

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

**FORM 10-Q/A
Amendment No. 2**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2013

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 001-33720

REMARK MEDIA, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

33-1135689
(I.R.S. Employer
Identification Number)

**3930 Howard Hughes Parkway, Suite 400
Las Vegas, Nevada 89169**
(Address of principal executive offices, including zip code)

702-701-9514
(Registrant's telephone number, including area code)

(Former name, former address, or former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

At November 14, 2013, the number of common shares outstanding was 10,910,872.

The total number of pages is 28

EXPLANATORY NOTE

This Amendment No. 2 (this "Amendment") to the Quarterly Report on Form 10-Q of Remark Media, Inc. (the "Company") for the quarter ended September 30, 2013, originally filed with the U.S. Securities and Exchange Commission (the "SEC") on November 14, 2013, and amended on December 19, 2013 (as amended, the "Original Filing"), is being filed in response to comments from the staff of the SEC in order to amend **Part I, Item 4, Controls and Procedures**, and to re-file the entire report together with all of the required certifications of the Company's principal executive officer and principal financial officer.

Except as described above, this Amendment does not modify or update the disclosures presented in, or exhibits to, the Original Filing in any way. This Amendment speaks as of the date of the Original Filing and does not reflect events occurring after the filing of the Original Filing. Accordingly, this Amendment should be read in conjunction with any other filings made by the Company with the SEC pursuant to Section 13(a) or 15(d) of Securities Exchange Act of 1934, as amended, subsequent to the filing of the Original Filing.

REMARK MEDIA, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013
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PART I – FINANCIAL INFORMATION**ITEM 1. Condensed Consolidated Financial Statements**

REMARK MEDIA, INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 415,289	\$ 1,355,332
Trade accounts receivable, net	119,699	101,865
Prepaid expenses and other current assets	<u>1,099,176</u>	<u>503,256</u>
Total current assets	1,634,164	1,960,453
Property and equipment, net	448,590	400,526
Investment in unconsolidated affiliate	229,929	452,636
Licenses to operate in China	100,000	100,000
Intangible assets, net	3,648,053	1,754,108
Goodwill	1,799,802	1,584,976
Other long-term assets	<u>153,604</u>	<u>106,476</u>
Total assets	<u>\$ 8,014,142</u>	<u>\$ 6,359,175</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 868,395	\$ 516,623
Advances from shareholder	85,745	85,745
Accrued expenses and other current liabilities	1,219,729	459,548
Derivative liability	640,676	277,646
Current portion of capital lease obligations	<u>131,259</u>	<u>117,549</u>
Total current liabilities	2,945,804	1,457,111
Long-term liabilities		
Deferred tax liability	25,000	25,000
Other long-term liabilities	578,058	282,791
Capital lease obligations, less current portion	190,575	294,214
Long-term convertible debt with related party	<u>5,800,000</u>	<u>1,800,000</u>
Total liabilities	9,539,437	3,859,116
Stockholders' equity (deficit)		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued	-	-
Common stock, \$0.001 par value; 20,000,000 shares authorized, 7,297,200 and 7,113,744 issued and outstanding at September 30, 2013 and December 31, 2012, respectively	7,297	7,114
Additional paid-in capital	107,747,836	107,300,077
Accumulated other comprehensive income (loss)	(2,916)	5,370
Accumulated deficit	<u>(109,277,513)</u>	<u>(104,812,502)</u>
Total stockholders' equity (deficit)	(1,525,296)	2,500,059
Total liabilities and stockholders' equity (deficit)	<u>\$ 8,014,142</u>	<u>\$ 6,359,175</u>

The accompanying notes are an integral part of these condensed consolidated financial statements

REMARK MEDIA, INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS and COMPREHENSIVE LOSS
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Operating revenue				
Brands	\$ 133,703	\$ 263,119	\$ 1,066,312	\$ 320,233
Total revenue				
Operating expenses				
Sales and marketing	38,281	108,382	225,700	215,542
Content, technology and development	92,065	608,244	437,715	1,307,259
General and administrative	903,628	1,328,844	3,663,586	3,583,020
Depreciation and amortization expense	121,282	149,689	350,531	202,213
Total operating expenses	<u>1,155,256</u>	<u>2,195,159</u>	<u>4,677,532</u>	<u>5,308,034</u>
Operating loss	(1,021,553)	(1,932,040)	(3,611,220)	(4,987,801)
Other income (expense)				
Gain (loss) on change in fair value of derivative liability	(161,911)	269,852	(363,030)	964,380
Interest expense	(110,363)	(11,505)	(267,908)	(38,630)
Other expense	(141)	(14,876)	(146)	(7,769)
Total other income (expense)	<u>(272,415)</u>	<u>243,471</u>	<u>(631,084)</u>	<u>917,981</u>
Loss before gain (loss) from equity-method investments	<u>(1,293,968)</u>	<u>(1,688,569)</u>	<u>(4,242,304)</u>	<u>(4,069,820)</u>
Change of interest gain of equity-method investment	-	-	-	2,494,990
Proportional share in loss of equity-method investment	-	(739,704)	(222,707)	(2,553,086)
Net loss from equity-method investment	<u>-</u>	<u>(739,704)</u>	<u>(222,707)</u>	<u>(58,096)</u>
Loss before income taxes	(1,293,968)	(2,428,273)	(4,465,011)	(4,127,916)
Income tax (benefit) expense	-	-	-	-
Net loss	<u>\$ (1,293,968)</u>	<u>\$ (2,428,273)</u>	<u>\$ (4,465,011)</u>	<u>\$ (4,127,916)</u>
Net loss per share				
Net loss per share, basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.38)</u>	<u>\$ (0.62)</u>	<u>\$ (0.68)</u>
Basic and diluted weighted average shares outstanding	<u>7,224,810</u>	<u>6,414,200</u>	<u>7,224,810</u>	<u>6,089,553</u>
Comprehensive loss				
Net loss	\$ (1,293,968)	\$ (2,428,273)	\$ (4,465,011)	\$ (4,127,916)
Cumulative translation adjustments	(1,891)	1,179	(8,286)	(3,182)
Total comprehensive loss	<u>\$ (1,295,859)</u>	<u>\$ (2,427,094)</u>	<u>\$ (4,473,297)</u>	<u>\$ (4,131,098)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements

REMARK MEDIA, INC. and SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2013	2012
Cash flows from operating activities:		
Net cash used in operating activities	\$ (2,649,463)	\$ (3,698,125)
Cash used in operating activities	(2,649,463)	(3,698,125)
Cash flows from investing activities:		
Purchases of property, equipment and software	(120,135)	(641,782)
Cash paid for acquisition	(2,375,000)	(346,189)
Other long-term assets and liabilities, net	295,267	-
Cash used in investing activities	(2,199,868)	(987,971)
Cash flows from financing activities:		
Proceeds from issuance of equity securities	-	4,251,500
Proceeds from issuance of convertible debt	4,000,000	-
Payment of capital leases	(89,930)	-
Stock issuance costs	-	(401,049)
Cash flows from financing activities	3,910,070	3,850,451
Net change in cash and cash equivalents	(939,260)	(835,645)
Impact of foreign currency translation on cash	(783)	(3,182)
Cash and cash equivalents at beginning of period	1,355,332	1,531,502
Cash and cash equivalents at end of period	\$ 415,289	\$ 692,675

	Nine Months Ended September 30,	
	2013	2012
Supplemental disclosure of cash flow information		
Other non-cash financing and investing activities		
Stock issuance costs in the form of warrants	\$ -	\$ 133,567
Common shares issued for acquisition of business	\$ -	\$ 2,387,708

The accompanying notes are an integral part of these condensed consolidated financial statements

REMARK MEDIA INC. and SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2013 and 2012
(Unaudited)

1. DESCRIPTION OF BUSINESS

Principal Operations

Remark Media, Inc. ("Remark Media" or the "Company") is a global digital media company focusing on the 18-to-34 year old demographic in primarily Asia and the United States with properties focused on Young Adult Lifestyle: Bikini.com; Personal Finance: DimeSpring.com, Banks.com, US Tax Center at IRS.com, FileLater, and MyStockFund; and International: Bo Wen Wang and ComoTudoFunciona. We believe that we are one of the few publicly listed media companies targeting this highly sought after demographic; we will both organically develop new business through our assets and look to make acquisitions in verticals attractive to this demographic such as film, music, fashion, travel, and on-line gaming. The Company is incorporated in Delaware with headquarters in Las Vegas and operations in Atlanta, Miami, Beijing and São Paulo. Remark Media is listed on The NASDAQ Capital Market.

Pop Factory Acquisition

On March 29, 2013, Remark Media acquired Pop Factory, LLC ("Pop Factory"), the owner and operator of Bikini.com, a digital beach lifestyle brand providing websites, branded merchandise, and mobile content, for total cash consideration of \$2,375,000. In connection with the purchase, the two founders, who had remained executives of Pop Factory, entered into one year employment agreements with Pop Factory and noncompetition agreements with the Company. Bikini.com relaunched earlier this year, as a beach lifestyle destination, bringing fresh editorial and fashion content year-round. Additionally, Bikini.com will introduce retail e-commerce for swimwear and accessories in November 2013.

Banks.com Merger

On February 26, 2012, the Company entered into an agreement and plan of merger with Banks.com, Inc. ("Banks.com"), pursuant to which Banks.com became a wholly-owned subsidiary of Remark Media (the "Banks.com Merger"). Banks.com is a leading financial services portal operating a unique breadth and depth of financial products and services. The Company completed the acquisition on June 28, 2012 pursuant to which Remark Media issued approximately 702,267 shares of Common Stock to the shareholders of Banks.com, and paid \$300,000 in cash, as consideration for the merger. Also, on the effective date of the merger, the Company paid \$131,250 in settlement of a promissory note in the amount of \$125,000 (and related unpaid interest), which matured on June 28, 2012.

Sale of Intersearch Corporate Services

On August 2, 2012 Remark Media sold Intersearch Corporate Services, Inc, a subsidiary of Banks.com, for a minimal consideration to better focus its resources on the Company's core strategy.

Funding and Liquidity Considerations

As of September 30, 2013, the Company's total cash and cash equivalents balance was approximately \$0.4 million.

The Company has incurred net losses and generated negative cash flow from operations in the nine months ended September 30, 2013 and in each fiscal year since its inception and has an accumulated deficit of \$109.3 million as of September 30, 2013. The Company's revenues were \$1.1 million for the nine months ended September 30, 2013 generated principally from owning and operating its own digital media properties. The Company has been focused on building and acquiring wholly-owned digital media properties.

On April 2, 2013, the Company entered into a \$4.0 million Promissory Note, at a 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer. The Promissory Note is secured pursuant to the Term Loan Agreement detailed below, as amended by Amendment Number One to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Promissory Note is convertible into Common Stock of the Company at the rate of \$2.00 per share, which represents an approximately 11% premium to the average of the volume weighted average prices of the Company's common stock for the ten trading days prior to the entrance into the agreement and an approximately 16% premium to the closing price of the Company's common stock on the day of entrance into the agreement. The balance is due April 2015.

REMARK MEDIA INC. and SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2013 and 2012
(Unaudited)

On November 23, 2012, the Company entered into a \$1.8 million Term Loan Agreement, at a 6.67% annual interest rate with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer. Mr. Tao has been a director of the Company since 2007. The Term Loan is secured by substantially all the tangible and intangible assets of the Company, excluding its shares of common stock of Sharecare. The principal and accrued interest under the Term Loan Agreement is convertible into Common Stock of the Company at the rate of \$1.30 per share, which represents an approximately 33% premium to the average closing prices of the Company's common stock for the ten days prior to entrance into the agreement and an approximately 53% premium to the closing price of the Company's common stock on the day of entrance into the agreement. The balance is due November 2014.

On November 12, 2013, Digipac, LLC notified the Company that it wished to convert the entire principal amounts of both the November 2012 Note and the April 2013 Note, and all accrued and unpaid interest thereon, into shares of the Company's common stock, effective as of the same day. This conversion resulted in the issuance of 3,556,672 shares of the Company's common stock to Digipac, LLC, and the extinguishing of a total of \$5.8 million in debt issued by the Company and the approximately \$281,236 in accrued and unpaid interest.

On November 14, 2013, the Company's total cash and cash equivalents balance was approximately \$2.7 million. On November 13, 2013, the Company entered into a \$2.5 million Term Loan Agreement, at 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer. The Term Loan Agreement is secured pursuant to the Term Loan Agreement detailed below, as amended by Amendment No. 2 to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Term Loan Agreement is convertible into Common Stock of the Company at the rate of \$3.75 per share, which was the closing price of the Company's common stock on the date of entrance into the agreement. The balance is due November 2015.

The Company intends to fund its future operations through growth, particularly its young adult lifestyle and personal finance properties. Additionally, the Company is actively engaged in evaluating future acquisitions to provide revenue growth and the sale of certain non-core assets to provide capital. The Company has taken steps to reduce operating costs and will continue to evaluate other opportunities to streamline costs.

Absent any acquisitions of new businesses or the material increase in revenues from its existing customers, current revenue growth will not be sufficient to sustain the Company's operations in the long term. As such, the Company will, in all likelihood, need to obtain additional equity or debt financing and/or divest of certain assets or businesses, neither of which can be assured on commercially reasonable terms, if at all. In addition, any equity financing that might be obtained may substantially dilute existing stockholders. There is no certainty that the Company will be successful at raising capital, nor is there certainty around the amount of funds that may be raised. In addition, the success of the Company will be subject to performance of the markets and investor sentiment regarding the macro and micro economic conditions under which we operate including stock market volatility. There can be no assurance that the Company will be successful at generating more revenues or selling any of its assets. Any failure by the Company to successfully implement these plans would have a material adverse effect on the Company's business, including the possible inability to continue operations.

