

Merriman Holdings, Inc  
Form DEF 14A  
December 18, 2013

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant  x  
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

**MERRIMAN HOLDINGS, 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 table below per Exchange Act Rules 14a-6(i)(1) 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:

MERRIMAN HOLDINGS, INC.

December 18, 2013

Dear Merriman Holdings, Inc. Stockholder:

You are cordially invited to attend Merriman Holdings, Inc.'s 2013 annual meeting of stockholders to be held on Monday, December 30, at 10:00 a.m., Pacific Time, at 600 California Street, 9th Floor, San Francisco, CA 94108.

An outline of the business to be conducted at the meeting is given in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement. In addition to the matters to be voted on, there will be a report on our progress and an opportunity for stockholders to ask questions.

I hope you will be able to join us. To ensure your representation at the meeting, I encourage you to complete, sign and return the enclosed proxy card as soon as possible. Your vote is very important. Whether you own a few or many shares of stock, it is important that your shares be represented.

Sincerely,

D. Jonathan Merriman

*Chief Executive Officer*

**MERRIMAN HOLDINGS, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**DECEMBER 30, 2013**

To the Stockholders:

The 2013 annual meeting of stockholders of Merriman Holdings, Inc. will be held on Monday, December 30, 2013, at 10:00 a.m., Pacific Time, at 600 California Street, 9th Floor, San Francisco, CA 94108. At the meeting, you will be asked:

- (1) To elect seven directors to serve until the 2014 annual meeting of stockholders;
- (2) To ratify the appointment of Marcum LLP as the Company's independent auditors; and
- (3) To vote on an advisory, nonbinding vote on executive compensation.
- (4) To vote on an advisory, nonbinding vote on the frequency of holding an advisory vote on executive compensation.
- (5) To transact such other business as may properly be presented at the annual meeting.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. If you were a stockholder of record at the close of business on November 5, 2013, you may vote at the annual meeting and any adjournment or postponement.

We invite all stockholders to attend the meeting in person. If you attend the meeting, you may vote in person even if you previously signed and returned a proxy.

By Order of the Board of Directors,

Michael C. Doran

*Secretary*

San Francisco, California

December 18, 2013

**YOUR VOTE IS IMPORTANT. TO ASSURE REPRESENTATION OF YOUR SHARES, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY AND MAIL IT PROMPTLY IN THE ENCLOSED ENVELOPE.**

MERRIMAN HOLDINGS, INC.

**600 California Street, 9th Floor**

**San Francisco, California 94108**

## **PROXY STATEMENT**

### **For the 2013 Annual Meeting of Stockholders**

#### **General**

The Board of Directors (the “Board”) of Merriman Holdings, Inc. (the “Company”), a Delaware corporation, is soliciting this proxy on behalf of the Company to be voted at the 2013 annual meeting of stockholders to be held on Monday, December 30, 2013, at 10:00 a.m., Pacific Time, or at any adjournment or postponement thereof. The 2013 annual meeting of stockholders will be held at Merriman Holdings, Inc. headquarters, 600 California Street, 9th Floor, San Francisco, California 94108.

#### **Method of Proxy Solicitation**

These proxy solicitation materials were mailed on or about July 9, 2013, to all stockholders entitled to vote at the meeting. The Company will pay the cost of soliciting these proxies. These costs include the expenses of preparing and mailing proxy materials for the annual meeting and reimbursement paid to brokerage firms and others for their expenses incurred in forwarding the proxy materials. Directors, officers, and employees of the Company may also solicit proxies, in person, or by mail, telephone, facsimile or email, without additional compensation.

#### **Voting of Proxies**

Your shares will be voted as you direct on your signed proxy card. If you do not specify on your proxy card how you want to vote your shares, we will vote signed returned proxies:

- ✶FOR the election of the Board’s seven nominees for director;
- ✶FOR the ratification of the appointment of Marcum LLP as the Company’s independent auditors;
- ✶FOR the advisory, nonbinding vote on executive compensation;

FOR 3 years on the advisory, nonbinding vote on the frequency of holding an advisory vote on executive compensation.

We do not know of any other business that may be presented at the annual meeting. If a proposal other than those listed in the notice is presented at the annual meeting, your signed proxy card gives authority to the persons named in the proxy to vote your shares on such matters in their discretion.

### **Required Vote**

Record holders of shares of the Company's common stock at the close of business on November 5, 2013, the voting record date, may vote at the meeting with respect to the election of seven directors, and the ratification of Marcum LLP as the Company's registered independent accountants. Each share of common stock outstanding on the record date has one vote. At the close of business on November 5, 2013, there were 115,590,255 shares of common stock issued and outstanding.

The Company's bylaws and certificate of incorporation provide that a majority of the shares of the common stock entitled to vote, represented in person or by proxy, constitutes a quorum for transaction of business. Assuming the presence of a quorum at the annual meeting, the vote of the holders of at least a plurality of the stock having voting power present in person or represented by proxy is required to elect the seven directors. Cumulative voting is not permitted. Each director election vote is tabulated separately. Assuming the presence of a quorum at the annual meeting, the vote of the holders of at least a majority of the stock having voting power present in person or represented by proxy is required to elect the seven directors. The common stock shall vote together as a single class. Abstentions and broker non-votes are counted as present for purposes of establishing a quorum. Broker non-votes, however, will not be considered as part of the voting power present or represented at the annual meeting for purposes of any matter voted on at the meeting.

### **Revocability of Proxies**

You may revoke your proxy by giving written notice to the Secretary of the Company or by delivering a later proxy to the Secretary, either of which must be received prior to the annual meeting, or by attending the meeting and voting in person.

### **PROPOSAL 1: ELECTION OF DIRECTORS**

The Board has nominated seven directors for election at the 2013 annual meeting. If you elect them, they will hold office until the next annual meeting, until their respective successors are duly elected and qualified, or until their earlier resignation or removal.

### **Vote Required**

The affirmative vote of the holders of at least a plurality of the stock having voting power present in person or represented by proxy is required to elect the seven nominees of the Board as directors. Cumulative voting is not permitted with respect to the election of directors. Unless you specify otherwise, your returned signed proxy will be voted in favor of each of the Board's nominees. In the event a nominee is unable to serve, your proxy may vote for another person nominated by the Board. The Board has no reason to believe that any of the nominees will be unavailable.

### **Number of Directors**

Our Certificate of Incorporation, as amended, provides for a total of nine members of our Board of Directors. We currently have only seven members who are running for election, and this proxy statement names only seven members. Electing seven directors will leave two vacancies on the Board of Directors. The Nominating and Corporate governance Committee feels that it is desirable to leave two seats vacant, in order to streamline board meetings and voting. The proxies obtained in connection with this solicitation may not be voted for a greater number of persons than the number of nominees named.



**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT  
STOCKHOLDERS VOTE “FOR” EACH OF THE BOARD’S NOMINEES LISTED BELOW.**

**Directors**

Set forth below are the principal occupations of, and other information regarding, the seven director nominees of the Board. Each of these persons is an incumbent director.

