Staffing 360 Solutions, Inc.
Form PRER14A
April 07, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (As Permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

Staffing 360 Solutions, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

641 Lexington Avenue

27th Floor

New York, NY 10022

Dear Stockholder:

You are invited to attend the Special Meeting of Stockholders (the "Special Meeting") of Staffing 360 Solutions, Inc. (the "Company") on [ ], 2017, which will be held at the offices of Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York, NY 10022, at [ ] a.m., local time. Enclosed with this letter are your Notice of Special Meeting of Stockholders, Proxy Statement and Proxy Voting Card. The Proxy Statement included with this notice discusses the proposals to be considered at the Special Meeting. Please review the voting materials at www.proxyvote.com.

At this Special Meeting, you will be asked to consider and vote upon the following proposals to: (1) approve the change in our corporate domicile from the state of Nevada to the state of Delaware (the "Change of Domicile"); (2) authorize (i) the issuance of shares of the Company's common stock, par value $0.00001 per share (the "Common Stock") to Jackson Investment Group LLC ("Jackson Investment Group") pursuant to the exercise of a warrant issued to Jackson Investment Group (the "Warrant") under that certain Warrant Agreement, dated January 26, 2017 (the "Jackson Warrant Agreement"), between the Company and Jackson Investment Group that was entered into in connection with the purchase of a $7,400,000 Subordinated Secured Note (the "Note"), as amended, (ii) the issuance of shares of Common Stock issuable upon conversion of accrued interest on the Note, (iii) the issuance of shares of Common Stock issuable upon conversion of accrued interest on that certain $1,650,000 Subordinated Secured Note (the "April Note" and together with the Note, the "Notes") issued in connection with that certain Omnibus Amendment and Reaffirmation Agreement dated as of April 5, 2017, between the Company, Jackson Investment Group and certain subsidiaries of the Company (the "April Purchase Agreement") and (iv) the issuance of 200,000 shares of Common Stock (the "Extension Fee Shares") issuable in the event that the Company has not fully and irrevocably discharged all of its obligations arising under the April Note on or prior to June 8, 2019 (the "Trigger Date"), without, in each case, the need for any limitation or cap on issuances as required by NASDAQ Marketplace Rule 5635(b); (3) approve for purposes of complying with NASDAQ Marketplace Rule 5635(d), the issuance of up to 667,905 shares of our Common Stock pursuant to the April Purchase Agreement as a closing commitment fee (the "April Commitment Shares"); and (4) for purposes of complying with NASDAQ Marketplace Rule 5635(d), in connection with one or more capital raising transactions, authorize the Company to issue up to 600,000 shares of Common Stock (including preferred stock, options, warrants, convertible debt or other securities exercisable for or convertible into Common Stock) for aggregate consideration of not more than $2,000,000 in cash and at a price not less than the par value of the Company's Common Stock at the time of issuance. The Change of Domicile voting proposal was included in our recent Annual Meeting of Stockholders held on January 26, 2017, however it did not receive the necessary votes as it required a majority of the total number of shares outstanding rather than a majority of the votes cast, which is a higher threshold than our other proposals. The Jackson Warrant Agreement was duly approved by the Board of Directors and provides that Jackson Investment Group may not exercise the Warrant until July 26, 2017; however, NASDAQ Marketplace Rule 5635(b) requires stockholder approval prior to the issuance of securities that may result in a change of control. While the NASDAQ rules do not formally define "change of control," NASDAQ staff interpretations indicate that a change of control would generally be deemed to occur if an issuance causes an existing stockholder that does not already own more than 20% of the outstanding voting stock to own or have the right to acquire 20% or more of the outstanding shares of common stock or voting power, and such ownership or voting power would be the largest ownership position of the issuer. Assuming the exercise of the Warrant and conversion of accrued interest on the Note into shares of our Common Stock, Jackson Investment Group will own more than 20% of our outstanding Common Stock. The April Purchase Agreement was duly approved by the Board of Directors; however, NASDAQ Marketplace Rule 5635(d) requires stockholder approval in connection with a transaction other than a public offering involving the