Based on the most recent cash flow projections, the Company believes it has sufficient existing cash and cash equivalents and cash resources as of November 14, 2013 to provide sufficient funds through July 1, 2014. However, the projecting operating results is inherently uncertain. Anticipated expenses can exceed those that are projected.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The accompanying interim condensed consolidated financial statements for the three and nine months ended September 30, 2013 and 2012 are unaudited. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for financial information have been omitted pursuant to the rules and regulations of Article 10 of SEC Regulation S-X. In the opinion of management, these condensed consolidated financial statements contain all adjustments, consisting of normal recurring adjustments, necessary to state fairly the financial position, results of operations and cash flows for the periods indicated. The December 31, 2012 condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. Operating results for the three and nine months ended September 30, 2013 are not necessarily indicative of results that may be expected for any other future interim period or for the year ending December 31, 2013. You should read the unaudited condensed

REMARK MEDIA INC. and SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2013 and 2012
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consolidated financial statements in conjunction with Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations", as well as with Remark Media's condensed consolidated financial statements and accompanying notes included in the Company's Form 10-Q/A and Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013, respectively, and Form 10-K/A for the year ended December 31, 2012.

Principles of Consolidation

The condensed consolidated financial statements include the accounts of Remark Media and its subsidiaries (1) HSW Brasil – Tecnologia e Informação Ltda., (2) HSW (HK) Inc. Limited, (3) Bonet (Beijing) Technology Limited Liability Company, (4) BoWenWang Technology (Beijing) Limited Liability Company, (5) Banks.com, Inc., (6) My Stock Fund Securities, Inc., (7) Dotted Ventures, and (8) Pop Factory, LLC ("Pop Factory"). Banks.com, MyStockFund and DottedVentures are wholly-owned subsidiaries acquired through the Banks.com's acquisition completed on June 28, 2012. Pop Factory is a wholly-owned subsidiary acquired through the Pop Factory acquisition completed on March 29, 2013. The equity of certain of these entities is partially or fully held by citizens of the country of incorporation to comply with local laws and regulations.

Equity investments in which the Company exercises significant influence but does not control and is not the primary beneficiary are accounted for using the equity method. In the event of a change in ownership, any gain or loss resulting from an investee share issuance is recorded in earnings. Investments in which the Company is not able to exercise significant influence over the investee are accounted for under the cost method. Controlling interest is determined by majority ownership interest and the ability to unilaterally direct or cause the direction of management and policies of an entity after considering any third-party participatory rights. All inter-company accounts and transactions between condensed consolidated companies are eliminated in consolidation.

The Company uses qualitative analysis to determine whether or not it is the primary beneficiary of a variable interest entity ("VIE") in accordance with FASB ASC 810-10, "Consolidation Accounting for a Variable Interest Entity" ("FASB ASC 810"). The Company considers the rights and obligations conveyed by its implicit and explicit variable interest in each VIE and the relationship of these with the variable interests held by other parties to determine whether the variable interests will absorb a majority of a VIE's expected losses, receive a majority of its expected residual returns, or both. If the Company determines that its variable interests will absorb a majority of the VIE's expected losses, receive a majority of its expected residual returns, or both, it consolidates the VIE as the primary beneficiary, and if not, the Company does not consolidate.

The Company has determined that Bonet (Beijing) Technology Limited Liability Company is a variable interest entity as defined in FASB ASC 810. Remark Media is the primary beneficiary of this entity and accordingly, the results of this entity have been consolidated along with other subsidiaries.

Significant Accounting Policies

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect amounts reported and disclosed in the condensed consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. On an ongoing basis, the Company evaluates its estimates, including those related to accounts receivable, intangible assets, useful lives of property and equipment, stock-based compensation, equity-method investments, and income taxes, among other things.

Revenue Recognition

The Company generally recognizes revenue when a persuasive evidence of an arrangement exists; services have been provided; fees are fixed or determinable; and collectability is reasonably assured.

The Company generally recognizes revenue from its network of digital media businesses, which includes properties focused on Young Adult Lifestyle: Bikini.com; Personal Finance: DimeSpring.com, Banks.com, US Tax Center at IRS.com, FileLater, and MyStockFund; and International: BoWenWang and ComoTudoFunciona. Revenue is recognized as visitors are exposed to or react to advertisements on its websites, or purchase goods or services. Revenue from advertising is generated in the form of sponsored links and display ads. This includes both pay-per-performance ads and paid-for-impression advertising. In the pay-per-performance model, revenue is generally earned based on the number of clicks or other actions taken associated with such ads; in the paid-for-impression model, revenue is derived from the display of ads.

REMARK MEDIA INC. and SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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The Company generally recognizes services revenue during the period services related to the design, development, hosting, and related web services are performed. Revenue is recorded on a gross versus net basis when Remark Media bears the risk of loss related to the services performed, the majority of which relates to services performed by the Company's resources. The Company may also recognize content and platform services revenue on certain projects using a percentage of completion method. Sales are calculated based on the total costs incurred to date divided by total estimated costs at completion times the contract price.

Operating Expenses

In light of the change in RemarkMedia's business strategy, the Company revised the presentation of operating expenses in its condensed consolidated statements of operations and completed the reclassification of the condensed consolidated statements of operations for the prior year periods presented. Beginning with the second quarter 2012, the Company's operating expenses reflect sales and marketing; content, technology and development; general and administrative; and depreciation and amortization. Sales and marketing expenses include all selling and marketing expenses such as promotions, public relations and compensation of our sales and marketing departments. Content, technology and development expenses include costs of translating and localizing content and acquiring original content written by third-parties as well as costs associated with the design, development, hosting of websites in addition to user acquisition and user retentions and compensation of our technology, content, product and web design departments which does not qualify to be capitalized. General and administrative expenses include all legal, finance, accounting and administrative expenses such as professional fees and facilities costs. Depreciation and amortization include the depreciation of our acquired fixed assets and amortization of software and definite-lived intangible assets. All periods presented have been reclassified to conform to the new presentation.

Purchase Price Allocations

Occasionally, the Company enters into business combinations. The purchase price is allocated to the various assets acquired and liabilities assumed based on their estimated fair value. Fair values of assets acquired and liabilities assumed are based upon available information and may involve engaging an independent third party to perform an appraisal of tangible and intangible assets. Estimating fair values can be complex and subject to significant business judgment and most commonly impacts property, equipment, software, and definite- or indefinite-lived intangible assets.

Software Development Costs

The Company capitalizes qualifying costs of computer software and website development costs. Costs incurred during the application development stage as well as upgrades and enhancements that result in additional functionality are capitalized. The internally developed software costs capitalized were \$0.6 million and \$0.5 million, at September 30, 2013 and December 31, 2012, respectively, and are included in "Property, equipment and software" in the condensed consolidated balance sheets. Internally developed software and website development costs are being amortized utilizing the straight-line method over a period of three years, the expected period of the benefit. For the three and nine months ended September 30, 2013, there was approximately \$0.1 million and \$0.2 million of amortization recorded for these costs, respectively.

Stock-Based Compensation

The Company measures stock-based compensation at the grant date based on the calculated fair value of the award. The Company recognizes the expense over the recipient's requisite service period, generally the vesting period of the award. The Company estimates the fair value of stock options at the grant date using the Black-Scholes option pricing model with weighted average assumptions for the activity under its stock plans. Option pricing model input assumptions such as expected term, expected volatility and risk-free interest rate among others, impact the fair value estimate. These assumptions generally require significant analysis and use of judgment and estimates to develop. Options vest based on meeting a minimum service period or performance condition. Restricted stock grants are recorded using the fair value of the granted shares based on the market value at the grant date. In addition, the forfeiture rate impacts the amount of aggregate compensation. These assumptions are subjective and generally require significant analysis and judgment to develop.

The Company does not recognize a deferred tax asset for unrealized tax benefits associated with the tax deductions in excess of the compensation recorded (excess tax benefit). The Company applies the "with and without" approach for utilization of tax attributes upon realization of net operating losses in the future. This method allocates stock-based compensation benefits last among other tax benefits recognized. In addition, the Company applies the "direct only" method in calculating the amount of windfalls or shortfalls.

REMARK MEDIA INC. and SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Nine Months Ended September 30, 2013 and 2012
(Unaudited)

Derivative Liability for Warrants to Purchase Common Stock

The Company's derivative liability for warrants represents the fair value of warrants issued in connection with an equity financing related to the Banks.com acquisition consummated on February 26, 2012 ("Equity Financing"). These warrants are presented as liabilities based on certain exercise price reductions provisions. The liability, which is recorded at the fair value on the balance sheet, is calculated using the Monte Carlo simulation valuation method. The change in the fair value of these warrants is recognized as a component of other income or expense in the condensed consolidated statements of operations.

Recent Accounting Pronouncements

In January 2013, the Financial Accounting Standards Board ("FASB") amended its guidance on the presentation of comprehensive income. Under the amended guidance, an entity must present information regarding reclassification adjustments from accumulated other comprehensive income in a single note or on the face of the financial statements. This is required for both annual and interim reporting. The amendment becomes effective for reporting periods beginning after December 15, 2012 and is applied prospectively. Early adoption is permitted. The Company's adoption of the standard did not have an impact on the Company's condensed consolidated balance sheets, statements of operations or cash flows as it was disclosure-only in nature.

3. INVESTMENT IN SHARECARE

As of September 30, 2013, Remark Media owns approximately 8.65% of the outstanding common stock of Sharecare, Inc. ("Sharecare"). Until November 30, 2012, the Company accounted for its equity interest in Sharecare under the equity method of accounting. Under this method, the Company recorded its proportionate share of Sharecare's net income or loss based on Sharecare's financial results. As of December 1, 2012, the Company changed to the cost method of accounting due to a lower percentage of ownership, nonparticipation in policy-making processes, and limited existence of technology dependency by Sharecare on the Company.

The following table shows selected unaudited financial data of Sharecare including Remark Media's proportional share of net loss in Sharecare as reported under the equity method for the three and nine months ended September 30, 2013 and 2012. During the first quarter of 2013, the Company recorded a \$0.2 million change in its estimate of its proportional share in loss of equity-method investment related to the period from January 1, 2012 through November 30, 2012, based on information that was finalized and provided to the Company subsequent to the issuance of its December 31, 2012 financial statements.

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues	\$ -	\$ 8,098,607	\$ -	\$ 20,811,061
Gross profit	-	7,292,016	-	18,875,347
Loss from operations	-	(6,316,021)	-	(20,351,056)
Net loss	-	(6,466,551)	-	(20,637,135)
Proportionate share in loss of equity-method investment, including change in interest gain	\$ -	\$ (739,704)	\$ (222,707)	\$ (58,096)

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company measures certain financial assets and liabilities at fair value on a recurring basis. The common stock warrants which are classified as liabilities are recorded at their fair market value as of each reporting period.

The measurement of fair market value requires the use of techniques based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The inputs create the following fair market value hierarchy:

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- Level 1 - Quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations where inputs are observable or where significant value drivers are observable.
- Level 3 - Instruments where significant value drivers are unobservable to third parties.

The Company uses model-derived valuations where inputs are both observable and unobservable in active markets to determine the fair value of certain common stock warrants on a recurring basis. The lowest level of significant inputs are classified as Level 3; thus, the common stock warrants are classified as Level 3. The Company utilized a Monte Carlo simulation valuation model to fair value the warrants.

Assumptions used in calculating the fair value of these warrants were noted as follows (including assumptions used in calculating the transaction date fair value for the warrants issued in the February 2012 Equity Financing):

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Annual rate of quarterly dividend	0.00%	0.00%
Expected volatility	100.0%	110.0%
Risk free interest rate	0.98%	0.66%
Expected remaining term (in years)	1.41 - 3.91	2.16 - 4.65

In addition to the assumptions above, the Company takes into consideration whether or not it would participate in another round of equity financing and, if so, what the stock price would be for such a financing at that time.

At September 30, 2013 and December 31, 2012, the fair value of liability classified warrants were as follows:

	<u>September 30, 2013</u>	<u>December 31, 2012</u>
Derivative liabilities	\$ 640,676	\$ 277,646

The change in the fair value of the warrants accounted for as derivative liabilities is reflected below:

Balance at January 1, 2012	\$ -
Fair value of warrants issued in February 2012	1,207,778
Decrease in fair value resulting in gain	(964,380)
Fair value at September 30, 2012	<u>\$ 243,398</u>
Balance at January 1, 2013	\$ 277,646
Increase in fair value resulting in loss	363,030
Fair value at September 30, 2013	<u>\$ 640,676</u>

The Company will continue to adjust the warrant liability for changes in fair value until the earlier of the exercise or expiration of the warrants, at which time the liability will be reclassified to stockholders' equity.

5. ACQUISITIONS

On March 29, 2013, Remark Media acquired Pop Factory, LLC ("Pop Factory"), the owner and operator of Bikini.com, a digital beach lifestyle brand providing websites, branded merchandise, and mobile content, for total cash consideration of \$2,375,000. In connection with the purchase, the two founders, who had remained executives of Pop Factory, entered into one year employment agreements with Pop Factory and noncompetition agreements with the Company. The Company further agreed to use the acquisition date cash to repay the outstanding liabilities of Pop Factory and remit the remaining cash balance forty five days subsequent to

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closing date. As of September 30, 2013, the Company recorded \$23 thousand of accrued expenses relating to this clawback provision in the Purchase Agreement.