***D. Jonathan Merriman***, 53, has served as our Chief Executive Officer from October 2000 to the present and served as Chairman of the Board of Directors from February 2001 to November 2007. Prior to that period, Mr. Merriman was President and CEO of Rateexchange Corporation, the predecessor company to Merriman Holdings, Inc. Mr. Merriman and his team engineered the transition of Rateexchange, a software trading platform company, into a full-service institutional investment bank, Merriman Curhan Ford. From June 1998 to October 2000, Mr. Merriman was Managing Director and Head of the Equity Capital Markets Group and member of the Board of Directors at First Security Van Kasper. In this capacity, he oversaw the Research, Institutional Sales, Equity Trading, Syndicate and Derivatives Trading departments. From June 1997 to June 1998, Mr. Merriman served as Managing Director and Head of Capital Markets at The Seidler Companies in Los Angeles, where he also served on the firm’s Board of Directors. Before Seidler, Mr. Merriman was Director of Equities for Dabney/Resnick/Imperial, LLC. In 1989, Mr. Merriman co-founded the hedge fund company Curhan, Merriman Capital Management, Inc., which managed money for high net worth individuals and corporations. Before Curhan, Merriman Capital Management, Inc., he worked in the Risk Arbitrage Department at Bear Stearns & Co. as a trader. Prior to Bear Stearns, Mr. Merriman worked at Merrill Lynch as a financial analyst and as an institutional equity salesman. Mr. Merriman received his Bachelor of Arts in Psychology from Dartmouth College and completed coursework at New York University’s Graduate School of Business. Mr. Merriman has served several public and private company boards.

***Ronald L. Chez***, 73, has served as a member of our Board of Directors since September 2009. Mr. Chez is, and has been since 1971, the president and sole owner of Ronald L. Chez, Inc., a corporation that deals with financial management consulting, public and private investment, structuring of new ventures, and mergers and acquisitions. He is also the non-executive Chairman of EpiWorks, Inc. a privately held epitaxial wafer manufacturer based in Champaign, IL. Mr. Chez is the Chairman of the Advisory Board of the Ronald L. Chez Family Foundation Center for Wounded Veterans and Higher Education at the University of Illinois and a Director of the John and Carol Walter Center for Urological Health at Northshore University Health Systems. He has also served on the boards of several other public and private companies. Mr. Chez graduated from the University of Illinois (with special honors) with a Bachelors of Arts degree in Political Science and is a member of the Phi Beta Kappa Society.

***Dennis G. Schmal***, 66, has served as a member of our Board of Directors and as chair of our audit committee since August 2003. Mr. Schmal has also served as a member of our compensation committee since March 2007 and has

served on the Nominations and Corporate Governance Committee since September 2005. From February 1972 to April 1999, Mr. Schmal served as a partner in the audit practice at Arthur Andersen LLP. As a senior business advisor with special focus in finance, he has extensive knowledge of financial reporting and holds the CPA designation. Besides serving as chairman of the board of a private company, Mr. Schmal also serves on the Board of Directors for Varian Semiconductor Equipment Associates, Inc. (VSEA), a public company, and on the boards of the twelve mutual funds comprising the AssetMark family of mutual funds, three hedge funds sponsored by Wells Fargo Bank and eight exchange traded funds (ETF's) sponsored by Grail Advisors. Mr. Schmal also served on the board of NorthBay Bancorp (NBAN), a public bank holding company, until it was sold in 2007. Mr. Schmal attended California State University, Fresno where he received a Bachelor of Science degree with honors in Business Administration- Finance and Accounting Option.

**William J. Febbo**, 44, has served as a member of our Board of Directors since April 2007 and has been our Chief Operating Officer since January 2012. Mr. Febbo was Chief Executive Officer and founder of MedPanel, Inc., an online medical market intelligence firm, from January 1999 to April 2007. At MedPanel, Mr. Febbo oversaw the company's sales, marketing, technology, finance and content development organizations. We acquired MedPanel, Inc. in April 2007 (which operated as Panel Intelligence, LLC), where Mr. Febbo continued his responsibilities. Mr. Febbo and other investors formed Panel Intelligence, LLC (a Massachusetts corporation) which acquired the assets of Panel Intelligence, LLC (Delaware) from the Company on January 30, 2009. Mr. Febbo has been Treasurer on the Board of the United Nations of Greater Boston since November 2004. Prior to founding MedPanel, Inc., Mr. Febbo was Chairman of the Board of Directors of Pollone, a Brazilian manufacturing venture in the automotive industry, from January 1998 to January 1999. From January 1996 to January 1999, Mr. Febbo was with Dura Automotive working in business development and mergers and acquisition overseas. Mr. Febbo received his B.S. degree in international studies, with a focus on economics and Spanish, from Dickinson College.

**Jeffrey M. Soinski**, 51, has served as a member of our Board of Directors since August 2008. From its formation in September 2009 until the acquisition of its Unisyn business by GE Healthcare in May 2013, Mr. Soinski served as Chief Executive Officer of Medical Imaging Holdings, Inc. and its primary operating company Unisyn Medical Technologies, Inc., a national provider of technology-enabled depot repair and service solutions to the medical imaging industry. Mr. Soinski remains a Director of Medical Imaging Holdings, Inc. and its remaining operating company Consensus Imaging Service, Inc. Medical Imaging Holdings is a portfolio company of Galen Partners, a leading healthcare-focused private equity firm, which Mr. Soinski advised as a Special Venture Partner from July 2008 until June 2013. From December 2001 until its acquisition by C.R. Bard, Inc. in June 2008, Mr. Soinski was President and CEO of Specialized Health Products International, Inc., a publicly-traded manufacturer and marketer of proprietary safety medical products. In 2008, Mr. Soinski was named "Utah CEO of the Year" for small public companies by Utah Business magazine. Prior to Specialized Health Products, Mr. Soinski had been President and CEO of ViroTex Corporation, a venture-backed pharmaceutical company he sold to Atrix Laboratories, Inc. in 1998. Mr. Soinski holds a B.A. degree from Dartmouth College.

**Patrick W. O'Brien**, 67, has served as a member of our Board of Directors and as a member of our Audit and Compensation Committees since December 2010. In 2013, Mr. O'Brien became a member of the Board of Directors of Livevol, Inc., a private company that is a leader in equity and index options technology. Mr. O'Brien is a seasoned executive and business advisor with diverse international experience in private and public companies with an emphasis on financial analysis and business development. From 2002 to 2007 Mr. O'Brien served as a member of the Board of Directors of Factory Card & Party Outlet (FCPO, NASDAQ) until its sale to AAH Holdings. In 2005, he joined Bental-Kennedy Associates Real Estate Counsel where he was Vice President-Asset Management representing pension fund ownership interest in hotel real estate investments nationwide. In 2009, Mr. O'Brien formed Granville Wolcott Advisors where he serves as its Managing Director & Principal to provide consulting, due diligence, and asset management services. Mr. O'Brien is a graduate of the Eli Broad College of Business at Michigan State University with a BA in Hotel Management.