sale or issuance by the issuer of common stock (or securities convertible into or exchangeable for common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for a price that is less than the greater of book or market value of the stock on the date the issuer enters into a binding agreement for the issuance of such securities. In connection with that certain Note and Warrant Purchase Agreement, dated as of January 26, 2017, by and among the Company, Jackson Investment Group and certain subsidiaries of the Company (the January Purchase Agreement), pursuant to which the Warrant and Note were purchased by Jackson Investment Group, the Company issued Jackson Investment Group 1,650,000 shares of Common Stock as a closing commitment fee (the January Commitment Shares). Assuming our issuance of the January Commitment Shares are deemed to be aggregated with our issuance of the April Commitment Shares, we will have committed to issue

more than 20% of our Common Stock outstanding at a discount (as defined by NASDAQ). We are now submitting these proposals to vote at a Special Meeting to obtain the requisite votes, so we can: (i) proceed with the change in domicile; (ii) authorize, in accordance with NASDAQ Marketplace Rule 5635(b), the potential issuance of shares of Common Stock issuable upon exercise of the Warrant, conversion of accrued interest on the Notes and in the event that Company does not discharge its obligations under the April Note on or prior to the Trigger Date; (iii) approve the issuance of Common Stock to the Jackson Investment Group pursuant to the April Purchase Agreement; and (iv) authorize, in accordance with NASDAQ Marketplace Rule 5635(d), the potential issuance of shares in one or more capital raising transactions, at a discount, of Common Stock or securities convertible into Common Stock in one or more capital raising transactions.

Our Board of Directors (the "Board") has fixed the close of business on [ ], 2017 as the record date for determining the stockholders entitled to notice of and to vote at the Special Meeting and any adjournment and postponements thereof (the "Record Date").

Accordingly, we urge you to review the accompanying material carefully and to promptly return the enclosed proxy card or voting instruction. On the following pages, we provide answers to frequently asked questions about the Special Meeting. The Notice and Proxy Statement are also available at www.proxyvote.com.

You are welcome to attend the Special Meeting in person. Your vote is important. **Whether or not you expect to attend the Special Meeting, you are requested to read the enclosed Proxy Statement and to sign, date and return the accompanying proxy card or voting instruction as soon as possible.** This will assure your representation and a quorum for the transaction of business at the meeting.

Thank you for your ongoing support.

Sincerely,

/s/ Brendan Flood
Brendan Flood
Executive Chairman

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

Meeting Date: [ ], 2017

To the Stockholders of Staffing 360 Solutions, Inc.:

Notice is hereby given that the Special Meeting of Stockholders will be held at the offices of Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York, NY 10022, on [ ], 2017 at [ ] a.m., local time. During the Special Meeting, stockholders will be asked to, as more fully described in the Proxy Statement:

(1) Approve the change in our corporate domicile from the state of Nevada to the state of Delaware.

(2) Authorize the issuance of shares of the Company s Common Stock issuable (i) upon exercise of the Warrant issued to Jackson Investment Group in connection with the purchase of a $7,400,000 Subordinated Secured Note on January 26, 2017, as amended, (ii) upon conversion of accrued interest on the Notes and (iii) upon failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, in each case, as required by NASDAQ Marketplace Rule 5635(b).

(3) Approve the issuance of the April Commitment Shares pursuant to the April Purchase Agreement, as required by NASDAQ Marketplace Rule 5635(d).

(4) In connection with one or more capital raising transactions, authorize the Company to issue up to 600,000 shares of Common Stock (including preferred stock, options, warrants, convertible debt or other securities exercisable for or convertible into Common Stock) for aggregate consideration of not more than $2,000,000 in cash and at a price not less than the par value of the Company s Common Stock at the time of issuance, as required by NASDAQ Marketplace Rule 5635(d).