The acquisition was accounted for under the purchase method and, accordingly, the purchase price was allocated to the assets and liabilities based on their estimated fair values on the date of the acquisition.

In the second quarter of 2013, the Company finalized the valuation of intangible assets related to this acquisition. Based on the valuation of the Pop Factory acquisition, the intangible assets on the acquisition date were \$2.1 million. The condensed consolidated balance sheet for the quarter ended March 31, 2013, was adjusted to increase the carrying amount of intangible assets by \$1.5 million and decrease the carrying amount of goodwill by \$1.5 million. Of the total intangibles acquired, \$2.1 million related to domain names and has an amortization period of 12 years.

The table below illustrates the allocation of the purchase price over the identifiable assets and assumed liabilities on March 29, 2013.

Tangible assets	
Current assets	\$ 23,245
Fixed assets	5,282
Total tangible assets	28,527
Intangible assets	
Customer contracts	33,000
Domain names	2,100,000
Other intangible assets	5,715
Total intangible assets	2,138,715
Accounts payable	(7,068)
Total identifiable net assets	2,160,174
Goodwill	214,826
Total purchase price	\$ 2,375,000

The acquisition transaction costs incurred for the period ended September 30, 2013 totaled \$0.1 million and were all expensed under the general and administrative expenses in the condensed consolidated statements of operations for the nine months ended September 30, 2013. Pop Factory's revenue during the six and three months ended September 30, 2013 have been included in the condensed consolidated statement of operations.

On August 2, 2012, Remark Media sold Intersearch Corporate Services, Inc. a subsidiary of Banks.com for minimal consideration.

On June 28, 2012, Remark Media completed the merger (the "Merger") contemplated by the Agreement and Plan of Merger dated as of February 26, 2012, among the Company, Banks.com and Remark Florida, Inc., a wholly-owned subsidiary of the Company ("Merger Sub"), pursuant to which Merger submerged with and into Banks.com and Banks.com survived the Merger as a wholly-owned subsidiary of Remark Media. At the effective time of the Merger, each share of the outstanding common stock of Banks.com was converted into the right to receive 0.0258 shares of Remark Media common stock, for an aggregate of 670,815 shares of Remark Media common stock. The outstanding shares of Banks.com preferred stock, including all accrued and unpaid dividends as of the date of closing of the Merger on such preferred stock, a Note and a Warrant, all of which are held by Daniel M. O'Donnell, President and Chief Executive Officer of Banks.com, and his affiliates, were converted into cash in the aggregate amount of \$300,000 and the right to receive 31,452 shares of Remark Media common stock. In connection with the Merger, Banks.com issued an Amended and Restated Promissory Note in the principal amount of \$125,000 to Mr. O'Donnell and his wife, which matured on June 28, 2012. The Company settled the cash consideration of \$300,000 on the date of closing and \$131,250 in settlement of the promissory note in the principal amount of \$125,000 and related interest.

The table below reflects a summary of the unaudited pro forma results of operations for the three and nine months ended September 30, 2013 and 2012, as if Remark Media, Banks.com and Pop Factory were combined as of January 1, 2012. The pro forma results include estimates and assumptions which management believes are reasonable. However, pro forma results do not include any

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anticipated cost savings or other effects of the planned integration of these entities, and are not necessarily indicative of the results that would have occurred if the business combinations had been in effect on the dates indicated, or which may result in the future.

	Unaudited Pro Forma Results of Operations Results of Operations Three Months Ended September 30,		Unaudited Pro Forma Results Operations Results of Operations Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues	\$ 133,703	\$ 317,081	\$ 1,107,441	\$ 482,119
Operating Loss	(1,021,553)	(1,940,675)	(4,018,005)	(5,013,705)
Net Loss	\$ (1,293,968)	\$ (2,436,908)	\$ (4,508,766)	\$ (4,153,820)

6. CAPITAL LEASES

On December 7, 2010, Banks.com entered into a sale-leaseback arrangement with Domain Capital, LLC, (“Domain Capital”) consisting of an agreement to assign the domain name, *banks.com*, to Domain Capital in exchange for \$0.6 million in cash and a Lease Agreement to lease back the domain name from Domain Capital for a five year term. The lease provides for a bargain purchase option at the end of its term, effectively transferring ownership back to Banks.com. Effective June 28, 2012, Banks.com became a wholly-owned subsidiary of Remark Media and according to the Agreement and Plan of Merger, Remark Media assumed all outstanding liabilities on the effective date of close. As of September 30, 2013, total obligations under this agreement were \$0.3 million, \$0.1 million of which is included under the current portion of capital lease obligations and the remainder is included under capital lease obligations, net of current portion of the Company’s condensed consolidated balance sheet at September 30, 2013. The following table represents the approximate future minimum capital lease payments due under this agreement as of September 30, 2013:

	Capital Lease Commitments
October through December 2013	\$ 42,822
2014	171,288
2015	157,014
Total commitments	371,124
Interest on capital leases	(49,290)
Present value of minimum capital lease payments	\$ 321,834

7. COMMITMENTS AND CONTINGENCIES

The Company has entered into operating leases for office space. The lease agreements required security deposits and included allowances, which were used against leasehold improvements. The security deposits and the allowances were recorded as an asset and a liability, respectively in the Company’s condensed consolidated financial statements. Rental expense for operating leases, which is recognized on a straight-line basis over the lease term, was \$0.2 million and \$0.4 million for the three and nine months ended September 30, 2013, respectively.

The following table represents the approximate future minimum lease payments at September 30, 2013 due under non-cancellable operating lease agreements with terms in excess of a year:

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	Operating Lease Commitments
October through December 2013	\$ 164,476
2014	412,373
2015	297,282
2016	177,684
Total commitments	<u>\$ 1,051,815</u>

On May 1, 2013, Remark Media entered into a sublease for one of its office spaces through the remainder of the lease term giving cause to an abandonment of lease analysis. Following the exit of the lease, Remark Media recognized an early termination liability of \$312,491 adjusted for sublease rental income, leasehold allowances, and the use of security deposits. The early termination liability principally represents the escalating lease payments inherent in the deferred rent as of the cease use date, net of the sub-lease income. The estimated fair value of the costs was based on the terms of the lease agreement and sub-lease agreement and, as such, represents the lease commitment over the next three years. The Company elected not to present value that obligation because the difference between the gross and discounted future cash flow settlements was immaterial to the financial statements.

On the cease use date, the Company recorded a early termination expense of \$16 thousand - which was adjusted for the remaining deferred rent, use of security deposits, and future sublease income. These fees were included in the general and administrative expenses in the condensed consolidated statement of operations and comprehensive loss.

For the three months ended September 30, 2013, the Company recorded a fair value adjustment of \$17 thousand to reduce the early termination liability.

On July 23, 2012, a complaint was filed by FOLIO^{fn}, Inc. (“FOLIO^{fn}”), against the Company’s subsidiary MyStockFund Securities, Inc. (“MyStockFund”), alleging that MyStockFund has infringed six U.S. Patents held by FOLIO^{fn} relating to investment methods. The complaint sought injunctive relief, damages, pre-judgment interest, and attorneys’ fees. The case was settled between the parties, and on April 23, 2013 the litigation was terminated by the court, resulting in no liability to the Company.

The Company believes that there are no disputes, litigation or other legal proceedings asserted or pending against it that could have, individually or in the aggregate, a material adverse effect on its financial position, results of operations or cash flows, and believe that adequate provision for any probable and estimable losses has been made in the condensed consolidated financial statements. However, the ultimate result of any current or future litigation or other legal proceedings, audits or disputes is inherently unpredictable and could result in liabilities higher than currently predicted.

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8. STOCKHOLDERS' EQUITY AND NET LOSS PER SHARE**Net Loss per Share**

The following is a reconciliation of the numerators and denominators of our basic and diluted loss per share computations:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Loss per share:				
Net loss	\$ (1,293,968)	\$ (2,428,273)	\$ (4,465,011)	\$ (4,127,916)
Weighted average shares outstanding	7,224,810	6,414,200	7,224,810	6,089,553
Net loss per share, basic and diluted	\$ (0.18)	\$ (0.38)	\$ (0.62)	\$ (0.68)
Common shares and dilutive securities:				
Weighted average shares outstanding	7,224,810	6,414,200	7,224,810	6,089,553
Dilutive securities	-	-	-	-
Total common shares and dilutive securities	7,224,810	6,414,200	7,224,810	6,089,553

Stock options and warrants are not included in the diluted earnings per share calculation above as they are anti-dilutive. The number of anti-dilutive shares outstanding excluded from the calculation above was 2,801,919 and 1,435,349 for the three and nine months ended September 30, 2013 and 2012, respectively.

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Stock-Based Compensation

Remark Media has authorized 800,000 shares under the 2006 Equity Incentive Plan adopted April 13, 2006 (the “2006 Plan”), and an additional 525,000 shares authorized under the 2010 Equity Incentive Plan adopted June 15, 2010, and modified on December 30, 2011 (the “2010 Plan”), for grant as part of long-term incentive plans to attract, retain and motivate its eligible executives, employees, officers, directors and consultants. Options to purchase common stock under the 2006 and 2010 Plans have been granted to its officers and employees with an exercise price equal to the fair market value of the underlying shares on the date of grant.

During the first two quarters ended June 30, 2013, the Company reached an agreement with certain option holders to replace 442,000 out-of-the-money options with 64,601 options with an exercise price equal to the stock price on the date of the exchange.

On May 20, 2013, the Company agreed to exchange 20,000 vested options with 20,000 restricted shares issued at the price equal to the market value.

The Company measures stock-based compensation cost at the grant date based on the fair value of the award, and recognizes it as an expense over the requisite service period. Stock-based compensation expense for the three months ended September 30, 2013 and 2012 was approximately \$37 thousand and \$0.23 million, respectively. For the nine months ended September 30, 2013 and 2012, stock-based compensation was \$0.4 million and \$0.7 million, respectively. An expense of \$18 thousand was included in the stock compensation expense for the nine months ended September 30, 2013 related to the price modification in the terms of the exercise price of 62,242 shares of stock option grants in the second quarter of 2013. As of September 30, 2013, unrecognized compensation expense relating to non-vested stock options approximated \$0.4 million, and is expected to be recognized through 2017. During the nine months ended September 30, 2013, Remark Media granted 175,000 options at a per share exercise price of \$5.00. The grant date fair value of grant options vesting during the nine months ended September 30, 2013 and 2012 was approximately \$0.48 million and \$0.18 million, respectively. Additionally, the Company granted 203,398 shares of restricted stock related to consulting agreements and employee compensation plans for 2013. The shares of restricted stock vest according to varying terms, ranging from immediate to vesting through 2018. Through September 30, 2013, no options have been exercised under the 2006 Plan or the 2010 Plan.

At September 30, 2013, the Company had additional outstanding warrants to acquire 30,000 shares of common stock which had exercise prices ranging from \$35.00 to \$98.90 and which will expire through 2017.

9. RELATED PARTY TRANSACTIONS

As discussed in Note 1, the Company entered into promissory notes totaling \$5.8 million with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company’s Chairman and Chief Executive Officer.

The future maturity schedule of the long-term debt with related party was as follows as of September 30, 2013:

Year ending December 31,	
2013	\$ -
2014	1,800,000
2015	4,000,000

Proceeds of \$5.8 million loan were received as of September 30, 2013, and all amounts mature by April 2, 2015.

The related party interest expense for the promissory notes was \$0.1 million and \$0.3 million for the three and nine months ended September 30, 2013. No related party interest expense was recorded for the three and nine months ended September 30, 2012.

As of September 30, 2013, Remark Media owned approximately 8.65% of the outstanding common stock of Sharecare. Jeff Arnold, a former member of the Company’s Board of Directors, is the Chairman and Chief Executive Officer and a significant stockholder of Sharecare. Additionally, Discovery Communications, Inc., formerly the Company’s largest stockholder, is a significant stockholder of Sharecare.

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10. SUBSEQUENT EVENTS

Conversion of Long-term Convertible Debt Agreements -

On November 23, 2012, the Company issued a \$1.8 million Senior Secured Convertible Promissory Note (the "November 2012 Note") to Digipac, LLC, a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer, and in part owned Mr. Douglas Osrow, who subsequently became the Company's Chief Financial Officer. On April 2, 2013, the Company issued a \$4.0 million Senior Secured Convertible Promissory Note (the "April 2013 Note") to Digipac, LLC. Both notes were approved by independent members of the Company's Board of Directors, who believed the related party transactions were negotiated as an arms-length transaction.

On November 12, 2013, Digipac, LLC notified the Company that it wished to convert the entire principal amounts of both the November 2012 Note and the April 2013 Note, and all accrued and unpaid interest thereon, into shares of the Company's common stock, effective as of the same day. This conversion resulted in the issuance of 3,556,672 shares of the Company's common stock to Digipac, LLC, and the extinguishing of a total of \$5.8 million in debt issued by the Company and the approximately \$281,236 in accrued and unpaid interest.

On May 21, 2013, The NASDAQ Stock Market ("NASDAQ") notified the Company that it did not comply with Listing Rule 5550(b) (the "Rule"), which requires a minimum \$2,500,000 stockholders' equity, \$35,000,000 market value of listed securities, or \$500,000 net income from continuing operations. As a result of the November 12, 2013, conversion of the November 2012 Note and April 2013 Note into equity, the Company believes it has regained compliance with the stockholders' equity requirement for continued listing set forth in Listing Rule 5550(b). NASDAQ will continue to monitor the Company's ongoing compliance with the stockholders' equity requirement and, if at the time of the Company's next periodic report the Company does not evidence continued compliance with Listing Rule 5550(b), it may be subject to delisting. The Company believes it will be in compliance with Listing Rule 5550(b) at the time of its next periodic report.