**Robert Ward**, 43, has served as a member of our Board of Directors since December 4, 2013, when he was appointed by the other Board members to fill a vacant seat. Mr. Ward was the chief operating officer (COO) October 2008 to October 2012 for SunGard's Wealth Management business from which includes a range of solutions and services

targeted at advisors, banks, retirement providers, broker dealers and corporations. Prior to his Wealth Management role, Robert was the COO for the SunGard Transaction Network (STN), now known as the SunGard Global Network (SGN), from September 2004 to October 2008 Mr. Ward has successfully launched SunGard's business efforts in new countries and regions, including previously untapped markets in Europe and the Pacific Rim. In July 2013 Mr. Ward founded RS Advisory Services, which helps financial service providers and asset managers with distribution, business model development and technology support/development. Mr. Ward is a current board member of Envestnet Retirement Solutions (Chicago) and Finaconnect (Seattle). Robert received a B.A. degree from Colby College in Waterville, Maine, and earned his MBA with distinction from Bentley College in Waltham, Mass.

## Executive Officers

**D. Jonathan Merriman**, 53, has served as our Chief Executive Officer from October 2000 to the present and served as Chairman of the Board of Directors from February 2001 to November 2007. Prior to that period, Mr. Merriman was President and CEO of Ratexchange Corporation, the predecessor company to Merriman Holdings, Inc. Mr. Merriman and his team engineered the transition of Ratexchange, a software trading platform company, into a full-service institutional investment bank, Merriman Curhan Ford. From June 1998 to October 2000, Mr. Merriman was Managing Director and Head of the Equity Capital Markets Group and member of the Board of Directors at First Security Van Kasper. In this capacity, he oversaw the Research, Institutional Sales, Equity Trading, Syndicate and Derivatives Trading departments. From June 1997 to June 1998, Mr. Merriman served as Managing Director and Head of Capital Markets at The Seidler Companies in Los Angeles, where he also served on the firm's Board of Directors. Before Seidler, Mr. Merriman was Director of Equities for Dabney/Resnick/Imperial, LLC. In 1989, Mr. Merriman co-founded the hedge fund company Curhan, Merriman Capital Management, Inc., which managed money for high net worth individuals and corporations. Before Curhan, Merriman Capital Management, Inc., he worked in the Risk Arbitrage Department at Bear Stearns & Co. as a trader. Prior to Bear Stearns, Mr. Merriman worked at Merrill Lynch as a financial analyst and as an institutional equity salesman. Mr. Merriman received his Bachelor of Arts in Psychology from Dartmouth College and completed coursework at New York University's Graduate School of Business. Mr. Merriman has served several public and private company boards.

**William J. Febbo**, 45, has served as a member of our Board of Director since April 2007 and has been our Chief Operating Officer since January 2012. Mr. Febbo was Chief Executive Officer and founder of MedPanel, Inc., an online medical market intelligence firm, from January 1999 to April 2007. At MedPanel, Mr. Febbo oversaw the company's sales, marketing, technology, finance and content development organizations. We acquired MedPanel, Inc. in April 2007 (which operated as Panel Intelligence, LLC), where Mr. Febbo continued his responsibilities. Mr. Febbo and other investors formed Panel Intelligence, LLC (a Massachusetts corporation) which acquired the assets of Panel Intelligence, LLC (Delaware) from the Company on January 30, 2009. Mr. Febbo has been Treasurer on the Board of the United Nations of Greater Boston since November 2004. Prior to founding MedPanel, Inc., Mr. Febbo was Chairman of the Board of Directors of Pollone, a Brazilian manufacturing venture in the automotive industry, from January 1998 to January 1999. From January 1996 to January 1999, Mr. Febbo was with Dura Automotive working in business development and mergers and acquisition overseas. Mr. Febbo received his B.S. degree in international studies, with a focus on economics and Spanish, from Dickinson College.

**Michael C. Doran**, 54, has served as General Counsel and Corporate Secretary since September 2009. From May 2009 to September 2009, Mr. Doran practiced law as a solo practitioner. From September 2005 to May 2009, Mr. Doran was a partner in the Silicon Valley office of Fish & Richardson PC and previously practiced with Brobeck Phleger and Harrison LLP. He holds a B.A. in economics from Drury University *magna cum laude* and a J.D. from Stanford Law School.

There are no family relationships among any of the foregoing officers or between any of the foregoing executive officers and any Director of the Company.

## **Board Meetings and Committees**

In 2012, the Board of Directors held four regular meetings of the Board and three special meetings. During 2012, no incumbent director attended fewer than 75% of the aggregate of (a) the total number of meetings of the Board of Directors held during the period for which he has been a director and (b) the total number of meetings held by all committees of the Board of Directors on which he served during the period that he served. The Company has the following Board committees:

*Audit Committee.* The principal functions of the Audit Committee are to engage our independent accounting firm, to consult with our auditors concerning the scope of the audit and to review with them the results of their examination, to approve the services performed by the independent auditors, to review and approve any material accounting policy changes affecting our operating results and to review our financial control procedures and personnel. The following Board members served as Audit Committee members during 2012: Dennis G. Schmal, Jeffrey M. Soinski, and Patrick W. O'Brien. Mr. Schmal serves as the Chairman of the Audit Committee and is a Financial Expert in satisfaction of the Sarbanes-Oxley requirements. The Board of Directors has determined that Mr. Schmal is the "audit committee financial expert" and "independent" as defined under applicable SEC rules and NASDAQ rules. The Board's affirmative determination for Mr. Schmal was based, among other things, upon his 27 years at Arthur Andersen LLP, a majority of which were spent as a partner in the audit practice.

The Audit Committee held four regular meetings in 2012. The Audit Committee approves the engagement of and the services to be performed by the Company's independent accountants and reviews the Company's accounting principles and its system of internal accounting controls. The Board has determined that all members of the Audit Committee are "independent" as that term is defined in Rule 4200(a)(15) of the listing standards of the NASDAQ Stock Market.

The Audit Committee is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities and expects the Company's directors, as well as its officers and employees, to act ethically at all times and to acknowledge their adherence to the Company's policies. The Company's Board of Directors has adopted a written charter for the Audit Committee. The Audit Committee charter is available at [www.merrimanco.com](http://www.merrimanco.com).

*Compensation Committee.* The Compensation Committee of the Board of Directors has exclusive authority to establish the level of compensation paid to the Company's executive officers and certain employees and administers the Company's stock option plans. The following Board members served as Compensation Committee members during 2009: Mr. Chez, Mr. O'Brien and Mr. Soinski. Mr. Chez served as Chairman of the Committee. It is a fully independent committee, consistent with guidelines of the NASDAQ Stock Market. The Compensation Committee held four regular meetings in 2012. The Compensation Committee charter is available at [www.merrimanco.com](http://www.merrimanco.com).