The Board has fixed the close of business on [ ], 2017 as the record date (the Record Date) for determining the stockholders entitled to notice of, and to vote at, the Special Meeting or any adjournments thereof. If you are a stockholder as of the Record Date, you may vote at the meeting. The date of mailing this Notice of Meeting and Proxy Statement is on or about [ ], 2017.

For a period of 10 days prior to the Special Meeting, a stockholders list will be kept at our principal office and shall be available for inspection by stockholders during usual business hours. A stockholders list will also be available for inspection at the Special Meeting.

You are cordially invited to attend the meeting in person. Whether or not you expect to attend the Special Meeting, you are requested to read the enclosed Proxy Statement and to sign, date and return the accompanying proxy card or voting instruction card as soon as possible. This will assure your representation and a quorum for the transaction of business at the Special Meeting. If you attend the Special Meeting in person, the proxy will not be used if you so request by revoking it as described in the Proxy Statement.

You are entitled to attend the Special Meeting in person only if you were a stockholder of the Company as of the close of business on the Record Date or hold a valid proxy for the Special Meeting. You should be prepared to present photo identification for admittance to the Special Meeting. If you are not a stockholder of record but hold shares

through a broker, bank, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the Record Date (such as your most recent account statement prior to the Record Date), a copy of the voting instruction card provided by your broker, bank, trustee or nominee, or similar evidence of ownership.

By order of our Board,

/s/ Brendan Flood
Brendan Flood
Executive Chairman

IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON [ ], 2017.

Hard copies of the Company s Proxy Statement to security holders in connection with the Special Meeting are being mailed to stockholders of record as of the close of business on [ ], 2017. The Company s Proxy Statement to security holders is also available at www.proxyvote.com.

If you have any questions about accessing materials or voting, please call 1-800-690-6903.

PROXY STATEMENT

SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [ ], 2017

This Proxy Statement is furnished to you by the Board of Directors (the Board) of Staffing 360 Solutions, Inc. in connection with the solicitation of proxies for use at the special meeting of stockholders (the Special Meeting) to be held at the offices of Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York, NY 10022, on [ ], 2017 at [ ] a.m., local time, and any adjournments thereof. This Proxy Statement, along with a Notice of the Special Meeting and either a proxy card or a voting instruction card, are being mailed to our stockholders beginning on or about [ ], 2017.

Unless the context otherwise requires, in this proxy statement, we use the terms Staffing, we, our, us and the Com to refer to Staffing 360 Solutions, Inc. and its subsidiaries.

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

What am I voting on?

At this Special Meeting, you will be asked to:

(1) Approve the change in our corporate domicile from the state of Nevada to the state of Delaware; and

(2) Authorize the issuance of shares of the Company s Common Stock issuable (i) upon exercise of the Warrant issued to Jackson Investment Group in connection with the purchase of a $7,400,000 Subordinated Secured Note on January 26, 2017 (ii) upon conversion of accrued interest on the Notes and (iii) upon failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, in each case, as required by NASDAQ Marketplace Rule 5635(b).

(3) Approve the issuance of shares of the April Commitment Shares pursuant to the April Purchase Agreement, as required by NASDAQ Marketplace Rule 5635(d).

(4) In connection with one or more capital raising transactions, authorize the Company to issue up to 600,000 shares of Common Stock (including preferred stock, options, warrants, convertible debt or other securities exercisable for or convertible into Common Stock) for aggregate consideration of not more than $2,000,000 in cash and at a price not less than the par value of the Company s Common Stock at the time of issuance, as required by NASDAQ Marketplace Rule 5635(d).

Who is entitled to vote at the Special Meeting, and how many votes do they have?