New Term Loan Agreement -

On November 14, 2013, the Company's total cash and cash equivalents balance was approximately \$2.7 million. On November 13, 2013, the Company entered into a \$2.5 million Term Loan Agreement, at 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer, and in part owned by Mr. Douglas Osrow, the Company's Chief Financial Officer. The Term Loan Agreement is secured pursuant to the Term Loan Agreement detailed below, as amended by Amendment No. 2 to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Term Loan Agreement is convertible into Common Stock of the Company at the rate of \$3.75 per share, which was the closing price of the Company's common stock for the trading session immediately prior to entrance into the agreement. The balance is due November 2015.

New Chief Financial Officer -

Effective October 31, 2013, the Company appointed a new Chief Financial Officer and as a component of his compensation issued him options to acquire 50,000 of the Company's common stock at a per-share price of \$5.00, and 50,000 restricted shares of the Company's common stock. The appointment and the issuances of the equity were approved by the Board of Directors. He holds an equitable position in Digipac, LLC, a related party convertible debt holder that is owned in part and controlled by Remark Media's Chairman and Chief Executive Officer, and will recuse himself from any Company matters pertaining to Digipac, LLC.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of our Financial Condition and Results of Operations should be read in conjunction with the condensed consolidated financial statements and notes thereto included as part of this Form 10-Q. Our disclosure and analysis in this report concerning our operations, cash flows and financial position, including, in particular, the likelihood of our success in expanding our business, the likelihood of our success in closing upon and achieving the desired benefits from the Banks.com and Pop Factory mergers and our assumptions regarding the regulatory environment and international markets, include forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expect," "anticipate," "intend," "plan," "believe," "estimate," "may" and similar expressions are forward-looking statements. Although these statements are based upon reasonable assumptions, they are subject to risks and uncertainties that are described more fully in our Annual Report on Form 10-K/A for the year ended December 31, 2012. These forward-looking statements represent our estimates and assumptions only as of the date of this filing and are not intended to give any assurance as to future results. As a result, undue reliance should not be placed on any forward-looking statements. We assume no obligation to update any forward-looking statements to reflect actual results, changes in assumptions or changes in other factors, except as required by applicable securities laws.

Mission

Our mission is to provide unique and dynamic digital media experiences across multiple verticals, with a focus on compelling content, trusted brands, and valuable resources for consumers.

Business Overview and Recent Events

Remark Media, Inc. ("Remark Media" or the "Company") is a global digital media company focused on developing, owning and operating next-generation digital platforms that combine traditional web publishing, social media and e-commerce with the goal of revolutionizing the way people search and exchange information over the Internet.

The Company's current leading brands, BoWenWang (bowenwang.com.cn) and ComoTudoFunciona (hsw.com.br), provide readers in China and Brazil with thousands of articles about how the world around them works, serving as destinations for credible, easy-to-understand reference information. Remark Media is the exclusive digital publisher in China and Brazil for translated content from HowStuffWorks.com, a subsidiary of Discovery Communications, and in China for certain content from World Book, Inc., publisher of World Book Encyclopedia. Revenue in these international subsidiaries has not yielded any significant revenues in 2012 or to date in 2013.

Remark Media is also a founding partner and developer of the U.S.-based business Sharecare, a highly searchable social Q&A healthcare platform organizing and answering health and medical questions. The Company generates revenue primarily through service and licensing fees as well as online advertising sales on its owned and operated websites.

The Company was incorporated in Delaware in March 2006 with headquarters in Las Vegas and operations in Atlanta, Miami, Beijing and São Paulo.

On February 27, 2012, the Company entered into definitive equity financing agreements with accredited and institutional investors to raise funds in the amount of \$4.25 million through a private placement. In connection with the transaction, the Company issued to investors common stock priced at \$4.50 per share. Investors also received warrants to acquire shares of common stock at an exercise price of \$6.81 per share, in the amount of 25% of the number of shares of common stock that the investors purchased. On February 29, 2012, the Company received \$4.25 million in cash and issued to the investors a total of 944,777 shares of common stock and warrants to acquire an additional 236,194 shares of common stock.

On February 26, 2012, the Company entered into an agreement and plan of merger with Banks.com, Inc. ("Banks.com"), pursuant to which Banks.com becomes a wholly-owned subsidiary of Remark Media (the "Banks.com Merger"). Banks.com is a leading financial services portal operating a unique breadth and depth of financial products and services. Upon the closing of the merger on June 28, 2012, Remark Media issued approximately 702,267 shares of Common Stock to the shareholders of Bank.com, plus \$300,000 in cash, as consideration for the merger. Also, on the effective date of the merger, the Company paid \$131,250 in settlement of a promissory note in the amount of \$125,000 which matured on June 28, 2012 and related unpaid interest.

On November 23, 2012, the Company entered into a \$1.8 million Term Loan Agreement, at a 6.67% annual interest rate with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer. Mr. Tao has been a director of the Company since 2007. The Term Loan is secured by substantially all the tangible and intangible assets of the Company, excluding its shares of common stock of Sharecare. The principal and accrued interest under the Term Loan Agreement is

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convertible into Common Stock of the Company at the rate of \$1.30 per share, which represents an approximately 33% premium to the average closing prices of the Company's common stock for the ten days prior to entrance into the agreement and an approximately 53% premium to the closing price of the Company's common stock on the day of entrance into the agreement. This Term Loan Agreement was approved by the Audit Committee of the Board, which believes the related party transaction was negotiated as an arms-length transaction. The balance is due November 2014.

On March 29, 2013, Remark Media acquired Pop Factory, LLC, the owner and operator of Bikini.com, a digital beach lifestyle brand providing websites, branded merchandise, and mobile content, for total cash consideration of \$2,375,000. In connection with the purchase, the two founders, who had remained executives of Pop Factory, entered into one year employment agreements with Pop Factory and noncompetition agreements with the Company.

On April 2, 2013, the Company entered into a \$4.0 million Senior Secured Convertible Promissory Note ("Promissory Note"), at a 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer. The Promissory Note is secured pursuant to the Term Loan Agreement detailed above, as amended by Amendment Number One ("Amendment") to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Promissory Note is convertible into Common Stock of the Company at the rate of \$2.00 per share, which represents an approximately 11% premium to the average of the volume weighted average prices of the Company's common stock for the ten trading days prior to the entrance into the agreement and an approximately 16% premium to the closing price of the Company's common stock on the day of entrance into the agreement. \$4.0 million of the proceeds were received as of September 30, 2013, and the balance is due April 2015.

On November 12, 2013, Digipac, LLC notified the Company that it wished to convert the entire principal amounts of both the November 2012 Note and the April 2013 Note, and all accrued and unpaid interest thereon, into shares of the Company's common stock, effective as of the same day. This conversion resulted in the issuance of 3,556,672 shares of the Company's common stock to Digipac, LLC, and the extinguishing of a total of \$5.8 million in debt issued by the Company and the approximately \$281,236 in accrued and unpaid interest.

Our Strategy

This year, we are focusing on creating an 18-to-34 year old, young adult lifestyle digital media vertical, and commenced the development in March 2013 with the acquisition of Pop Factory, the owner and operator of Bikini.com. We have redeveloped the website and will add retail e-commerce from swimwear and accessories in November 2013. Additionally, we intend to continue to acquire other complimentary digital media properties.

During 2012, we focused on the development and growth of our personal finance digital media vertical. We launched DimeSpring, a new website combining high-quality, credible content with an expert community, and acquired Banks.com, Inc., which brought us the portfolio of personal finance properties including Banks.com, US Tax Center at IRS.com, FileLater.com, and MyStockFund.com.

Our Operations

Domestic

In September 2012, we launched DimeSpring.com, a U.S.-focused personal finance website that intends to utilize rich content and advice from a wide array of professionals to build a community of people interested in managing life's financial hurdles and opportunities. DimeSpring.com is part of a larger product strategy to leverage our experience and expertise to create leading destination websites that offer a dynamic online experience around a given topic with access to relevant content and subject matter experts. The Banks.com merger was successfully completed on June 28, 2012. Assets obtained through the Banks.com Merger complement DimeSpring and serve to build a network of personal finance digital media businesses. These include Banks.com, the US Tax Center at www.irs.com, FileLater, and MyStockFund. We continue to invest in technology and product development to support this initiative. Bikini.com relaunched earlier this year and will introduce retail e-commerce for swimwear and accessories in November 2013.

In 2013, we acquired Bikini.com, and relaunched the brand and website as a beach lifestyle destination with a focus on fashion, style, fitness, travel and fun for 18-to-34 year old women. In November 2013, we will add retail e-commerce to Bikini.com, allowing end users to purchase swimwear and accessories. Further, we additionally continue to focus on our personal finance and 18-to-34 year old demographic based properties.

Although Remark Media is no longer providing services for Sharecare, the Company maintains equity ownership in the venture. As of September 30, 2013, we own approximately 8.65% of Sharecare's common stock and had representation on Sharecare's board of directors. Through November 30, 2012, the Company accounted for its equity interest in Sharecare under the equity method of

accounting. Under this method, the Company recorded its proportionate share of Sharecare's net income or loss based on Sharecare's financial results. As of December 1, 2012, the Company changed to the cost method of accounting due to a lower percentage of ownership, nonparticipation in policy-making processes, and limited existence of technology dependency.

International

We believe that the value of our international assets will be recognized over a longer-term horizon, as online advertising markets develop for Brazil and China and the websites' traffic fundamentals improve. In the near term, we are focused on leveraging the traffic that our BoWenWang and ComoTudoFunciona websites receive in China and Brazil, respectively. We believe there are significant opportunities in the gaming, travel, and other consumer verticals that our content platforms provide us broad access to develop.

BoWenWang (<http://www.bowenwang.com.cn>) is an information and reference website that provides China with encyclopedic knowledge and easy-to-understand explanations of how the world works. The website is published from Beijing in the Chinese language. Launched in June 2008, *BoWenWang* features a combination of original content authored by the Company, translated and localized articles from the leading Discovery Communications brand HowStuffWorks, and content from World Book, Inc. Revenue generated from the operations based in China was minimal during the three and nine months ended September 30, 2013 and 2012. We do not expect to see meaningful growth in our China operations in the near term without an increased investment, which we do not contemplate.

ComoTudoFunciona (<http://hsw.com.br>) is Brazil's online source for credible, unbiased and easy-to-understand explanations of how the world actually works. The Portuguese-language site is the exclusive digital publisher in Brazil of translated and localized content from the leading Discovery Communications brand HowStuffWorks, and is published from Remark Media's São Paulo operations. We recognized minimal revenues from Brazil during the three months and nine months ended September 30, 2013 and 2012, respectively. We do not expect to see meaningful growth in our Brazil operations in the near term without an increased investment, which we do not contemplate.

Further, we have established media distribution relationships in Asia with a focus on China. We are the official digital distributor in China, Taiwan, Hong Kong, Macao, and South Korea of the live internet broadcast of the Clash in Cotai / Pacquiao vs. Rios boxing event, promoted by Las Vegas Sands and Top Rank, occurring in Macau, China on November 23rd. We are providing digital and social media, marketing, streaming operations, and establishing brand partners and sponsors for the event. We are in the process of developing additional rich media opportunities to deliver original sports and entertainment content to the evolving Chinese media market through our strategic relationships in Asia and, more specifically, in China.

Results of Operations

The following table sets forth our operations for the three and nine months ended September 30, 2013 and 2012:

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Operating revenue				
Brands	\$ 133,703	\$ 263,119	\$ 1,066,312	\$ 320,233
Total revenue				
Operating expenses				
Sales and marketing	38,281	108,382	225,700	215,542
Content, technology and development	92,065	608,244	437,715	1,307,259
General and administrative	903,628	1,328,844	3,663,586	3,583,020
Depreciation and amortization expense	121,282	149,689	350,531	202,213
Total operating expenses	<u>1,155,256</u>	<u>2,195,159</u>	<u>4,677,532</u>	<u>5,308,034</u>
Operating loss	(1,021,553)	(1,932,040)	(3,611,220)	(4,987,801)
Other income (expense)				
Gain (loss) on change in fair value of derivative liability	(161,911)	269,852	(363,030)	964,380
Interest expense	(110,363)	(11,505)	(267,908)	(38,630)
Other expense	(141)	(14,876)	(146)	(7,769)
Total other income (expense)	<u>(272,415)</u>	<u>243,471</u>	<u>(631,084)</u>	<u>917,981</u>
Loss before gain (loss) from equity-method investments	<u>(1,293,968)</u>	<u>(1,688,569)</u>	<u>(4,242,304)</u>	<u>(4,069,820)</u>
Change of interest gain of equity-method investment	-	-	-	2,494,990
Proportional share in loss of equity-method investment	-	(739,704)	(222,707)	(2,553,086)
Net loss from equity-method investment	-	(739,704)	(222,707)	(58,096)
Loss before income taxes	(1,293,968)	(2,428,273)	(4,465,011)	(4,127,916)
Income tax (benefit) expense	-	-	-	-
Net loss	<u>\$ (1,293,968)</u>	<u>\$ (2,428,273)</u>	<u>\$ (4,465,011)</u>	<u>\$ (4,127,916)</u>
Net loss per share				
Net loss per share, basic and diluted	<u>\$ (0.18)</u>	<u>\$ (0.38)</u>	<u>\$ (0.62)</u>	<u>\$ (0.68)</u>
Basic and diluted weighted average shares outstanding	<u>7,224,810</u>	<u>6,414,200</u>	<u>7,224,810</u>	<u>6,089,553</u>
Comprehensive loss				
Net loss	\$ (1,293,968)	\$ (2,428,273)	\$ (4,465,011)	\$ (4,127,916)
Cumulative translation adjustments	(1,891)	1,179	(8,286)	(3,182)
Total comprehensive loss	<u>\$ (1,295,859)</u>	<u>\$ (2,427,094)</u>	<u>\$ (4,473,297)</u>	<u>\$ (4,131,098)</u>

Revenue

Total revenue for the three months ended September 30, 2013 was approximately \$0.1 million, a decrease of approximately \$0.1 million from the same period in 2012. For the nine months ended September 30, 2013 and 2012, revenue was \$1.1 million, an increase of approximately \$0.8 million from the same period in 2012. The increase from the prior year's period relates primarily to the revenues from Banks.com and Pop Factory. Only minimal revenues were generated from international operations.