*Nominations and Corporate Governance Committee.* This committee is responsible for identifying qualified individuals to become Board members, make recommendations that the Board select director nominees, develop and recommend corporate governance principles to the Board and take a leadership role in corporate governance. The following Board members served as Nominations and Corporate Governance Committee members during 2012: Mr. Soinski, Mr. Schmal and Mr. O'Brien. Currently, Mr. Soinski is the chairman of this committee, and Mr. Schmal and Mr. O'Brien are members. The committee has approved a Charter and each member is independent, consistent with the guidelines of the NASDAQ Stock Market. The Committee will consider qualified and timely stockholder nominees on the same basis that it considers other nominees. Stockholders who wish to submit nominations to the Board for the 2014 annual meeting should submit such nominees to the Company's Secretary no later than August 22, 2014 at 600 California Street, 9th Floor, San Francisco, CA 94108. The Board has no specific minimum qualifications for nominating directors to the Board, but the Board seeks to nominate the most qualified candidates from whatever source. The Board has no formal process for evaluating nominations for directors. When an opening arises on the Board, the Board considers all qualified candidates. The Nominations and Corporate Governance Committee held four regular meetings in 2012. The Nominations and Corporate Governance Committee charter is available at [www.merriman.com](http://www.merriman.com).

*Stockholder Communications with the Board of Directors.* Stockholders interested in communicating with our Board of Directors may do so by writing to our Secretary, Michael C. Doran, at 600 California Street, 9th Floor, San Francisco, CA 94108. Our Secretary will review all stockholder communications. Those that appear to contain subject matter reasonably related to matters within the purview of our Board of Directors will be forwarded to the entire Board or the individual Board member to whom the communication was addressed. Obscene, threatening or harassing communications will not be forwarded. We encourage the members of our Board to attend our annual meeting of stockholders, although attendance is not mandatory. One member of the Board attended the last annual stockholders'

meeting.

## **AUDIT COMMITTEE REPORT**

The information contained in this report shall not be deemed to be “soliciting material” or “filed” or incorporated by reference in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act of 1933, as amended, or Securities Exchange Act of 1934, as amended.



The Audit Committee reviews our financial reporting process on behalf of the Board of Directors. In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the audited financial statements contained in the 2012 Annual Report on Form 10-K, as amended, with Company management and the independent registered public accounting firm. Management is responsible for the financial statements and the reporting process, including the system of internal controls. The independent registered public accounting firm is responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles.

The Audit Committee discussed with the independent registered public accountants the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*, as amended. The audit committee has also received written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 Independence Discussions with Audit Committees (which relates to the accountant's independence from the Company and its related entities) and has discussed with the independent registered public accounting firm their independence from the Company.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board the inclusion of the audited financial statements in the Company's 2012 Annual Report on Form 10-K, as amended, for filing with the Securities and Exchange Commission.

#### AUDIT COMMITTEE

Dennis G. Schmal, Chairman

John M. Thompson

Jeffrey M. Soinski

**EXECUTIVE COMPENSATION****SUMMARY 2012 COMPENSATION TABLE**

The following table sets forth the compensation earned by our Chief Executive Officer and our two other most highly compensated executive officers for the two years ended December 31, 2012, whom we refer to as our named executive officers.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$)</b>	<b>Total (\$)</b>
<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(1)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>
D. Jonathan Merriman Chief Executive Officer Merriman Holdings, Inc.	2012	239,583	161,162	324,550		725,295
	2011	200,000	111,535	49,999	-	361,534
William J. Febbo Chief Operating Officer Merriman Holdings, Inc.	2012	232,365	-	-	-	232,365
	2011	-	-	-	-	-
Michael C. Doran General Counsel Merriman Holdings, Inc.	2012	234,167	-	-	-	234,167
	2011	280,000	-	-	-	280,000

The amounts included in column (d) are bonuses awarded under Executive and Management Bonus Plan (“EMB”), designed to reward our named executive officers and other employees to the extent that the Company achieves or exceeds its business plan for a particular year. The EMB provides for a bonus pool to be established based on achieving the Company’s annual business plan, with the Committee retaining discretion to allocate the bonus pool. (1) If the Company’s business plan with respect to a calendar year is not met, only small amounts will be paid under the EMB for that year. While the amount of the total bonus pool that is available for awards under the EMB is based on the Company achieving certain performance targets, the actual amount to be paid to each of our named executive officers is determined by the Compensation Committee of our Board and our Board, based on their discretion.

Compensation awarded to our named executive officers was determined by the compensation committee of our Board.

Pursuant to its practice, the Company provides Mr. Merriman and Mr. Doran with parking at the Company's principal offices.

**OUTSTANDING EQUITY AWARDS AT 2012 FISCAL YEAR END**

	Option Awards		Option Exercise Price (\$/Sh) (e)	Option Expiration Date (f)	Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)			Number of Shares or Units of Stock That Have Not Vested (g)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (h)
D. Jonathan Merriman	111,111	738,889	0.59	03/23/22	7,660	460
William J. Febbo	1,661	—	3.01	05/08/19	250,000	15,000
	93,749	656,251	0.59	03/23/22		
Michael C. Doran	15,088	3,482	10.99	09/21/19	—	—
	—	100,000	0.60	05/31/22		

**DIRECTOR COMPENSATION IN 2012**

The following table sets forth information about the compensation earned by members of our Board of Directors during the fiscal year ended December 31, 2012. Mr. D. Jonathan Merriman who served as Chief Executive Officer and as Co-Chairman of the Board of Directors, and Mr. William J. Febbo who served as Chief Operating Officer and director did not receive any compensation for their service as directors.

For the year ended December 31, 2012, directors did not receive any compensation in the form of participation in non-equity incentive or pension plans, or any other form of compensation other than awards of cash, stock, and stock options. The Company's director compensation program for 2012 took into consideration service on committees of the Board. For service on the Board and attendance at the four scheduled quarterly meetings, each of our independent directors was awarded, on an annual basis, a cash award, a number of restricted stock vesting in equal installments over the next 36 months. The number of shares and of stock options awarded was determined by a value established by the Board prior to the beginning of the year and the price of the Company's share of common stock on the grant date. As the Board and each committee have four scheduled meetings each year, one-fourth of each Director's award was granted on each of the scheduled meeting dates, provided the Director attended. Additional meetings (whether by phone or in person) were scheduled as necessary for which no additional compensation was awarded.

Accordingly, the compensation earned by our Directors in 2012 was as follows:

<b>Name (a)</b>	<b>Fees Earned or Paid in Cash (\$ (b))</b>	<b>Stock Awards (\$ (c) (1))</b>	<b>Option Awards (\$ (d))</b>	<b>All Other Compensation (\$ (e))</b>	<b>Total (\$ (f))</b>
Ronald L. Chez, Chair (2)	65,000	60,000	—	—	125,000
D. Jonathan Merriman (3)	—	—	—	—	—
William J. Febbo (4)	—	—	—	—	—
Dennis G. Schmal	30,000	—	—	—	30,000
Jeffrey M. Soinski	30,000	—	—	—	30,000
Patrick W. O'Brien	30,000	—	—	—	30,000

The amounts in this column reflect the value of the shares of stock awarded, calculated by multiplying the closing (1) price of a share of our common stock on the applicable grant date by the number of shares awarded on such date. All grants were made on the day of the Board meeting.

