contained in the terms of the Preferred Tracking Stock.**

Upon a voluntary redemption of the Preferred Tracking Stock by a holder, you will be required to provide certain notices and will only receive your monetary payments on certain dates as described in the Company's Tracking Stock Policy. Accordingly, you may not be able to access your capital for numerous weeks or months, pursuant to compliance with the applicable notice and voluntary redemption requirements contained in the Tracking Stock Policy.

**The Preferred Tracking Stock's value is determined and dependent on the revenue and success of the BIGToken Application, which may never be completed, successful, or profitable.**

The BIGToken Application is currently in open beta and as such has never generated any revenue. The value of the Preferred Tracking Stock is dependent on the BIGToken Application achieving profitability, or your ownership of any Preferred Tracking Stock may not have any value at all. There can be no assurances that the BIGToken Application will ever be completed, will ever derive revenue, or will ever achieve profitability. Furthermore, even if the BIGToken Application becomes profitable, it may be discontinued by the board of directors of BIGToken at any time without your input.

***Any awards of Preferred Tracking Stock received may have adverse tax consequences to you.***

You will be subject to U.S. federal income tax on the value of your awards of Preferred Tracking Stock upon redemption of points earned in the BIGToken Application. Your participation in the BIGToken Application may also increase the complexity of your tax filings and may cause you to be ineligible to file Internal Revenue Service Form 1040-EZ, if you would otherwise be eligible to file such form. See "Certain U.S. Federal Income Tax Considerations," contained in this Prospectus for more information on the U.S. federal income tax consequences of participation in the BIGToken Application.

***There is no public market for the Company's Preferred Tracking Stock and no assurance can be given that one will ever develop.***

The Preferred Tracking Stock is not traded on an exchange or on the OTC Bulletin Board. Without a market for the Preferred Tracking Stock, there is only a limited ability of a security holder to sell their securities, if any, as those transfers or sales would be made privately. Therefore, unless redeemed, converted, or exchanged pursuant to the terms of the Preferred Tracking Stock, your ownership of the Preferred Tracking Stock should be considered as totally illiquid, and investors are cautioned that they may not be able to liquidate their investment readily, or at all, when the need or desire to sell arises. Moreover, no assurances can be given that a public market for the Preferred Tracking Stock will ever materialize. Additionally, even if a public market for the Preferred Tracking Stock develops and become traded, the trading volume may be limited, making it difficult to sell such shares.

***The Preferred Tracking Stock has no voting rights and Social Reality, Inc., as a holder of all of the outstanding common stock of BIGToken, Inc., will have control over key decision making as a result of their control over a majority of our voting stock.***

The Preferred Tracking Stock will not have any voting rights and thus the holders will not have any say in the decision making of BIGToken, Inc. and its assets, including the BIGToken Application. As of the date hereof, 100% of the issued and outstanding voting capital stock of BIGToken, Inc. is owned by the Company and thus, until additional shares of voting stock are issued, the Company will have voting control.

***Our board of directors has the ability to change our Tracking Stock Policy as well as the rules, regulations and suitability requirements of the BIGToken Application at any time without a vote of our stockholders, and to issue additional shares of preferred stock that may have rights, preferences and privileges superior to the Preferred Tracking Stock, which may adversely affect the market value of the Preferred Tracking Stock.***

We are authorized under our Certificate of Incorporation to issue up to 30,000,000 additional shares of preferred stock in addition to the outstanding shares of Preferred Tracking Stock being offered in this prospectus. These “blank check” preferred shares, give our Board of Directors the ability, without shareholder approval, to issue one or more series of preferred stock having rights, preferences, privileges and restrictions that may be superior to the Preferred Tracking Stock and may adversely affect the market value of the Preferred Tracking Stock.

Additionally, the Board of Directors has the sole authority to modify, amend, or terminate the Tracking Stock Policy and the eligibility and suitability requirements of the BIGToken Application. Any changes thereto may be made without your consent and may adversely affect the market value of the Preferred Tracking Stock.

***There is no public market for the Preferred Tracking Stock no assurances can be given that one will ever develop.***

Ownership of our Preferred Tracking should be considered as totally illiquid, and investors are cautioned that they may not be able to liquidate their investment readily or at all when the need or desire to sell arises. Moreover, no assurances can be given that a public market for the Preferred Tracking Stock will ever materialize. Additionally, even if a public market develops and our Preferred Tracking Stock become listed, the trading volume may be limited, making it difficult for an investor to sell shares.