Sales and Marketing

Sales and marketing expenses were \$0.1 million and \$0.1 million in the three months ended September 30, 2013 and 2012, respectively, and \$0.2 million and \$0.2 million in the nine months ended September 30, 2013 and 2012, respectively. The marketing efforts to drive traffic to the sites have remained constant from period-to-period because of cost monitoring measures.

Content, technology and development

Content, technology and development expenses include the ongoing third-party costs to acquire original content, translate and localize content from English to Portuguese and Chinese, as well as costs of designing and developing our products, including labor, content and third party platform support services. For the three months ended September 30, 2013 and 2012, the expense was \$0.1 and \$0.6 million, respectively. For the nine months ended September 30, 2013 and 2012, the expense was \$0.4 million and \$1.3 million, respectively. The decrease is due to a reduction in expense realized from reimbursements from the Company's agreement with The Street - this agreement was terminated on May 31, 2013.

General and Administrative Expenses

Our total general and administrative expenses were approximately \$0.9 million and \$1.3 million in the three months ended September 30, 2013 and 2012, respectively, and \$3.6 million and \$3.5 million in the nine months ended September 30, 2013 and 2012, respectively. The increase primarily relates to legal fees associated with potential acquisitions and stock-based compensation issued to both employees, directors, and consultants in 2013. The increase was offset by the significant reduction in headcount as a result of the Company's restructuring efforts at the end of 2012.

Depreciation and Amortization

Depreciation and amortization expense was \$0.1 million and \$0.1 million for the three months ended September 30, 2013 and 2012, respectively, and \$0.4 million and \$0.2 million for the nine months ended September 30, 2013 and 2012. The increase is primarily due to amortization of the software capitalized in 2012 and amortization of intangible assets from the Banks.com and Pop Factory acquisitions.

Interest Expense

Interest expense for the three months ended September 30, 2013 and 2012 was \$0.1 million and \$11 thousand, respectively, and \$0.3 million and \$39 thousand for the nine months ended September 30, 2013 and 2012, respectively. The increase in interest expense is due to the additional debt funding on both November 23, 2012 and April 2, 2013.

Change in Fair Value of Derivative Liability

The change in fair value of the derivative liability for the three months ended September 30, 2013 and 2012 was a loss of \$0.2 million and a gain of \$0.3 million, respectively. The decrease relates to the increased probability of an anti-dilutive event occurring subsequent to quarter end.

Loss from Equity-Method Investments and Change of Interest Gain

We accounted for our investment in Sharecare under the equity method of accounting through November 2012. In December 2012, the Company changed to the cost method of accounting. Under the equity method, for the nine months ended September 30, 2012, we recorded a gain of \$2.5 million as a result of the change in interest ownership in Sharecare. Additionally, we recorded a loss of \$0.7 million and \$2.6 million for the three and nine months ended September 30, 2012, representing the Company's share in Sharecare's income. In the first quarter of 2013, the Company recorded a \$0.2 million change in the estimate of its proportional share in loss of equity-method investment related to the period from January 1, 2012 through November 30, 2012.

Recent Accounting Pronouncements

In January 2013, the Financial Accounting Standards Board (“FASB”) amended its guidance on the presentation of comprehensive income. Under the amended guidance, an entity must present information regarding reclassification adjustments from accumulated other comprehensive income in a single note or on the face of the financial statements. This is required for both annual and interim reporting. The amendment becomes effective for reporting periods beginning after December 15, 2012 and is applied prospectively. Early adoption is permitted. The Company’s adoption of the standard did not have an impact on the Company’s condensed consolidated balance sheet, statement of operations or cash flows as it was disclosure-only in nature.

Significant Accounting Policies

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect amounts reported and disclosed in the condensed consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. On an ongoing basis, the Company evaluates its estimates, including those related to accounts receivable, intangible assets, useful lives of property and equipment, stock-based compensation, equity-method investments, and income taxes, among other things.

Revenue Recognition

The Company generally recognizes revenue when a persuasive evidence of an arrangement exists; services have been provided; fees are fixed or determinable; and collectability is reasonably assured.

The Company generally recognizes revenue from its network of digital media businesses, which includes properties focused on Young Adult Lifestyle: Bikini.com; Personal Finance: DimeSpring.com, Banks.com, US Tax Center at IRS.com, FileLater, and MyStockFund; and International: BoWenWang and ComoTudoFunciona. Revenue is recognized as visitors are exposed to or react to advertisements on its websites, or purchase goods or services. Revenue from advertising is generated in the form of sponsored links and display ads. This includes both pay-per-performance ads and paid-for-impression advertising. In the pay-per-performance model, revenue is generally earned based on the number of clicks or other actions taken associated with such ads; in the paid-for-impression model, revenue is derived from the display of ads.

The Company generally recognizes services revenue during the period services related to the design, development, hosting, and related web services are performed. Revenue is recorded on a gross versus net basis when Remark Media bears the risk of loss related to the services performed, the majority of which relates to services performed by the Company’s resources. The Company may also recognize content and platform services revenue on certain projects using a percentage of completion method. Sales are calculated based on the total costs incurred to date divided by total estimated costs at completion times the contract price.

Operating Expenses

In light of the change in RemarkMedia’s business strategy, the Company revised the presentation of operating expenses in its condensed consolidated statements of operations and completed the reclassification of the condensed consolidated statements of operations for the prior year periods presented. Beginning with the second quarter 2012, the Company’s operating expenses reflect sales and marketing; content, technology and development; general and administrative; and depreciation and amortization. Sales and marketing expenses include all selling and marketing expenses such as promotions, public relations and compensation of our sales and marketing departments. Content, technology and development expenses include costs of translating and localizing content and acquiring original content written by third-parties as well as costs associated with the design, development, hosting of websites in addition to user acquisition and user retentions and compensation of our technology, content, product and web design departments which does not qualify to be capitalized. General and administrative expenses include all legal, finance, accounting and administrative expenses such as professional fees and facilities costs. Depreciation and amortization include the depreciation of our acquired fixed assets and amortization of software and definite-lived intangible assets. All periods presented have been reclassified to conform to the new presentation.

Purchase Price Allocations

Occasionally, the Company enters into business combinations. The purchase price is allocated to the various assets acquired and liabilities assumed based on their estimated fair value. Fair values of assets acquired and liabilities assumed are based upon available information and may involve engaging an independent third party to perform an appraisal of tangible and intangible assets. Estimating fair values can be complex and subject to significant business judgment and most commonly impacts property, equipment, software, and definite- or indefinite-lived intangible assets.

Software Development Costs

The Company capitalizes qualifying costs of computer software and website development costs. Costs incurred during the application development stage as well as upgrades and enhancements that result in additional functionality are capitalized. The internally developed software costs capitalized were \$0.5 million and \$0.5 million, at September 30, 2013 and December 31, 2012, respectively and are included in "Property, equipment and software" in the condensed consolidated balance sheet. Internally developed software and website development costs are being amortized utilizing the straight-line method over a period of three years, the expected period of the benefit. For the three and nine months ended September 30, 2013, there was approximately \$0.1 million and \$0.2 million of amortization recorded for these costs, respectively.

Stock-Based Compensation

The Company measures stock-based compensation at the grant date based on the calculated fair value of the award. The Company recognizes the expense over the recipient's requisite service period, generally the vesting period of the award. The Company estimates the fair value of stock options at the grant date using the Black-Scholes option pricing model with weighted average assumptions for the activity under its stock plans. Option pricing model input assumptions such as expected term, expected volatility and risk-free interest rate among others, impact the fair value estimate. These assumptions generally require significant analysis and use of judgment and estimates to develop. Options vest based on meeting a minimum service period or performance condition. Restricted stock grants are recorded using the fair value of the granted shares based on the market value at the grant date. In addition, the forfeiture rate impacts the amount of aggregate compensation. These assumptions are subjective and generally require significant analysis and judgment to develop.

The Company does not recognize a deferred tax asset for unrealized tax benefits associated with the tax deductions in excess of the compensation recorded (excess tax benefit). The Company applies the "with and without" approach for utilization of tax attributes upon realization of net operating losses in the future. This method allocates stock-based compensation benefits last among other tax benefits recognized. In addition, the Company applies the "direct only" method in calculating the amount of windfalls or shortfalls.

Derivative Liability for Warrants to Purchase Common Stock

The Company's derivative liability for warrants represents the fair value of warrants issued in connection with an equity financing related to the Banks.com acquisition consummated on February 26, 2012 ("Equity Financing"). These warrants are presented as liabilities based on certain exercise price reductions provisions. The liability, which is recorded at the fair value on the balance sheet, is calculated using the Monte Carlo simulation valuation method. The change in the fair value of these warrants is recognized as other income or expense in the condensed consolidated statement of operations.

Liquidity and Capital Resources

Our cash balance was approximately \$0.4 million as of September 30, 2013 compared to \$1.4 million at December 31, 2012. The decrease in cash is primarily due to the cash used to fund our operations, the Pop Factory acquisition, offset by the proceeds received from the April 2013 Promissory Note.

On November 14, 2013, the Company's total cash and cash equivalents balance was approximately \$2.7 million. On November 13, 2013, the Company entered into a \$2.5 million Term Loan Agreement, at 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer. The Term Loan Agreement is secured pursuant to the Term Loan Agreement detailed below, as amended by Amendment No. 2 to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Term Loan Agreement is convertible into Common Stock of the Company at the rate of \$3.75 per share, which was the closing price of the Company's common stock on the date of entrance into the agreement. The balance is due November 2015.

As stated in Note 9, on April 2, 2013, the Company entered into a \$4.0 million Senior Secured Convertible Promissory Note ("Promissory Note"), at a 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Chief Executive Officer. The Promissory Note is secured pursuant to the Term Loan Agreement detailed above, as amended by Amendment Number One ("Amendment") to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Promissory Note is convertible into Common Stock of the Company at the rate of \$2.00 per share, which represents an approximately 11% premium to the average of the volume weighted average prices of the Company's common stock for the ten trading days prior to the entrance into the agreement and an approximately 16% premium to the closing price of the Company's common stock on the day of entrance into the agreement. \$4.0 million of proceeds were received as of June 30, 2013, and the balance is due April 2, 2015.

On November 23, 2012, the Company entered into a \$1.8 million Term Loan Agreement, at a 6.67% annual interest rate with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company's Chairman and Co-Chief Executive Officer. Mr. Tao

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has been a director of the Company since 2007. The Term Loan is secured by substantially all the tangible and intangible assets of the Company, excluding its shares of common stock of Sharecare. The principal and accrued interest under the Term Loan Agreement is convertible into Common Stock of the Company at the rate of \$1.30 per share, which represents an approximately 33% premium to the average closing prices of the Company's common stock for the ten days prior to entrance into the agreement and an approximately 53% premium to the closing price of the Company's common stock on the day of entrance into the agreement. The balance is due November 2014.

On November 12, 2013, Digipac, LLC notified the Company that it wished to convert the entire principal amounts of both the November 2012 Note and the April 2013 Note, and all accrued and unpaid interest thereon, into shares of the Company's common stock, effective as of the same day. This conversion resulted in the issuance of 3,556,672 shares of the Company's common stock to Digipac, LLC, and the extinguishing of a total of \$5.8 million in debt issued by the Company and the approximately \$281,236 in accrued and unpaid interest.

The Company intends to fund its future operations through growth, particularly its finance and young adult properties. In 2013, the Company focused on the 18-to-34 year old, young adult lifestyle digital media vertical through its acquisition of Pop Factory, owner and operator of Bikini.com. The Company has invested in software development, content, and marketing for Bikini.com, and believes it will achieve revenue growth through the addition of retail e-commerce in November 2013. Additionally, the Company is evaluating future acquisitions to provide revenue growth and the sale of certain non-core assets to provide capital.

Absent any acquisitions of new businesses or the material increase in revenue from its existing customers, current revenue growth may not be sufficient to sustain the Company's operations in the long term. As such, the Company will, in all likelihood, need to obtain additional equity financing and/or divest of certain assets or businesses, neither of which can be assured on commercially reasonable terms, if at all. In addition, any equity financing that might be obtained may substantially dilute existing stockholders. There is no certainty that the Company will be successful at raising capital, nor is there certainty around the amount of funds that may be raised. In addition, the success of the Company will be subject to performance of the markets and investor sentiment regarding the macro and micro economic conditions under which we operate including stock market volatility. There can be no assurance that the Company will be successful at generating more revenues or selling any of its assets. Any failure by the Company to successfully implement these plans would have a material adverse effect on the Company's business, including the possible inability to continue operations.

Based on the most recent cash flow projections, the Company believes it has sufficient existing cash and cash equivalents and cash resources as of November 14, 2013 to provide sufficient funds through July 1, 2014. However, the projecting operating results is inherently uncertain. Anticipated expenses can exceed those that are projected.