(2) Mr. Chez has served as Co-Chairman of the Board of Directors since September 2010.

(3)

Mr. Merriman is also the Chief Executive Officer of the Company for which compensation is not included in this table. In accordance to Company practice, employees of the Company and its subsidiaries do not receive additional compensation for service on the Board. Mr. Merriman has served as Co-Chairman of the Board of Directors since September 2010.

(4) Mr. Febbo also serves as the Chief Operating Officer since January 2012.

The Board of Directors annually reviews the Company's director compensation program.

## EQUITY COMPENSATION PLAN INFORMATION

The following table gives information about the Company's common stock that may be issued upon the exercise of options and warrants under all of our existing equity compensation plans as of December 31, 2012 including the 1999 Stock Option Plan, the 2000 Stock Option and Incentive Plan, the 2001 Stock Option and Incentive Plan, the 2003 Stock Option and Incentive Plan, the 2009 Stock Incentive Plan, the 2006 Directors' Stock Option and Incentive Plan, and the 2012 Stock Option and Incentive Plan.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options and Warrants</b>	<b>Weighted-Average Price of Outstanding Options and Warrants</b>	<b>Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans</b>
Equity compensation plans approved by shareholders:			
2000 Stock Option and Incentive Plan (expired 02/28/10)	11,428	\$ 3.36	-
2001 Stock Option and Incentive Plan	-	-	-
2003 Stock Option and Incentive Plan	82,116	5.49	-
2009 Stock Incentive Plan	365,530	0.53	-
2012 Stock Option and Incentive Plan	2,790,000	0.55	2,254,127
2006 Directors' Stock Option and Incentive Plan	14,118	3.01	-

Equity compensation not approved by stockholders includes shares in a Non-Qualified option plan approved by the Board of Directors of RateXchange Corporation (now known as Merriman Capital Inc.) in 1999 and a Non-Qualified option plan that is consistent with the American Stock Exchange Member Guidelines, Rule 711, approved by the Board of Directors in 2004. The American Stock Exchange guidelines require that grants from the option plan be made only as an inducement to a new employee, that the grant be approved by a majority of the independent members of the Compensation Committee and that a press release is issued promptly disclosing the terms of the option grant. The Non-Qualified option plan that was established in accordance with the American Stock Exchange guidelines is considered a pre-existing plan, and is thus considered acceptable under the NASDAQ Stock Market guidelines. The Company's common stock was listed on NASDAQ under the symbol MERR until November 2011. Since November 2011, it has been listed on the OTXQX under the same symbol.

## **CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

### ***Sale of Note and Trade Receivables***

On September 28, 2012, the Company sold a certain note receivable with a carrying value of \$125,000 to the Co-Chairman of the Board of Directors for \$125,000 plus all accrued but unpaid interests. The buyer assumed the risk of collection with respect to the note receivable he purchased.

On February 14, 2012, the Company sold certain trade receivables with a carrying value of \$507,000 at a discount to the Co-Chairman of the Board of Directors for \$500,000. The buyer assumed the risk of collection with respect to the receivables he purchased. The \$7,000 discount was included in cost of underwriting capital in the Company's consolidated statements of operations.

### ***Temporary Subordinated Borrowings***

On October 30, 2012, the Company borrowed \$500,000 from the Co-Chairman of the Board of Directors. The loan was in the form of a temporary subordinated loan in accordance with Rule 15c3-1 of the Securities Exchange Act of 1934. Total fees incurred were \$45,000, which amount was included in cost of underwriting capital in the Company's consolidated statement of operations. The loan and related fees were paid in full on December 14, 2012.

On June 13, 2012, the Company borrowed \$1,600,000 from the Co-Chairman of the Board of Directors. The loan was in the form of a temporary subordinated loan in accordance with Rule 15c3-1 of the Securities Exchange Act of 1934. Total fees incurred were \$36,000, which amount was included in cost of underwriting capital in the Company's consolidated statement of operations. The loan and related fees were paid in full on June 25, 2012.

On January 27, 2012, the Company borrowed \$2,500,000 from the Co-Chairman of the Board of Directors. The loan was in the form of a temporary subordinated loan in accordance with Rule 15c3-1 of the Securities Exchange Act of 1934. Total fees incurred were \$110,000, which amount was included in cost of underwriting capital in the Company's consolidated statement of operations. The loan and related fees were paid in full on February 17, 2012.

On January 31, 2011, the Company borrowed \$2,800,000 from the Co-Chairman of the Board of Directors. The loan was in the form of a temporary subordinated loan in accordance with Rule 15c3-1 of the Securities Exchange Act of 1934. Total fees incurred were \$56,000, which amount was included in cost of underwriting capital in the Company's consolidated statement of operations. The loan and related fees were paid in full on February 7, 2011.

### ***Subordinated Notes Payable***

On September 29, 2010, the Company borrowed \$1,000,000 from nine individual lenders, all of whom were directors, officers or employees of the Company at the time of issuance, pursuant to a series of unsecured promissory notes (Subordinated Notes). The Subordinated Notes are for a term of three years and provide for interest comprising two components: (i) six percent (6.0%) per annum to be paid in cash monthly; and (ii) eight percent (8.0%) per annum to be accrued and paid in cash upon maturity. Additional consideration was paid to the lenders at closing comprising a number of shares of common stock of the Company equal to: (A) 30% of the principal amount lent; divided by (B) \$3.01 per share. The total effective interest on the note is approximately 21.73%. Proceeds were used to supplement underwriting capacity and working capital for MC.

The total proceeds of \$1,000,000 raised in the transaction above were accounted for as an issuance of debt with stock. The total proceeds of \$1,000,000 have been allocated to these individual instruments based on the relative fair values of each instrument. Based on such allocation method, the value of the stocks issued in connection with the Subordinated Notes was \$206,000, which was recorded as a discount on the debt and applied against the Subordinated Notes.

As of December 31, 2012, \$897,000 of the Subordinated Notes, net of \$53,000 discount, remain outstanding and is included in notes payable to related parties in the Company's consolidated statements of financial condition. The remaining Subordinated Notes held by parties no longer related to the Company of \$47,000, net of \$3,000 discount, are included in notes payable in the Company's consolidated statements of financial condition. The discount on the



note is amortized over the term of the loan using the effective interest method.

For the year ended December 31, 2012, the Company incurred \$141,000 in interest on the Subordinated Notes. Total interest of \$81,000 remains outstanding as of December 31, 2012 and is included in accrued expenses and other in the consolidated statements of financial condition.

***2012 Equity Lending Note***

On August 31, 2012, the Company's Chief Executive Officer loaned \$175,000 to the Company in a three year secured equity lending note (2012 Equity Lending Note) at an interest rate of eight percent (8%) per annum payable quarterly in arrears. This note is secured by a security interest in and right of setoff against all of the Company's right, title and interest in and to all of the capital stock of Merriman Capital Inc., together with all proceeds, rents, profits and returns of and from any of the foregoing. Additional consideration in the form of 69,444 warrants to purchase common shares of the Company at \$0.63 per share was issued to the lender. The warrants expire on August 31, 2015.