Stockholders of record at the close of business on [ ], 2017 (the Record Date) may vote at the Special Meeting. Pursuant to the rights of our stockholders contained in our charter documents each share of our Common Stock is entitled to one vote on all matters listed in this proxy statement. There are approximately [ ] shares of Common Stock outstanding on the Record Date. Up to 10 days before the Special Meeting, you may inspect a list of stockholders eligible to vote at our corporate headquarters. In addition, the list of stockholders will be available for

viewing by stockholders at the Special Meeting.

How do I vote?

You may vote over the Internet, by telephone, by mail or in person at the Special Meeting. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

Vote by Internet. You can vote via the Internet at www.proxyvote.com. You will need to use the control number appearing on your proxy card to vote via the Internet. You can use the Internet to transmit your voting instructions up until 11:59 p.m. Eastern Time on [ ], 2017, which is the day before the meeting date. Internet voting is available 24 hours a day. If you vote via the Internet, you do not need to vote by telephone or return a proxy card.

Vote by Telephone. You can vote by telephone by calling the toll-free telephone number 1-800-690-6903. You will need to use the control number appearing on your proxy card to vote by telephone. You may transmit your voting instructions from any touch-tone telephone up until 11:59 p.m. Eastern Time on [ ], 2017, which is the day before the meeting date. Telephone voting is available 24 hours a day. If you vote by telephone, you do not need to vote over the Internet or return a proxy card.

Vote by Mail. If you received a printed proxy card, you can vote by marking, dating and signing it, and returning it in the postage-paid envelope provided to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717. Please promptly mail your proxy card or voting instruction card to ensure that it is received prior to the closing of the polls at the Special Meeting.

Vote in Person at the Meeting. If you attend the Special Meeting and plan to vote in person, we will provide you with a ballot at the Special Meeting. You are entitled to attend the Special Meeting in person only if you were a stockholder of the Company as of the close of business on the Record Date or hold a valid proxy for the Special Meeting. If your shares are registered directly in your name, you are considered the stockholder of record and you have the right to vote in person at the Special Meeting. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in street name. As a beneficial owner, if you wish to vote at the Special Meeting, you will need to bring to the Special Meeting a legal proxy from your broker or other nominee authorizing you to vote those shares.

You should be prepared to present photo identification for admittance to the Special Meeting. If you are not a stockholder of record but hold shares through a broker, bank, trustee or nominee (i.e., in street name), you should provide proof of beneficial ownership as of the Record Date (such as your most recent account statement prior to the Record Date), a copy of the voting instruction card provided by your broker, bank, trustee or nominee, or similar evidence of ownership.

If you vote by any of the methods discussed above, you will be designating Brendan Flood, Matthew Briand and David Faiman, as your proxy, and they will vote your shares on your behalf as you indicate.

Submitting a proxy will not affect your right to attend the Special Meeting and vote in person.

If your shares are held in the name of a bank, broker or other nominee, you will receive separate voting instructions from your bank, broker or other nominee describing how to vote your shares. The availability of Internet voting will depend on the voting process of your bank, broker or other nominee. Please check with your bank, broker or other nominee and follow the voting instructions it provides.

What is a proxy?

A proxy is a person you appoint to vote on your behalf. By using the methods discussed above, you will be appointing Brendan Flood, Matthew Briand and David Faiman as our proxy agent(s) as your proxy. The proxy agent will vote on your behalf, and will have the authority to appoint a substitute to act as proxy. If you are unable to attend the Special Meeting, please vote by proxy so that your shares of Common Stock may be voted.

How will my proxy vote my shares?