The table below summarizes the change in our statement of cash flows for the nine months ended September 30, 2013 and 2012:

	Nine Months Ended September 30,	
	2013	2012
Cash flows used in operating activities	\$ (2,649,463)	\$ (3,698,125)
Cash flows used in investing activities	(2,199,868)	(987,971)
Cash flows provided by financing activities	3,910,070	3,850,451
Net change in cash and cash equivalents	(939,260)	(835,645)
Impact of currency translation on cash	(783)	(3,182)
Cash and cash equivalents at beginning of year	1,355,332	1,531,502
Cash and cash equivalents at end of period	\$ 415,289	\$ 692,675

Cash flows from operations

Our net cash used in operating activities during the nine months ended September 30, 2013 was \$2.6 million, a decrease of \$1.0 million compared to the same period in the prior year due to a substantial reduction in revenues and operating income partially offset by a decrease in expenses as a result of our continued cost monitoring measures.

Cash flows from investing activities

During the nine months ended September 30, 2013, our net cash used in investing activities was approximately \$2.2 million compared to \$1.0 million for the same period in 2012. The cash used in the nine months ended September 30, 2013 consisted primarily of the acquisition of Pop Factory.

Cash flows from financing activities

For the nine months ended September 30, 2013, the net cash provided by financing activities consists of the cash proceeds of \$3.9 million provided by the Senior Secured Convertible Promissory Note.

Off Balance Sheet Arrangements

None.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

We translate the foreign currency financial statements of our international operations into U.S. dollars at current exchange rates, except revenue and expenses, which we translate at average exchange rates during each reporting period. We accumulate net exchange gains or losses resulting from the translation of assets and liabilities in a separate caption of stockholders' equity titled "accumulated other comprehensive income (loss)". Generally, our foreign expenses are denominated in the same currency as the associated foreign revenue, and at this stage of our development, the exposure to rate changes is minimal.

Financial instruments that potentially subject us to a concentration of credit risk consist principally of cash and accounts receivables. At September 30, 2013, less than 1% of our cash was denominated in Brazilian *Reais*, Chinese *Renminbi* or Hong Kong Dollars, with nearly 100% of our cash denominated in US Dollars. The majority of our cash is placed with financial institutions we believe are of high credit quality. Our cash is maintained in bank deposit accounts, which, at times, exceed federally insured limits. We have not experienced any losses in such accounts and do not believe our cash is exposed to any significant credit risk.

We do not use financial instruments to hedge our foreign exchange exposure because the effects of the foreign exchange rate fluctuations are not currently significant. We do not use financial instruments for trading purposes. We do not use any derivative financial instruments to mitigate any of our currency risks.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We have established disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities and Exchange Act of 1934, or the Exchange Act. Our disclosure controls and procedures are designed to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act (a) is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (b) is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company's principal executive officer and principal financial officer evaluated the effectiveness of the Company's disclosure controls and procedures, with the participation of the Company's management, and concluded that the Company's disclosure controls and procedures were effective as of September 30, 2013.

Changes in Internal Control over Financial Reporting

In the second quarter of 2013, we identified a material weakness in our internal control over financial reporting which resulted in a restatement of our financial statements as described in the amended quarterly reports and annual report, specifically those filed on September 26, 2013 for the quarterly periods ended March 31, 2012, June 30, 2012, September 30, 2012, and March 31, 2013 and for the annual period ended December 31, 2012. Such material weakness resulted from significant accounting personnel changes beginning late in the fourth quarter of 2011, which resulted in the misapplication of applicable accounting principles to the warrant transaction, which weakness likely existed at December 31, 2012. This weakness was originally identified by our auditors and communicated to us on August 14, 2013. As a result of such material weakness, we added to our internal accounting personnel by hiring a new Chief Financial Officer and adding additional personnel to the finance department. We believe that the addition of such personnel has remedied the material weakness identified previously. Otherwise, there have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings.

On July 23, 2012, a complaint was filed by FOLIO/n, Inc. (“FOLIO/n”), against the Company’s subsidiary MyStockFund Securities, Inc. (“MyStockFund”), alleging that MyStockFund has infringed six U.S. Patents held by FOLIO/n relating to investment methods. The complaint sought injunctive relief, damages, pre-judgment interest, and attorneys’ fees. The case was settled between the parties, and on April 23, 2013, the litigation was terminated by the court.

The Company may from time to time be involved in claims, proceedings and litigation arising from our business and property ownership. The Company believes, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on the condensed consolidated balance sheet, statement of operations and comprehensive loss, or liquidity.

ITEM 1A. Risk Factors.

For a discussion of risk factors regarding our company, see “Item 1A. – Risk Factors” in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K/A for the fiscal year ended December 31, 2012 except for the risk factor noted below related to our liquidity.

We may not have sufficient liquidity to support our operations.

As of September 30, 2013, the Company’s total cash and cash equivalents balance was approximately \$0.4 million. The Company has incurred net losses and generated substantial negative cash flow from operations in the nine months ended September 30, 2013 and in each fiscal year since its inception and has an accumulated deficit of \$109.3 million as of September 30, 2013. The Company had \$0.1 million and \$0.3 million of revenues for the three months ended September 30, 2013 and 2012, respectively, and \$1.0 million and \$0.3 million of revenues for the nine months ended September 30, 2013 and 2012, respectively.

On November 14, 2013, the Company’s total cash and cash equivalents balance was approximately \$2.7 million. On November 13, 2013, the Company entered into a \$2.5 million Term Loan Agreement, at 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company’s Chairman and Chief Executive Officer. The Term Loan Agreement is secured pursuant to the Term Loan Agreement detailed below, as amended by Amendment No. 2 to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Term Loan Agreement is convertible into Common Stock of the Company at the rate of \$3.75 per share, which was the closing price of the Company’s common stock on the date of entrance into the agreement. The balance is due November 2015.

On November 23, 2012, the Company entered into a \$1.8 million Term Loan Agreement, at a 6.67% annual interest rate with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company’s Chairman and Chief Executive Officer. Mr. Tao has been a director of the Company since 2007. The Term Loan is secured by substantially all the tangible and intangible assets of the Company, excluding its shares of common stock of Sharecare. The principal and accrued interest under the Term Loan Agreement is convertible into Common Stock of the Company at the rate of \$1.30 per share, which represents an approximately 33% premium to the average closing prices of the Company’s common stock for the ten days prior to entrance into the agreement and an approximately 53% premium to the closing price of the Company’s common stock on the day of entrance into the agreement. The balance is due November 2014.

On April 2, 2013, the Company entered into a \$4.0 million Promissory Note, at a 6.67% annual interest rate for the first year and 8.67% for the second year, with a lender controlled by and in part owned by Mr. Kai-Shing Tao, the Company’s Chairman and Chief Executive Officer. The Promissory Note is secured pursuant to the Term Loan Agreement detailed above, as amended by Amendment Number One to that Term Loan Agreement, dated April 2, 2013. The principal and accrued interest under the Promissory Note is convertible into Common Stock of the Company at the rate of \$2.00 per share, which represents an approximately 11% premium to the average of the volume weighted average prices of the Company’s common stock for the ten trading days prior to the entrance into the agreement and an approximately 16% premium to the closing price of the Company’s common stock on the day of entrance into the agreement. The balance is due April 2015.

On November 12, 2013, Digipac, LLC notified the Company that it wished to convert the entire principal amounts of both the November 2012 Note and the April 2013 Note, and all accrued and unpaid interest thereon, into shares of the Company’s common stock, effective as of the same day. This conversion resulted in the issuance of 3,556,672 shares of the Company’s common stock to

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Digipac, LLC, and the extinguishing of a total of \$5.8 million in debt issued by the Company and the approximately \$281,236 in accrued and unpaid interest.

The Company intends to fund its future operations through growth, particularly its personal finance and 18-to-34 year old, young adult lifestyle properties. Additionally, the Company is actively engaged in evaluating future acquisitions to provide revenue growth and the sale of certain non-core assets to provide capital.

Absent any acquisitions of new businesses, the addition of new customers, or the material increase in revenue from its existing customers, current revenue growth may not be sufficient to sustain the Company's operations in the long term. As such, the Company may need to obtain additional equity financing and/or divest of certain assets or businesses, neither of which can be assured on commercially reasonable terms, if at all. In addition, any equity financing that might be obtained would substantially dilute existing stockholders. There is no certainty that the Company will be successful at raising capital, nor is there certainty around the amount of funds that may be raised. In addition, the success of the Company will be subject to performance of the markets and investor sentiment regarding the macro and micro economic conditions under which we operate including stock market volatility. There can be no assurance that the Company will be successful at generating more revenues or selling any of its assets. Any failure by the Company to successfully implement these plans would have a material adverse effect on the Company's business, including the possible inability to continue operations.

Based on the most recent cash flow projections, the Company believes it has sufficient existing cash and cash equivalents and cash resources as of November 14, 2013 to provide sufficient funds through July 1, 2014. However, the projecting operating results is inherently uncertain. Anticipated expenses can exceed those that are projected.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits.

Exhibit Number	Description of Document
10.1	Senior Secured Convertible Note dated November 14, 2013
10.2	Amendment Number Two to Security Agreement between Remark Media, Inc. and Digipac, LLC dated November 24, 2013
31.1	Certification by the Principal Executive Officer pursuant to Section 240.13a-14 or section 240.15d-14 of the Securities and Exchange Act of 1934, as amended
31.2	Certification by the Principal Financial Officer and Principal Accounting Officer pursuant to Section 240.13a-14 or section 240.15d-14 of the Securities and Exchange Act of 1934, as amended
32.1**	Certification by the Principal Executive Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification by the Principal Financial Officer and Principal Accounting Officer pursuant to 18 U.S.C. 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Taxonomy Extension Calculation Linkbase
101.LAB**	XBRL Taxonomy Extension Label Linkbase
101.PRE**	XBRL Taxonomy Extension Presentation Linkbase
101.DEF**	XBRL Taxonomy Extension Definition Linkbase

** These exhibits are furnished to the SEC as accompanying documents and are not to be deemed “filed” for purposes of Sections 11 and 12 of the Securities Act of 1933, as amended, and Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of these Sections nor shall they be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REMARK MEDIA, INC.

Date: January 3, 2014

By: /s/ Douglas Osrow
Douglas Osrow
Chief Financial Officer (Principal Financial Officer
and Principal Accounting Officer)

THIS NOTE AND THE SECURITIES ISSUABLE UPON THE CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR AN OPINION OF COUNSEL SATISFACTORY TO BORROWER THAT REGISTRATION IS NOT REQUIRED UNDER SUCH ACT OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SUCH ACT.

Senior Secured Convertible Term Note

\$2,500,000

November 14, 2013

FOR VALUE RECEIVED, REMARK MEDIA, INC., a Delaware corporation ("**Borrower**"), hereby promises to pay to the order of DIGIPAC, LLC, a Delaware limited liability company ("**Lender**"), the principal sum of Two and One Half Million Dollars (\$2,500,000) (the "**Principal Amount**"), in lawful money of the United States of America and in immediately available funds.

1. Maturity. The unpaid Principal Amount plus accrued and unpaid interest thereon shall be due and payable on the second anniversary of the date of this Note (the "**Maturity Date**"), unless converted prior thereto pursuant to Section 4, which Maturity Date may be extended only pursuant to a writing signed by Borrower and Lender.

2. Interest. Borrower further promises to pay interest on the unpaid Principal Amount of this Note at a rate per annum equal to six and 67/100 percent (6.67%) for the first year of this Note. For the period commencing November 15, 2014 and thereafter Borrower further promises to pay interest on the unpaid Principal Amount of this Note at a rate per annum equal to eight and 67/100 percent (8.67%). Interest will be computed on the basis of a 365 or 366-day year, as applicable, and the actual number of days elapsed. Interest shall be payable quarterly in arrears to Lender on the last day of each quarter commencing on the first such date to occur after the execution of this Note.

3. Prepayment. Borrower may prepay this Note, in full or in part, at any time prior to the Maturity Date if, and only if, Borrower provides Lender at least fifteen (15) days' prior written notice of such prepayment.

4. Conversion of the Note.

4.1 Subject to and upon compliance with the terms and provisions of this Note, at any time Lender or Borrower (subject to the requirements of Section 4.3) shall have the right to convert the unpaid Principal Amount of, and interest due under, this Note into shares of common stock of Borrower as set forth below.

(a) At any time on or prior to the Maturity Date (or after the Maturity Date if Borrower has failed to timely repay the unpaid Principal Amount plus accrued and unpaid interest thereon on the terms of this Note), Lender shall have the option, upon Lender's written notice to Borrower, (or

Borrower shall have the option, upon Borrower's written notice to Lender) to elect to convert the outstanding and unpaid Principal Amount or any portion thereof, plus, at Lender's election (or at Borrower's election if the Borrower elected to convert), any accrued and unpaid interest thereon (collectively, the "**Conversion Amount**"), into fully paid and non-assessable shares of the common stock ("**Common Stock**") of Borrower at the Common Stock Conversion Price (as defined in Section 4.1(c)) (the "**Common Stock Conversion**"). To the extent that the entire amount due under the Note is not converted into Common Stock, the Borrower will deliver a new note with similar terms and conditions as this Note which will reflect the remaining amounts owed to Lender under this Note.