This transaction was accounted for as an issuance of debt with warrants and the proceeds were allocated to the individual instruments based on the relative fair values of each instrument at the time of issuance. Based on the fair value allocation method, the value of the warrants issued in connection with the 2012 Equity Lending Note was \$13,000 which was recorded as a discount on the debt and applied against the 2012 Equity Lending Note. The note collateral has a carrying value of \$175,000 and is included in other assets in the consolidated statement of financial condition as of December 31, 2012.

***August 2012 Secured Promissory Note***

On August 31, 2012, the Company's Co-Chairman of the Board of Directors loaned \$250,000 to the Company in a three year secured promissory note (August 2012 Secured Promissory Note) at an interest rate of eight percent (8%) per annum payable quarterly in arrears. This note is secured by a security interest in and right of setoff against all of the Company's right, title and interest in and to all of the capital stock of Merriman Capital Inc., together with all proceeds, rents, profits and returns of and from any of the foregoing. Additional consideration in the form of 99,206 warrants to purchase common shares of the Company at \$0.63 per share was issued to the lender. The warrants expire on August 31, 2015.

This transaction was accounted for as an issuance of debt with warrants and the proceeds were allocated to the individual instruments based on the relative fair values of each instrument at the time of issuance. Based on the fair value allocation method, the value of the warrants issued in connection with the August 2012 Secured Promissory Note was \$19,000 which was recorded as a discount on the debt and applied against the August 2012 Secured Promissory Note.

***September 2012 Secured Promissory Note***

On September 27, 2012, the Company's Co-Chairman of the Board of Directors loaned \$125,000 to the Company in a three year secured promissory note (September 2012 Secured Promissory Note) at an interest rate of eight percent (8%) per annum payable quarterly in arrears. This note is secured by a security interest in and right of setoff against all of the Company's right, title and interest in and to all of the capital stock of Merriman Capital Inc., together with all proceeds, rents, profits and returns of and from any of the foregoing. Additional consideration in the form of 236,250 warrants to purchase common shares of the Company at \$0.63 per share was issued to the lender. The warrants expire on September 27, 2015.

This transaction was accounted for as an issuance of debt with warrants and the proceeds were allocated to the individual instruments based on the relative fair values of each instrument at the time of issuance. Based on the fair value allocation method, the value of the warrants issued in connection with the September 2012 Secured Promissory

Note was \$45,000 which was recorded as a discount on the debt and applied against the September 2012 Secured Promissory Note.

***December 2012 Secured Promissory Note***

On December 13, 2012, the Co-Chairman of the Board of Directors loaned \$200,000 to the Company in a six month secured promissory note at an interest rate of eight percent (8%) per annum payable at maturity. This note is secured by a security interest in and right of setoff against all of the Company's right, title and interest in and to all of the capital stock of Merriman Capital Inc., together with all proceeds, rents, profits and returns of and from any of the foregoing.

On December 28, 2012, the Co-Chairman of the Board of Directors loaned \$500,000 to the Company in a six month secured promissory note at an interest rate of eight percent (8%) per annum payable at maturity. This note is secured by a security interest in and right of setoff against all of the Company's right, title and interest in and to all of the capital stock of Merriman Capital Inc., together with all proceeds, rents, profits and returns of and from any of the foregoing.

***2011 Chez Secured Promissory Note***

On April 7, 2011, the Company's Co-Chairman of the Board of Directors loaned \$330,000 to the Company in a three year secured promissory note (2011 Chez Secured Promissory Note) at an interest rate of six percent (6%) per annum payable quarterly. This note is secured by a security interest in and right of setoff against all of the Company's right, title and interest in and to all of the capital stock of Merriman Capital Inc., together with all proceeds, rents, profits and returns of and from any of the foregoing. Also, beginning on the date which is one year from the issuance date, if there is an equity financing of the Company resulting in gross proceeds of at least \$15,000,000 in new money, holders shall have the option to put 50% of Secured Promissory Notes originally purchased back to the Company, for an amount equal to the principal plus accrued but unpaid interest, on 30 days written notice.

On November 16, 2011, the 2011 Chez Secured Promissory Note plus accrued interest of \$3,000 was exchanged for 445,299 shares of common stock of the Company calculated as (i) the total amount of principal plus accrued but unpaid interest divided by (ii) an amount equal to 80% of the average closing price per share of common stock as quoted on the exchange on which it principally trades for the 30 day period ending two days prior to the closing date.

The Company accounted for this transaction in accordance with ASC 470, *Debt*, as an extinguishment of debt, whereby a gain or loss was calculated as the difference between the reacquisition price and net carrying value of the debt. The reacquisition price was determined as the sum of the fair value of the common stock and new warrants. The warrants were valued using the Black-Scholes fair value model. A loss of \$157,000 was recorded on the transaction based on a reacquisition price of \$490,000 and net carrying value, including interest, of \$333,000.

***Series E Convertible Preferred Stock***

On December 30, 2011, the Company issued 2,531,744 shares of Series E Convertible Preferred Stock at \$0.63 per share plus warrants to purchase 1,265,874 shares of the Company's common stock with an exercise price of \$0.63 per share. The warrants expire five years from the effective date. The total proceeds of \$1,595,000 were allocated between the Series E Convertible Preferred Stock and the related warrants based on the relative fair values of each instrument at the time of issuance. All these Series E Convertible Preferred shareholders are directors of the Company.

The Series E Convertible Preferred Stock carries a dividend rate of 9% per annum, such dividends will be paid only when, if and as declared by the Board of Directors. The Company is prohibited from paying any dividends on the Common Stock until all accrued dividends on the Series D and Series E Convertible Preferred Stock are first paid. The Series E Convertible Preferred Stock is convertible into common stock at \$0.63 per share.

The holders of Series E Convertible Preferred Stock are entitled to a “liquidation preference payment” of \$0.63 per share of Series E Convertible Preferred Stock plus all accrued but unpaid dividends on such shares prior and in preference to any payment to holders of the Common Stock upon a merger, acquisition, sale of substantially all the assets, or certain other liquidation events of the Company. Any proceeds after payment of the “liquidation preference payment” shall be paid pro rata to the holders of the Series D and E Convertible Preferred Stock and Common Stock on an as converted to Common Stock basis.

***Series D Convertible Preferred Stock***

Three of the investors in the Series D Convertible Preferred Stock transaction joined the Company’s Board of Directors. In January 2011, two left as members of the Board of Directors. In addition, the Company’s Chief Executive Officer and former Chief Financial Officers, along with 11 other executives and senior managers of MC, were also investors in the Series D Convertible Preferred Stock transaction. Finally, all five members of the Company’s Board of Directors prior to the transaction were investors in the Series D Convertible Preferred Stock transaction.

*Other Related Party Transactions*

From time to time, officers and employees of the Company may invest in private placements which the Company arranges and for which the Company charges investment banking fees.