**The market price of the Preferred Tracking Stock may not reflect the performance of BIGToken as we intend.**

The market price of the Preferred Tracking Stock may not reflect the performance of the BIGToken Group. Holders of Preferred Tracking Stock are stockholders of Social Reality as a whole and, as such, are subject to all risks associated with an investment in Social Reality and all of its businesses, assets, and liabilities. As a result of the characteristics of tracking stocks, tracking stocks often trade at a discount to the estimated value of the assets or businesses they are intended to track.

**The market price of the Preferred Tracking Stock may be volatile, could fluctuate substantially, and could be affected by factors that do not affect traditional capital stock.**

The market price of the Preferred Tracking Stock may be materially affected by, among other factors:

- Actual or anticipated fluctuations in the BIGToken Group’s operating results;
- Issuances of additional securities in BIGToken, Inc. or additional issuances classes of preferred stock in Social Reality that relate to the performance of BIGToken;
- Changes in market valuations of other companies in similar types of businesses;
- The complex nature and potential difficulties investors may have in understanding the terms of the Preferred Tracking Stock and the blockchain technology utilized in the BIGToken Application, as well as concerns regarding the possible effect of those terms on an investment in Social Reality’s stock; and
- General market conditions.

The market price of Preferred Tracking Stock may fluctuate significantly as a result of these and other factors. The market price of the Preferred Tracking Stock may decline from time to time and you may not be able to sell your shares of Preferred Tracking Stock at an attractive price or at all.

**We may not pay dividends equally or at all on the Preferred Tracking Stock.**

Social Reality does not presently intend to pay cash dividends on the Preferred Tracking Stock. Social Reality has the right to pay dividends to its shares of Common Stock and Preferred Tracking Stock in equal or unequal amounts, and Social Reality may pay dividends on the shares of common stock and not pay dividends on shares of Preferred Tracking Stock. In addition, any dividends or distributions on, or repurchases of, shares of Common Stock only, will reduce Social Reality’ assets legally available to be paid as dividends on the shares relating to the Preferred Tracking Stock.

While no cash dividends have ever been paid by Social Reality, to the extent that Social Reality determines in the future to pay dividends on the Preferred Tracking Stock, the terms of certain agreements or governing may impose requirements that may restrict Social Reality’s ability to pay dividends to holders of its Common Stock or Preferred Tracking Stock.



**The creation of the Preferred Tracking Stock could create conflicts of interest, and the Social Reality board of directors might make decisions that could adversely affect only the Preferred Tracking Stock holders.**

The Preferred Tracking capital structure could give rise to circumstances in which the interests of holders of the Preferred Tracking Stock might diverge or appear to diverge from the interests of holders of Common Stock or another group or series of stock. In addition, given the nature of their businesses, there may be inherent conflicts of interests between BIGToken and Social Reality. While BIGToken is a separate entity, currently one hundred percent (100%) of its common stock is owned by Social Reality and as such it has unilateral control over BIGToken. As a result, Social Reality's officers and directors owe fiduciary duties to Social Reality as a whole and all of their stockholders as opposed to only holders of the Preferred Tracking Stock. Decisions deemed to be in the best interest of Social Reality and all of its stockholders may not be in the best interest of the Preferred Tracking Stock when considered independently, such as:

- decisions as to the terms of any business relationships that may be created between the BIGToken Group and Social Reality, or the terms of any reallocations of assets between the groups;
- decisions as to the allocation of corporate opportunities between the BIGToken and Social Reality, especially where the opportunities might meet the strategic business objectives of both;
- decisions as to operational and financial matters that could be considered detrimental to either Social Reality or BIGToken, but beneficial to the other;
- decisions as to the conversion, redemption, dividends of, or other transactions related to the Preferred Tracking Stock as defined in the Certificate of Designation of the Preferred Tracking Stock, which, subject to certain requirements thereunder, Social Reality's Board of Directors may make in its sole discretion;
- Decisions regarding the increase or decrease of measurable values contained in the terms of the Tracking Stock Policy, such as the Allocation Percentage (as defined below) of proceeds generated by the BIGToken Application;
- Decisions regarding internal or external financing attributable to businesses or assets attributed to either BIGToken or Social Reality; and
- Decisions as to the dispositions of certain assets of Social Reality or BIGToken

**The board of directors of Social Reality may change the tracking stock policy without the approval of the holders of the Preferred Tracking Stock.**

The Board of Directors have adopted the Preferred Tracking Stock Policy described in this prospectus to serve as guidelines in making decisions regarding matters such as tax liabilities and benefits, allocation and reallocation of assets, financing alternatives, corporate opportunities, payment of dividends, and similar items. These policies also set forth the initial allocation of BIGToken Group business, assets, and liabilities. These policies are not included in the Social Reality certificate of incorporation and Certificate of Designation of the Preferred Tracking Stock. The Board of Directors may change or make exceptions to these policies without the approval of the holders of the Preferred Tracking Stock because these policies relate to matters concerning the day-to-day management of BIGToken, and the BIGToken Applications, no stockholder approval is required, and you will have no say regarding these policies.