- (b) The number of shares of Common Stock to be issued upon conversion of this Note pursuant to this Section 4.1 shall be determined by dividing (i) the Conversion Amount by (ii) the Common Stock Conversion Price. Borrower shall issue and deliver to Lender certificates or cause book entries to be made by its transfer agent evidencing such Common Stock within five (5) business days after the Common Stock Conversion.
- (c) The "**Common Stock Conversion Price**" shall be equal to \$3.75.
- (d) Borrower will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of Common Stock upon the full conversion of this Note.
- (e) The number of shares of Common Stock issuable upon the exercise of Lender's and Borrower's conversion rights contained in this Section 4.1 shall be subject to adjustment from time to time upon the happening of certain events, as follows:
 - (i) Splits and Subdivisions. If Borrower should at any time or from time to time prior to any conversion in accordance with this Section 4.1 (the "**Conversion Date**"), if any, fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of the holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "**Common Stock Equivalents**") without payment of any consideration by such holder for the additional shares of Common Stock or Common Stock Equivalents, then, as of such record date (or the date of such distribution, split or subdivision if no record date is fixed), the Common Stock Conversion Price shall be proportionately decreased and the number of shares of Common Stock which this Note is convertible into pursuant to this Section 4.1 shall be appropriately increased in proportion to such increase of outstanding shares.

(ii) *Combination of Shares.* If prior to the Conversion Date, if any, the number of shares of Common Stock outstanding at any time after the date hereof is decreased by a combination of the outstanding shares of Common Stock, the Common Stock Conversion Price shall be proportionately increased and the number of shares of Common Stock which this Note is convertible into pursuant to this Section 4.1 shall be appropriately decreased in proportion to such decrease in outstanding shares.

(iii) *Merger or Consolidation.* If at any time or from time to time prior to the Conversion Date, if any, there shall be a capital reorganization of Borrower's equity securities (other than a subdivision, combination, reclassification or exchange of shares provided for elsewhere in this Section 4.1(e)) or a merger or consolidation of Borrower with or into another corporation, then as a part of such reorganization, merger or consolidation, provision shall be made so that Lender shall thereafter exclusively be entitled to receive upon the conversion of this Note in accordance with this Section 4.1, the number of shares of stock or other securities or other property (including, if applicable, cash) (or any combination thereof) to which a holder of the number of shares of Common Stock (or of any shares of stock or other securities or other property (including, if applicable, cash) (or any combination thereof) which may be) issuable upon the conversion of this Note pursuant to this Section 4.1 would have received if this Note had been converted into Common Stock in accordance with this Section 4.1 immediately prior to such reorganization, merger or consolidation.

(iv) *Reclassification, Conversion or Reorganization.* If the Common Stock (or any shares of stock or other securities which may be) issuable upon the conversion of this Note in accordance with this Section 4.1 shall be changed into the same or different number of shares of any class or classes of stock, whether by capital reorganization, conversion, reclassification or otherwise (other than a subdivision or combination of shares or stock dividend provided for in clauses (i) or (ii) of this Section 4.1(e) above, or a reorganization, merger or consolidation provided for in clause (iii) of this Section 4.1(e) above), then and in each such event Lender shall exclusively be entitled to receive upon the conversion of this Note pursuant to this Section 4.1 the kind and amount of shares of stock or other securities or other property (including, if applicable, cash) (or any combination thereof) upon such reorganization, conversion, reclassification or other change, to which a holder of the number of shares of Common Stock (or of any shares of stock or other securities or other property (including, if applicable, cash) (or any combination thereof) which may be) issuable upon the conversion of this Note pursuant to this Section 4.1 would have received if this Note had been converted into Common Stock pursuant to this Section 4.1 immediately prior to such reorganization, conversion, reclassification or other change, all subject to further adjustment as provided herein.

(v) *Notice of Adjustments and Record Dates.* Borrower shall promptly notify Lender in writing of each adjustment or readjustment of the Common Stock Conversion Price hereunder and the number of shares of Common Stock issuable

upon the conversion of this Note pursuant to this Section 4.1. Such notice shall state the adjustment or readjustment and show in reasonable detail the facts on which that adjustment or readjustment is based. In the event of any taking by Borrower of a record of the holders of Common Stock for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, Borrower shall notify Lender in writing of such record date at least twenty (20) days prior to the date specified therein.

(vi) *No Impairment.* Borrower shall not avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by Borrower, but shall at all times in good faith assist in the carrying out of all the provisions of this Note. Without limiting the generality of the foregoing, Borrower (i) shall reserve and keep available a number of its authorized shares of Common Stock, free from all preemptive rights, which shall be sufficient to permit the conversion of this Note in accordance with this Section 4.1 and (ii) shall take all such action as may be necessary or appropriate in order that all shares of Common Stock as may be issued pursuant to the conversion of this Note in accordance with this Section 4.1 shall, upon issuance, be validly issued, fully paid and nonassessable.

4.2 Method of Conversion. This Note may be converted by Lender or Borrower only as described in this Section 4. Lender agrees to deliver the original of this Note (or an affidavit to the effect that this Note has been lost, stolen or destroyed and an agreement acceptable to Borrower whereby Lender agrees to indemnify Borrower from any loss incurred by it in connection with this Note) upon the Common Stock Conversion for cancellation. Furthermore, Lender hereby agrees to execute and deliver to Borrower all transaction documents reasonably requested by Borrower in connection with the Common Stock Conversion, including a subscription agreement and other ancillary agreements (if requested), with customary representations and warranties and transfer restrictions.

4.3 Additional Requirement for Conversion by Borrower. The Borrower may not elect to have this Note converted into Common Stock pursuant to Section 4.1 of this Note unless the VWAP (as hereinafter defined) for the Borrower's Common Stock is at least 150% of the Common Stock Conversion Price for at least 30 out of the 40 trading days immediately prior to the date that the Borrower elects to convert. For the purposes of this Note, VWAP means, for any date, the daily volume weighted average price of the Company's Common Stock for such date (or the nearest preceding date on which the Common Stock actually traded) on the Nasdaq-CM, or such other trading market on which the Common Stock is then listed or quoted, as reported by NASDAQ VWAP.

5. Representations and Warranties of Borrower. As a material inducement of the Lender to make the loan evidenced by this Note, the Borrower represents and warrants to the Lender that:

- 5.1 Organization; Powers. The Borrower: (a) is a corporation duly organized, validly existing and in good standing under the laws of Delaware; (b) has all requisite corporate power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary, except (with respect to subsections (b) and (c)) where the failure to do so could not reasonably be expected to result in a material adverse effect on the property, business, operations, condition (financial or otherwise), prospects, liabilities or capitalization of the Borrower.
- 5.2 Authorization; Enforceability. Borrower has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under this Note and the Security Agreement (as defined below); the execution, delivery and performance by Borrower of this Note and the Security Agreement have been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and each of this Note and the Security Agreement has been duly and validly executed and delivered by Borrower and constitutes, and the Security Agreement when executed and delivered by Borrower will constitute, its legal, valid and binding obligations, enforceable against Borrower in accordance with their respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Specifically, this Agreement and the Security Agreement and the transactions contemplated hereby and thereby have been approved by Borrower in accordance with Section 144 of the Delaware General Corporation Law.
- 5.3 Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any governmental authority or agency, or any securities exchange, are necessary for the execution, delivery or performance by Borrower of this Note and the Security Agreement or for the legality, validity or enforceability hereof or thereof, except for filings and recordings in respect of the security interest created pursuant to the Security Agreement and filings required under the Securities Exchange Act of 1934, as amended (the "*1934 Act*").
- 5.4 No Breach. None of the execution and delivery of this Note and the Security Agreement, the consummation of the transactions herein and therein contemplated or compliance with the terms and provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which Borrower is a party or by which any of them or any of their property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or (except for the security interest created

pursuant to the Security Agreement) result in the creation or imposition of any lien upon any property of the Borrower pursuant to the terms of any such agreement or instrument.

5.5 Litigation. There are no legal or arbitral proceedings, or any proceedings by or before any governmental authority, now pending or (to the knowledge of Borrower) threatened against Borrower that, if adversely determined, could (either individually or in the aggregate) have a material adverse effect on the property, business, operations, condition (financial or otherwise), prospects, liabilities or capitalization of the Borrower.

5.6 Compliance with Laws and Agreements. Borrower is in compliance with all laws, regulations and orders of any governmental authority applicable to it or its property and all agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a material adverse effect on the property, business, operations, condition (financial or otherwise), prospects, liabilities or capitalization of the Borrower.

5.7 Capitalization. The authorized capital stock of Borrower consists, on the date hereof, of 20,000,000 shares of common stock, \$0.001 par value, of which 10,910,872 shares are duly and validly issued and outstanding, each of which shares is fully paid and nonassessable. Borrower has no issued and outstanding shares of preferred stock. Except for approximately 1,610,000 shares of common stock reserved for issuance pursuant to outstanding stock options and warrants or available for issuance under existing equity plans, as of the date hereof, no person or entity has any agreement, subscription, option or any other right or commitment entitling such person or entity to acquire any shares of common stock from Borrower. Borrower has a sufficient number of authorized and unissued shares of common stock to provide for the Common Stock Conversion set forth in this Note.

6. Representations and Warranties of Lender. As a material inducement of the Borrower to issue the securities evidenced by this Note, the Lender represents and warrants to the Borrower that:

6.1 Organization; Powers. Lender is a duly organized and validly existing limited liability company, is in good standing under the laws of Delaware, and has all requisite limited liability company power and authority to purchase the Note and common stock into which this Note is convertible.

6.2 Authorization; Enforceability. Lender has all necessary limited liability company power, authority and legal right to execute, deliver and perform its obligations under this Note and the Security Agreement (as defined below); the execution, delivery and performance by Lender of this Note and the Security Agreement have been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and each of this Note and

the Security Agreement has been duly and validly executed and delivered by Lender and constitutes, and the Security Agreement when executed and delivered by Lender will constitute, its legal, valid and binding obligations, enforceable against Lender in accordance with their respective terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

- 6.3 Purchase Entirely for Own Account. The securities to be received by Lender hereunder will be acquired for Lender's own account, not as nominee or agent, and not with a view to the resale or distribution of any part thereof in violation of the Securities Act of 1933, as amended (the "**1933 Act**"), and Lender has no present arrangement or intention of selling, granting any participation in, or otherwise distributing the same in violation of the 1933 Act without prejudice, however, to Lender's right at all times to sell or otherwise dispose of all or any part of such securities in compliance with applicable federal and state securities laws. Nothing contained herein shall be deemed a representation or warranty by Lender to hold the securities for any period of time. Lender is not a broker-dealer registered with the U.S. Securities and Exchange Commission (the "**SEC**") under the 1934 Act or an entity engaged in a business that would require it to be so registered.
- 6.4 Investment Experience. Lender acknowledges that it can bear the economic risk and complete loss of its investment in the securities and has such knowledge, sophistication and experience in financial or business matters that it is capable of evaluating the merits and risks of the investment contemplated hereby.
- 6.5 Disclosure of Information. Lender has had an opportunity to receive all information related to the Borrower requested by it (including all of Borrower's filings pursuant to the 1934 Act) and to ask questions of and receive answers from the Borrower regarding the Borrower, its subsidiaries, their respective businesses and the terms and conditions of the offering of the securities. Neither such inquiries nor any other due diligence investigation conducted by Lender shall modify, limit or otherwise affect Lender's right to rely on the Borrower's representations and warranties contained in this Note or the Security Agreement.
- 6.6 Restricted Securities. Lender understands that the securities are characterized as "**restricted securities**" under the U.S. federal securities laws inasmuch as they are being acquired from the Borrower in a transaction not involving a public offering and that under such laws and applicable regulations such securities may be resold without registration under the 1933 Act only in certain limited circumstances.
- 6.7 Accredited Investor. At the time Lender was offered the securities it was, and at the date hereof it is, and on the date it converts any portion of the Note it will be, an "accredited investor" as defined in Rule 501(a) of Regulation D, as amended, under the 1933 Act.

- 6.8 No General Solicitation. Lender did not learn of the investment in the securities as a result of any general solicitation or general advertising.
7. Events of Default. The occurrence of any of the following events shall constitute an “*Event of Default*”:
- 7.1 Borrower shall fail, for any reason, to make any principal payment when due;
- 7.2 Borrower shall fail to pay any interest payable hereunder within thirty (30) days after the date when due;
- 7.3 a proceeding or case shall be commenced, without the application or consent of Borrower, in any court of competent jurisdiction, seeking (i) Borrower’s reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of Borrower’s debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of Borrower or of all or any substantial part of Borrower’s assets, or (iii) similar relief in respect of Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of sixty (60) or more days;
- 7.4 an order for relief against Borrower shall be entered in an involuntary case under the Federal Bankruptcy Code of 1978, as amended from time to time, presently codified as Title 11 of the United States Code (the “*Bankruptcy Code*”);
- 7.5 Borrower shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its assets, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code or (vi) take any action for the purpose of effecting any of the foregoing;
- 7.6 Borrower breaches any of its representations, warranties contained in this Note or the Security Agreement in any material respect and such breach is not cured within ten (10) days after written notice thereof to Borrower.
8. Remedies.
- 8.1 Upon the occurrence and during the continuance of any Event of Default described in Sections 7.3, 7.4 or 7.5 (any such Event of Default, an “*Insolvency Event*”) (i) all amounts payable by Borrower pursuant to this Note shall become immediately due and payable, without presentment, demand, notice, protest or

other requirements of any kind (all of which are hereby expressly waived by Borrower) and (ii) Lender shall be entitled to exercise any and all remedies available to Lender at law or in equity.