The Company's employees may, at times, provide certain services and supporting functions to its affiliate entities. The Company is not reimbursed for any costs related to providing those services.

It is the policy for the Board to review all related party transactions and to secure approval by a majority of disinterested directors. Applying such policy is the responsibility of each disinterested director for each transaction. Such policy regarding related party transactions is not in writing; as such, the General Counsel and the Corporate Secretary are responsible for advising on the application of such policies.

**PROPOSAL 2: RATIFICATION OF THE SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2013**

The Audit Committee has selected the firm of Marcum LLP as our independent registered public accounting firm for the fiscal year ended December 31, 2013. Marcum LLP has served as our independent registered public accounting firm since June 8, 2012. If the stockholders do not ratify the selection of Marcum LLP as our independent registered public accounting firm, the selection of such independent registered public accounting firm will be reconsidered by the Audit Committee for future years.

Representatives of Marcum LLP are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT**

**STOCKHOLDERS VOTE "FOR" THE RATIFICATION OF MARCUM LLP**

**PROPOSAL 3**

**ADVISORY, NONBINDING VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“the Dodd-Frank Act”) and Section 14A of the Exchange Act enables our stockholders, and requires that we provide our stockholders with the opportunity, to vote to approve, on an advisory, nonbinding basis, the compensation of our named executive officers as disclosed in this Proxy Statement in accordance with the SEC’s compensation disclosure rules. The frequency of such advisory, nonbinding vote is the subject of Proposal 4 at the Annual Meeting, but we currently anticipate that such votes will be taken every three years.

Our executive compensation programs are described in detail under the heading “Executive Compensation.” We are asking our stockholders to indicate their support for our named executive officer compensation as described in this Proxy Statement. This proposal, commonly known as a “say-on-pay” proposal, gives our stockholders the opportunity to indicate whether they approve of our named executive officers’ compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this Proxy Statement in accordance with the SEC’s compensation disclosure rules. Accordingly, we will ask our stockholders to vote “FOR” the following resolution at the Annual Meeting:

“RESOLVED, that the Company’s stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company’s Proxy Statement for the 2013 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission.”

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or our Board of Directors. Our Board of Directors and our Compensation Committee value the opinions of our stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this Proxy Statement, we will consider our stockholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.**

#### **PROPOSAL 4**

##### **ADVISORY, NONBINDING VOTE ON THE FREQUENCY OF**

##### **AN ADVISORY VOTE ON EXECUTIVE COMPENSATION**

Section 14A to the Exchange Act requires that we provide our stockholders with an opportunity to vote, on an advisory, nonbinding basis, for their preference as to how frequently we should seek an advisory, nonbinding vote on the compensation of our named executive officers as disclosed in accordance with the SEC's compensation disclosure rules. By voting on this Proposal 4, stockholders may indicate whether they would prefer an advisory vote on named executive officer compensation once every one, two, or three years. Stockholders may also abstain from casting a vote on this proposal.

After careful consideration of this proposal, our Board of Directors has determined that an advisory vote on executive compensation that occurs every three years is the most appropriate alternative for the Company, and therefore our Board of Directors recommends that you vote for a three-year interval for the advisory vote on executive compensation.

In formulating its recommendation, our Board of Directors considered that an advisory vote on executive compensation every three years will allow our stockholders to provide us with their direct input, by indicating either their approval or disapproval of our named executive officers' compensation, regarding our compensation policies and practices as disclosed in our proxy statements, while at the same time taking into account the costs and burdens of such votes in relation to the size and scale of the Company's operations and resources.

You may cast your vote on the preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when you vote as specified on the proxy card.



The option of one year, two years or three years that receives the highest number of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that is preferred by our stockholders. However, because this vote is advisory and not binding on the Board of Directors or the Company in any way, the Board may decide that it is in the best interests of our stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option preferred by our stockholders. However, we look forward to hearing from our stockholders as to their preference on the frequency of an advisory vote on executive compensation.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE OPTION OF EVERY THREE YEARS AS THE FREQUENCY FOR FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION.**

**INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS' FEES**

Marcum LLP ("Marcum") served as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2012. Burr Pilger Mayer, Inc. ("BPM") served as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2011.

The aggregate fees billed by Marcum and BPM for professional services to the Company were \$160,066 in 2012 and \$206,905 in 2011, respectively.

**Audit Fees.** The aggregate fees billed by Marcum and BPM for professional services rendered for the audit of the Company's annual financial statements, the review of the Company's quarterly financial statements, and services that are normally provided in connection with statutory and regulatory filings or engagements were \$160,066 in 2012 and \$206,905 in 2011.

**Audit Related Fees.** There were no aggregate fees billed by Marcum and BPM for 2012 and 2011 for professional assurance and related services reasonably related to the performance of the audit of the Company's financial statements, but not included under Audit Fees.

**Tax Fees.** There were no aggregate fees billed by Marcum and BPM for 2012 and 2011 for professional services for tax compliance, tax advice and tax planning in 2012 and 2011.

**All Other Fees.** None.

#### ***Audit Committee Policies and Procedures***

The Audit Committee has formal policies and procedures in place with regard to the approval in advance of all professional services provided to the Company by its independent registered public accountants. With regard to audit fees, the Audit Committee reviews the annual audit plan and approves the estimated annual audit budget in advance. With regard to tax services, the Audit Committee reviews the description and estimated annual budget for tax services to be provided by the Company's tax consultants in advance. During 2012, the Audit Committee approved all of the independent registered public accountants' fees in advance.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth information regarding beneficial ownership of each class of our voting securities as of March 31, 2013, by (a) each person who is known by us to own beneficially more than five percent of each of our outstanding classes of voting securities, (b) each of our directors, (c) each of the named executive officers and (d) all directors and executive officers as a group.

<b>Name of Beneficial Owner</b>	<b>Common Stock</b>		
	<b>Beneficially Owned</b>	<b>Percent (1)</b>	
D. Jonathan Merriman	13,771,395	14	%
Ronald L. Chez (2)	81,502,295	68	%
Dennis G. Schmal	3,613,290	4	%
Jeffrey M. Soinski	1,126,899	1	%
William J. Febbo	4,347,743	5	%
Patrick W. O'Brien	180,104	*	
Michael C. Doran	118,570	*	
All directors and executive officers as a group 7 persons (3)	104,541,726	85	%

· Less than 1%.

Applicable percentage ownership is based on 94,143,568 shares of common stock outstanding as of March 31, 2013. Pursuant to the rules of the Securities and Exchange Commission, shares shown as “beneficially” owned include all shares of which the persons listed have the right to acquire beneficial ownership within 60 days of March 31, 2013, including (a) shares subject to options, warrants or any other rights exercisable within 60 days of March 31, 2013, even if these shares are not currently outstanding, (b) shares attainable through conversion of other securities, even if these shares are not currently outstanding, (c) shares that may be obtained under the power (1) to revoke a trust, discretionary account or similar arrangement and (d) shares that may be obtained pursuant to the automatic termination of a trust, discretionary account or similar arrangement. This information is not necessarily indicative of beneficial ownership for any other purpose. Our directors and executive officers have sole voting and investment power over the shares of common stock held in their names, except as noted in the following footnotes.