**Holders of shares of the Preferred Tracking Stock may not have any remedies if any action by Social Reality's directors or officers has an adverse effect on the Preferred Tracking stock.**

Principles of Delaware law and the provisions of the Company's certificate of incorporation may protect decisions of the Board of Directors that have a disparate impact upon holders of the shares of Preferred Tracking Stock. Under Delaware law, the Board of Directors has a duty to act with due care and in the best interests of all stockholders. Principles of Delaware law established in cases involving differing treatment of multiple classes or series of stock provide that, subject to any applicable provisions of the corporation's certificate of incorporation, a board of directors owes an equal duty to all stockholders and does not have separate or additional duties to holders of any class or series of stock. Judicial opinions in Delaware involving tracking stocks have established that decisions by directors or officers involving differing treatment of holders of tracking stocks may be judged under the business judgment rule. In some circumstances, Social Reality's directors or officers may be required to make a decision that is viewed as adverse to the holders of shares relating to a particular group. Under the principles of Delaware law and the business judgment rule referred to above, Preferred Tracking Stock holders may not be able to successfully challenge decisions they believe have a disparate impact upon them if a majority of the Board of Directors is disinterested and independent with respect to the action taken, is adequately informed with respect to the action taken, and acts in good faith and in the honest belief that the Board of Directors is acting in the best interests of Social Reality and all of Social Reality's stockholders.

**Social Reality and may dispose of assets of the Preferred Tracking Stock without the approval of holders of the Preferred Tracking Stock.**

Delaware law requires stockholder approval only for a sale or other disposition of all or substantially all of the assets of BIGToken. Currently, Social Reality owns 100% of the voting capital stock of BIGToken, and as such, Social Reality may approve sales and other dispositions of any amount of the assets of BIGToken without approval of the holders of the Preferred Tracking Stock. Notwithstanding, upon the sale of substantially all of the assets of BIGToken, pursuant to the Certificate of Designation of the Preferred Tracking Stock, the Board of Directors would be required to choose one or more of the following three alternatives:

- declare and pay a dividend on the Preferred Tracking Stock;
- redeem shares of Preferred Tracking Stock in exchange for cash, securities, or other property; or
- so long as the Common Stock of Social Reality is then traded on a U.S. securities exchange, convert all or a portion of the outstanding Preferred Tracking Stock into Common Stock.

In this type of a transaction, holders of the Preferred Tracking Stock may receive less value than the value that a third-party buyer might pay for all or substantially all of the assets of the Preferred Tracking Stock. The Board of Directors will decide, in its sole discretion, how to proceed and is not required to select the option that would result in the highest value to holders of the Preferred Tracking Stock.

**In the event of a liquidation of Social Reality, holders of Preferred Tracking Stock will not have a priority with respect to the assets attributed to the BIGToken Group remaining for distribution to stockholders.**

Under the Social Reality certificate of incorporation, upon Social Reality's liquidation, dissolution, or winding-up, holders of the Preferred Tracking Stock will be entitled to receive, in respect of their shares of such stock, an interest based on the then outstanding Allocation Percentage (as defined below) of the Preferred Tracking Stock as modified from time to time by the Board of Directors.

**The Social Reality Board of Directors in its sole discretion may elect to convert the Preferred Tracking Stock into Class A Common Stock of Social Reality, thereby changing the nature of the security.**

The Social Reality certificate of incorporation permits the Board of Directors, in its sole discretion, to convert all of the outstanding shares of Preferred Tracking Stock into Common Stock at such time as the Common Stock is already traded on a U.S. securities exchange and the shares are converted at a ratio that provides the holders of the Preferred Tracking Stock with the applicable conversion amount as set forth in the Certificate of Designation of the Preferred Tracking Stock and as more fully described in the Description of Securities section herein. A conversion would preclude the holders of Preferred Tracking Stock from retaining their ownership in a security that is intended to reflect separately the performance of the BIGToken Group. Social Reality cannot predict the impact on the market value of the Preferred Tracking Stock pursuant to the right of Board of Directors to effect any such conversion or the exercise of this conversion right by Social Reality.