- 8.2 Upon the occurrence and during the continuance of any Event of Default other than an Insolvency Event, (i) Lender may, by written notice to Borrower, declare all amounts payable by Borrower pursuant to this Note to be due and payable, and all such amounts shall immediately become due and payable and (ii) Lender shall be entitled to exercise any and all remedies available to Lender at law or in equity. Written notice pursuant to this clause (b) shall be sufficient if it is addressed to Borrower and states that such an Event of Default has occurred and Lender is providing notice that all amounts due and payable pursuant to this Note are immediately due and payable in accordance with this clause (b).

9. Default Interest. Upon the occurrence and during the continuance of an “*Event of Default*,” interest shall accrue on the unpaid Principal Amount at the rate of interest specified in Section 2 PLUS three percent (3%) per annum, or such lower maximum amount of interest permitted to be charged under applicable law.

10. Security. The obligations of Borrower to Lender under this Note are secured pursuant to that certain Security Agreement between Borrower and Lender dated as of November 23, 2012, as amended by that certain Amendment Number One to Security Agreement between Borrower and Lender of April 2, 2013, and that certain Amendment Number Two to Security Agreement between Borrower and Lender of even date herewith (as the same may be further amended from time to time, the “*Security Agreement*”). In addition to the rights and remedies given it pursuant to the Security Agreement, Lender shall have all those rights and remedies allowed by applicable laws. The rights and remedies of Lender are cumulative and recourse to one or more right or remedy shall not constitute a waiver of the others. Borrower shall be liable for all commercially reasonable costs, expenses and attorneys’ fees incurred by Lender in connection with the collection of the indebtedness evidenced by the Note.

11. Registration Rights. Lender shall have registration rights with respect to all shares of Common Stock into which this Note is convertible. Lender and Borrower shall negotiate in good faith the terms of a registration rights agreement providing Lender with demand, “piggyback” and S-3 registration rights and other customary terms and conditions as soon as reasonably practicable after the date of this Note.

12. Notices. Any notice, demand, communication or other document required, permitted, or desired to be given under this Note or the Security Agreement shall be in writing and shall be delivered personally or sent by United States registered or certified mail, return receipt requested, postage prepaid, by Federal Express or other reputable overnight courier, or by facsimile (with confirmation of receipt), and addressed to the party at the respective numbers and/or addresses set forth below, and the same shall be deemed given and effective (i) upon receipt or refusal if delivered personally or by hand delivered messenger service, (ii) the date received or refused if sent by Federal Express or other reputable overnight courier, (iii) the date received or refused if mailed by United States registered or certified mail, return receipt requested, postage prepaid, and (iv) the date received if sent by facsimile or electronic mail

during normal business hours of the recipient and on the next business day if sent after normal business hours of the recipient. A party may change its address for receipt of notices by service of a notice of such change in accordance herewith.

If to Lender: Digipac, LLC
One Hughes Center Drive
Unit 1901
Las Vegas, NV 89169
Facsimile: 702-586-8721
Electronic mail: Stao@pacificstarpartners.com
Attention: Mr. Kai-Shing Tao

If to Borrower: Remark Media, Inc.
Five Concourse Parkway
Suite 2400
Atlanta, GA 30328
Facsimile: N/A
Electronic mail: bzimmer@remarkmedia.com
Attention: General Counsel

13. Captions; Interpretation. The captions and headings of Sections and paragraphs of this Note are for convenience only and are not to be considered as defining or limiting in any way, the scope or intent of the provisions hereof. The term “Borrower” shall include each person and entity now or hereafter liable hereunder, whether as maker, successor, assignee or endorsee, each of whom shall be jointly, severally and primarily liable for all of the obligations set forth herein.

14. Merger. This Note and the Security Agreement constitutes the entire agreement of the parties with respect to the transactions contemplated herein and therein, and all prior discussions, negotiations and document drafts with respect to the transactions contemplated hereby and thereby are merged herein and therein.

15. Expenses. Borrower agrees to pay or reimburse the Lender for: (a) all reasonable out-of-pocket costs and expenses of Lender (including, without limitation, the fees and expenses of Olshan Frome Wolosky LLP, counsel to Lender) in connection with (i) the negotiation, preparation, execution and delivery of this Note and the extension of credit hereunder and (ii) the negotiation or preparation of any modification, supplement or waiver of any of the terms of this Note (whether or not consummated); and (b) all reasonable out-of-pocket costs and expenses of the Lender (including, without limitation, fees and expenses of legal counsel) in connection with (i) any Event of Default and any enforcement or collection proceedings resulting therefrom, including, without limitation, all manner of participation in or other involvement with (x) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, (y) judicial or regulatory proceedings and (z) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated) and (ii) the enforcement of this Section 15.

16. Modification; Waiver. No modification, waiver, amendment, discharge or change of this Note shall be valid unless the same is in writing and signed by the Lender. No waiver of any breach or default hereunder shall constitute or be construed as a waiver by Lender of any subsequent breach or default or of any breach or default of any other provision of this Note, unless specifically set forth in a writing executed by Lender. To the extent permitted by applicable law, Borrower waives all rights and benefits of any statute of limitations, moratorium, reinstatement, marshalling, forbearance, valuation, stay, extension, redemption, appraisal or exemption now provided or which may hereafter be provided by law, both as to itself and as to all of its properties, real and personal, against the enforcement and collection of the indebtedness evidenced hereby.

17. Governing Law. MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE UNDER OR RELATING TO THIS NOTE OR THE SECURITY AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER OR THEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA.

18. Consent to Jurisdiction. BORROWER HEREBY CONSENTS TO THE SOLE AND EXCLUSIVE JURISDICTION AND VENUE IN THE FEDERAL OR STATE COURTS IN NEW YORK COUNTY, NEW YORK, AND AGREES THAT ALL DISPUTES BASED ON OR ARISING OUT OF THIS NOTE OR THE SECURITY AGREEMENT SHALL ONLY BE SUBMITTED TO AND DETERMINED BY SAID COURTS, WHICH SHALL HAVE SOLE AND EXCLUSIVE JURISDICTION.

19. Time is of the Essence. Time is hereby declared to be of the essence of this Note and every portion hereof and thereof.

20. Attorneys' Fees. In the event of any dispute arising out of, or in connection with, this Note, the prevailing party shall be entitled to its reasonable attorneys' fees and costs.

21. Severability. If any provision or provisions, or if any portion of any provision or provisions, in this Note or the Security Agreement is found by a court of competent jurisdiction to be in violation of any applicable law, and if such court declares such portion, provision, or provisions of this Note or Security Agreement to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of all parties hereto that such portion, provision, or provisions shall be given force to the fullest possible extent that they are legal, valid and enforceable, and that the remainder of this Note or Security Agreement shall be construed as if such illegal, invalid, unlawful, void, or unenforceable portion, provision, or provisions were not contained herein or therein, and that the rights, obligations, and interests of Borrower and Lender under the remainder of this Note and the Security Agreement shall continue in full force and effect.

22. Assignment. Borrower may not assign this Note or the Security Agreement without the prior written consent of Lender. Lender may assign or transfer this Note and the Security Agreement without the prior written consent of Borrower.

23. Savings Clause. Nothing contained in this Note shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum interest rate permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum interest permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by Borrower to Lender.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned parties have caused the due execution of this Note as of the day and year first herein above written.

REMARK MEDIA, INC.,
a Delaware corporation

By: _____

Name: Theodore P. Botts
Title: Chairman of the Audit Committee of
the Board of Directors

ACCEPTED BY:

DIGIPAC, LLC,
a Delaware limited liability company

By: _____

Name: Kai-Shing Tao
Title: Manager

**AMENDMENT NUMBER TWO
TO SECURITY AGREEMENT**

This AMENDMENT NUMBER TWO (this “**Amendment**”) to that certain Security Agreement, dated as of November 23, 2012, as amended (the “**Original Agreement**”), by and between Remark Media, Inc., a Delaware corporation (“**Borrower**”), and Digipac, LLC, a Delaware limited liability company (“**Secured Party**,” and together with Borrower, the “**Parties**”), is made and entered into as of November 24, 2013 (the “**Amendment Date**”), by and between Borrower and Secured Party, with respect to the following facts:

RECITALS

WHEREAS, on November 23, 2012, Borrower issued to Secured Party that certain 6.67% Senior Secured Convertible Promissory Note in the original principal amount of One Million Eight Hundred Thousand Dollars (\$1,800,000) (the “**November 2012 Note**”), and on April 2, 2013, Borrower issued to Secured Party that certain Senior Secured Promissory Note in the original principal amount of Four Million Dollars (\$4,000,000) (the “**April 2013 Note**”);

WHEREAS, the obligations of Borrower under the November 2012 Note and April 2013 Note are secured by the Original Agreement;

WHEREAS, Secured Party perfected its security interest in the Collateral (as defined in the Original Agreement) by filing a UCC-1 financing statement with the office of the Delaware Secretary of State on December 3, 2012;

WHEREAS, on the Amendment Date, Borrower issued to Secured Party that certain Senior Secured Convertible Promissory Note in the principal amount of Two and One Half Million Dollars (\$2,500,000) (the “**November 2013 Note**”); and

WHEREAS, Parties desire to amend the Original Agreement to include Borrower’s obligations to Secured Party under the November 2013 Note as obligations of Borrower secured by the Original Agreement, as further provided in this Amendment.

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and upon the terms and conditions set forth herein, the Parties hereby agree as follows:

1. **Amendment**. The Original Agreement is hereby amended in the following respects, and such provisions shall be deemed to be incorporated into and made a part of the Original Agreement *mutatis mutandis*.

a. The November 2013 Note shall be secured by the same Collateral (as defined in the Original Agreement) as the November 2012 Note and April 2013 Note, and such security interest shall be on the terms and conditions set forth in the Original Agreement. As of the Amendment Date, Borrower’s obligations under the November 2013 Note shall be deemed to be secured obligations pursuant to the Original Agreement.

b. Any reference in the Original Agreement to “Note” shall be deemed to include the November 2012 Note, the April 2013 Note, and the November 2013 Note.

2. **Miscellaneous.**

a. **Representation and Warranties.** Borrower represents and warrants to Secured Party that (i) the representations and warranties of Borrower contained in the Original Agreement, including without limitation, Borrower's representations and warranties contained in Section 5 of the Original Agreement, are true and correct in all respects as of the Amendment Date, (ii) no Event of Default (as defined in the November 2012 Note) has occurred under the November Note, and (iii) no Event of Default (as defined in the Original Agreement) has occurred under the Original Agreement.

b. **No Other Amendment.** Except as expressly amended in this Amendment, all provisions of the Original Agreement shall remain in full force and effect, and the parties thereto and hereto shall continue to have all their rights and remedies under the Original Agreement. In the event of a conflict between the terms and provisions of this Amendment and the terms and provisions of the Original Agreement, the provisions of this Amendment shall govern.

c. **Relation to Original Agreement.** This Amendment constitutes an integral part of the Original Agreement. Upon the effectiveness of this Amendment, each reference in the Original Agreement to "this Agreement," "hereunder," "hereof," or words of like import referring to the Original Agreement, shall mean and be a reference to the Original Agreement as amended hereby.

d. **Successors and Assigns.** This Amendment shall be binding on and shall inure to the benefit of the parties hereto and their respective successors and assigns except as otherwise provided herein.

e. **Counterparts.** This Amendment may be executed by the parties hereto on any number of separate counterparts, any of which may be executed and transmitted by facsimile, and each of which shall be deemed an original and all of which, taken together, shall be deemed to constitute one and the same instrument.

f. **Governing Law.** This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to its principles of conflicts of law.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be executed and delivered as of the date first above written.

BORROWER:

REMARK MEDIA, INC.,
a Delaware corporation

By: _____
Name:
Title:

SECURED PARTY:

DIGIPAC, LLC,
a Delaware limited liability company

By: _____
Name: Kai-Shing Tao
Title: Manager

**Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Kai-Shing Tao, certify that:

1. I have reviewed this Quarterly Report of Remark Media, Inc. on Form 10-Q for the quarter ended September 30, 2013;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 3, 2014

/s/ Kai-Shing Tao

Kai-Shing Tao
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 302, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 302, has been provided to Remark Media, Inc. and will be retained by Remark Media, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Douglas Osrow, certify that:

1. I have reviewed this Quarterly Report of Remark Media, Inc. on Form 10-Q for the quarter ended September 30, 2013;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 3, 2014

/s/ Douglas Osrow

Douglas Osrow
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

A signed original of this written statement required by Section 302, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 302, has been provided to Remark Media, Inc. and will be retained by Remark Media, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification pursuant to Title 18 of the United States Code Section 1350,
as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002**

In connection with this Quarterly Report on Form 10-Q of Remark Media, Inc. (the "Company") for the quarter ended September 30, 2013, as filed with the Securities and Exchange Commission on November 14, 2013, and as amended on the date hereof (the "Report"), I, Kai-Shing Tao, Chief Executive Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 3, 2014

By: */s/ Kai-Shing Tao*

Kai-Shing Tao
Chief Executive Officer
(Principal Executive Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent this Exhibit 32 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Remark Media, Inc. and will be retained by Remark Media, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification pursuant to Title 18 of the United States Code Section 1350,
as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002**

In connection with this Quarterly Report on Form 10-Q of Remark Media, Inc. (the "Company") for the quarter ended September 30, 2013, as filed with the Securities and Exchange Commission on November 14, 2013, and as amended on the date hereof (the "Report"), I, Douglas Osrow, Chief Financial Officer of the Company, certify, to the best of my knowledge, pursuant to Rule 13a-14(b) under the Securities Exchange Act of 1934 and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 3, 2014

By: */s/ Douglas Osrow*

Douglas Osrow
Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document. This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act except to the extent this Exhibit 32 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Remark Media, Inc. and will be retained by Remark Media, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.