Mr. Chez and the Company are parties to a Voting Agreement dated March 28, 2013 which provides that Mr. Chez will vote all of his shares of common stock of the Company in excess of 24.99% of the total outstanding (2) shares of Company common stock in the same proportion as all shares of common stock not held by Mr. Chez. This has the effect of limiting Mr. Chez' voting control to 24.99%. The Voting Agreement was filed with the Company's Current Report on Form 8-K dated March 28, 2013.

- (3) All directors and executive officers have the business address of 600 California Street, 9th Floor, San Francisco, CA 94108.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers to file reports with the SEC on Forms 3, 4 and 5 for the purpose of reporting their ownership of and transactions in the Company's equity securities.

## GENERAL INFORMATION

### Shareholder Proposals

#### *Proposals Included in Proxy Statement*

Proposals of shareholders of the Company that are intended to be presented by such shareholders at the Company's 2014 annual meeting and that shareholders desire to have included in the Company's proxy materials relating to such meeting must be received by the Company at its principal executive offices no later than August 22, 2014, which is 120 calendar days prior to the anniversary of this year's mailing date. Upon timely receipt of any such proposal, the Company will determine whether or not to include such proposal in the proxy statement and proxy in accordance with applicable regulations governing the solicitation of proxies.

#### *Proposals Not Included in the Proxy Statement*

If a shareholder wishes to present a proposal at the Company's annual meeting in 2013 or to nominate one or more directors and the proposal is not intended to be included in the Company's proxy statement relating to that meeting, the shareholder must give advance written notice to the Company prior to the deadline for such meeting determined in accordance with the Company's by-laws. For business to be properly brought before a meeting by a shareholder of record, or to nominate a person for election as a director, the shareholder must have given timely notice thereof in writing to our Secretary. To be timely, a shareholder's notice must be delivered to or mailed and received by our Secretary at our principal executive offices not less than 90 days nor more than 120 days prior to the meeting; provided, however, that in the event that less than 100 days' notice or prior public notice of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be so received not later than the 10th day following the day on which such notice of the date of the meeting was mailed or on which such public notice was given. These time limits also apply in determining whether notice is timely for purposes of rules adopted by the SEC relating to exercise of discretionary voting authority. Our restated bylaws contain specific requirements for the notice, which are summarized below. For nominations, a shareholder's notice must set forth as to each proposed nominee:

- the name, age, business and residential address, and principal occupation or employment of the nominee;
  
- the class and number of shares of capital stock that are beneficially owned by such nominee on the date of such notice;

Edgar Filing: Merriman Holdings, Inc - Form DEF 14A

- a description of all arrangements or understandings between the shareholder and each nominee and the name of any other person(s) pursuant to which the nomination(s) are to be made by the shareholder;
- all other information relating to such shareholder(s) or any nominee(s) of such shareholder(s) that is required to be disclosed in solicitations of proxies for the election of directors, or is otherwise required, in each case pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934; and
- a representation that the shareholder(s) intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice.

For all other proposals, as to each matter of business proposed:

- a brief description of the business desired to be brought before the meeting and the reasons for conducting such business;
- the text of the business (including the text of any resolutions proposed and the language of any proposed amendment to our charter documents);
- the name and address, as they appear in our shareholder records, of the shareholder(s) proposing such business;

- the class and number of shares of the stock which are beneficially owned by the proposing shareholder(s);
- any material interest of the proposing shareholder(s) in such business;
- all other information relating to such shareholder that is required to be disclosed pursuant to Regulation 14A of the General Rules and Regulations under the Securities Exchange Act of 1934; and
- a representation that the shareholder(s) intends to appear in person or by proxy at the meeting to propose such other business.

**ANNUAL REPORT ON FORM 10-K**

Our 2012 Annual Report to Stockholders was prepared on an integrated basis with our Annual Report on Form 10-K, as amended, for the year ended December 31, 2012, and accompanies this proxy statement. Stockholders may obtain a copy of the exhibits to the Company's Form 10-K, as amended, for the year ended December 31, 2012, upon payment of a reasonable fee by writing to Merriman Holdings, Inc., 600 California Street, 9th Floor, San Francisco, California 94108, Attention: Corporate Secretary.

By Order of the Board of Directors

Michael C. Doran

Secretary



**VOTE BY INTERNET - [www.proxyvote.com](http://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**

**MERRIMAN  
HOLDINGS INC.**

**ATTN:  
MICHAEL C.  
DORAN**

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.

**600  
CALIFORNIA  
STREET**

**VOTE BY PHONE - 1-800-690-6903**

**9TH FLOOR**

**SAN  
FRANCISCO, CA  
94108**

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.

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

M64869-P44685

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

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

**MERRIMAN HOLDINGS INC.**

**The Board of Directors recommends you vote**

**FOR the following:**

**For Withhold For All To withhold authority to vote for any individual All All Except** nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

.. .. \_\_\_\_\_

1. Election of Directors

**Nominees:**

- |                          |                        |
|--------------------------|------------------------|
| 01) D. Jonathan Merriman | 05) Jeffrey M. Soinski |
| 02) Ronald L. Chez       | 06) Patrick W. O'Brien |
| 03) Dennis G. Schmal     | 07) Robert Ward        |
| 04) William J. Febbo     |                        |

**The Board of Directors recommends you vote FOR the following proposals:**

**For      Against      Abstain**

2. To ratify the selection of Marcum LLP as Merriman Holdings, Inc.'s independent accountants for the fiscal year ending December 31, 2013.

..      ..      ..

3. An advisory vote on executive compensation.

..      ..      ..

**The Board of Directors recommends you vote for 3 YEARS on the following proposal:**

**1 Year   2 Years   3 Years   Abstain**

4. An advisory vote on the frequency of holding an advisory vote on executive compensation.

..      ..      ..      ..

**NOTE:** In their discretion, the proxies are authorized to vote upon such other business as may properly come before the annual meeting or any adjournment or postponement thereof.

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]

Signature (Joint Owners) Date

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Combined Document is available at [www.proxyvote.com](http://www.proxyvote.com).

M64870-P44685

**MERRIMAN HOLDINGS INC.  
Annual Meeting of Stockholders  
December 30, 2013 10:00 AM  
This proxy is solicited by the Board of Directors**

The undersigned hereby appoints D. Jonathan Merriman and William J. Febbo and each of them, as proxies, with full power of substitution, and hereby authorizes them to represent and vote, as designated on the reverse side, all shares of common stock of Merriman Holdings, Inc., a Delaware corporation, held of record by the undersigned, on November 5, 2013, at the 2013 annual meeting of stockholders to be held on Monday, December 30, 2013 at 10:00 a.m. Pacific Time, at Merriman Holdings, Inc. headquarters, 600 California Street, 9th Floor, San Francisco, California 94108, or at any adjournment or postponement thereof, upon the matters on the reverse, all in accordance with and as more fully described in the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement, receipt of which is hereby acknowledged.

**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**