If Social Reality exercises its option to convert all outstanding shares of Preferred Tracking Stock into shares of Common Stock, such conversion would effectively eliminate Social Reality's tracking stock structure because, upon conversion, the holders of the Preferred Tracking Stock would hold only Common Stock, which does not track the performance of any distinct program, application, business unit, or product line. Upon any such conversion, for example, holders would no longer have certain redemption or conversion provisions related to the Preferred Tracking Stock. In addition, there would no longer be a tracking stock policy.

#### **Risks Related to Ownership of our Common Stock**

***We do not know whether an active, liquid and orderly trading market will develop for our offered securities or what the market price of our offered securities will be and as a result it may be difficult for you to sell your shares of our Class A common stock.***

Prior to October 13, 2016 our Class A common stock was quoted on the OTCQB Tier of the OTC Markets and it was thinly traded. On October 13, 2016, our Class A common stock began trading on the Nasdaq Capital Market and since that date a trading market in our stock has been developing. While an active trading market in our Class A common stock has developed since that time, it may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. Further, an inactive market may also impair our ability to raise capital by selling shares of our Class A common stock and may impair our ability to enter into collaborations or acquire companies or products by using our shares of Class A common stock as consideration. The market price of our offered securities may be volatile, and you could lose all or part of your investment.

The trading price of the shares of our Class A common stock is likely to be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. In addition to the factors discussed in this "Risk Factors" section and elsewhere in this prospectus, these factors include:

- the success of competitive products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, collaborations or capital commitments;
- regulatory or legal developments in the United States and other countries;
- the recruitment or departure of key personnel;
- the level of expenses;
- actual or anticipated changes in estimates to financial results, development timelines or recommendations by securities analysts;
- variations in our financial results or those of companies that are perceived to be similar to us;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- inconsistent trading volume levels of our shares;
- announcement or expectation of additional financing efforts;
- sales of our Class A common stock by us, our insiders or our other stockholders;
- additional issuances of securities upon the exercise of outstanding options and warrants;
- market conditions in the technology sectors; and
- general economic, industry and market conditions.

In addition, the stock market in general, and advertising technology companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our Class A common stock, regardless of our actual operating performance. The realization of any of these risks could have a dramatic and material adverse impact on the market price of the shares of our Class A common stock.

***We may be subject to securities litigation, which is expensive and could divert management attention.***

The market price of the shares of our Class A common stock may be volatile, and in the past companies that have experienced volatility in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could seriously harm our business. To the extent that any claims or suits are brought against us and successfully concluded, we could be materially adversely affected, jeopardizing our ability to operate successfully. Furthermore, our human and capital resources could be adversely affected by the need to defend any such actions, even if we are ultimately successful in our defense.

***Failure to meet the financial performance guidance or other forward-looking statements we have provided to the public could result in a decline in our stock price.***

We have previously provided, and may provide in the future, public guidance on our expected financial results for future periods. Although we believe that this guidance provides investors with a better understanding of management's expectations for the future and is useful to our stockholders and potential stockholders, such guidance is comprised of forward-looking statements subject to the risks and uncertainties. Our actual results may not always be in line with or exceed the guidance we have provided. For example, we did not meet our 2016 or 2017 revenue guidance. If our financial results for a particular period do not meet our guidance or if we reduce our guidance for future periods, the market price of our Class A common stock may decline.

***If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results. As a result, current and potential stockholders could lose confidence in our financial reporting, which would harm our business and the trading price of our stock.***

As described in our Annual Report on Form 10-K for the year ended December 31, 2017, our management has determined that, as of December 31, 2016, we did not maintain effective internal controls over financial reporting based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control-Integrated Framework as a result of identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. As of December 31, 2017, management has determined that we have yet to fully remediate the previously identified material weaknesses. While we have never been required to restate our consolidated financial statements, the existence of the continuing material weaknesses in our internal control over financial reporting increases the risk that a future restatement of our consolidated financial statements is possible.

***Delaware law contains anti-takeover provisions that could deter takeover attempts that could be beneficial to our stockholders.***

Provisions of Delaware law could make it more difficult for a third-party to acquire us, even if doing so would be beneficial to our stockholders. Section 203 of the Delaware General Corporation Law may make the acquisition of our company and the removal of incumbent officers and directors more difficult by prohibiting stockholders holding 15% or more of our outstanding voting stock from acquiring us, without our board of directors' consent, for at least three years from the date they first hold 15% or more of the voting stock.