If you are a stockholder of record, your proxy will vote according to your instructions. If you choose to vote by mail and complete and return the enclosed proxy card but do not indicate your vote, your proxy will vote

FOR the approval of the change in our corporate domicile from the state of Nevada to the state of Delaware (see Proposal 1);

FOR the potential issuance of shares of the Company s Common Stock issuable (i) upon exercise of the Warrant, (ii) upon conversion of accrued interest on the Notes and (iii) upon failure of the Company to

discharge its obligations under the April Note on or prior to the Trigger Date, in each case, in accordance with NASDAQ Marketplace Rule 5635(b) (see Proposal 2);

FOR the approval of the issuance of the April Commitment Shares pursuant to the April Purchase Agreement, as required by NASDAQ Marketplace Rule 5635(d); and

FOR the proposal to authorize the Company to issue up to 600,000 shares of common stock or convertible securities in one or more capital raising transactions for aggregate consideration of not more than $2,000,000 in cash at a price not less than the par value of the Company s Common Stock at the time of issuance in accordance with NASDAQ Marketplace Rule 5635(d).

We do not intend to bring any other matter for a vote at the Special Meeting, and we do not know of anyone else who intends to do so. Your proxies are authorized to vote on your behalf, however, using their best judgment, on any other business that properly comes before the Special Meeting.

If your shares are held in the name of a bank, broker or other nominee, you will receive separate voting instructions from your bank, broker or other nominee describing how to vote your shares. The availability of Internet voting will depend on the voting process of your bank, broker or other nominee. Please check with your bank, broker or other nominee and follow the voting instructions your bank, broker or other nominee provides.

You should instruct your bank, broker or other nominee how to vote your shares. If you do not give voting instructions to the bank, broker or other nominee, the bank, broker or other nominee will determine if it has the discretionary authority to vote on the particular matter. Under applicable rules, brokers have the discretion to vote on routine matters but do not have discretion to vote on non-routine matters like the election of directors and executive compensation matters. Under the regulations applicable to Nasdaq member brokerage firms (many of whom are the record holders of shares of our Common Stock), matters related to redomestication and amendments to our organizational documents are not considered routine. As a result, if you are a beneficial owner and hold your shares in street name, but do not give your broker or other nominee instructions on how to vote your shares with respect to these matters, votes may not be cast on your behalf. If your bank, broker or other nominee indicates on its proxy card that it does not have discretionary authority to vote on a particular proposal, your shares will be considered to be broker non-votes with regard to that matter. Broker non-votes will be counted as present for purposes of determining whether enough votes are present to hold our Special Meeting, but a broker non-vote will not otherwise affect the outcome of a vote on a proposal that requires a majority of the votes cast. With respect to a proposal that requires a favorable vote of a majority of the outstanding shares, a broker non-vote has the same effect as a vote against the proposal.

How do I change my vote?

If you are a stockholder of record, you may revoke your proxy at any time before your shares are voted at the Special Meeting by:

Notifying our corporate Secretary, Chris Lutzo, in writing at 641 Lexington Avenue, 27th Floor, New York, New York 10022, that you are revoking your proxy before the closing of the polls;

Submitting a proxy at a later date via the Internet, or by signing and delivering a proxy card relating to the same shares and bearing a later date than the date of the previous proxy prior to the vote at the Special Meeting, in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

Attending and voting by ballot at the Special Meeting.

If your shares are held in the name of a bank, broker or other nominee, you should check with your bank, broker or other nominee and follow the voting instructions provided. Attendance at the Special Meeting alone will not revoke your proxy.

What constitutes a quorum?

The holders of a majority of the Company s eligible votes as of the record date, either present or represented by proxy, constitute a quorum. A quorum is necessary in order to conduct the Special Meeting. If you choose to have your shares represented by proxy at the Special Meeting, you will be considered part of the quorum. Both abstentions and broker non-votes are counted as present for the purpose of determining the presence of a quorum. Regardless of whether a quorum is present at the Special Meeting, the chairman of the Board or the person presiding as chairman of the Special Meeting may adjourn the Special Meeting to a later date, without notice other than announcement at the

Special Meeting. If an adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, we will provide notice of the adjourned meeting to each stockholder of record entitled to vote at the meeting.

What vote is required to approve each proposal?

The change in the Company s domicile from the state of Nevada to the state of Delaware. For Proposal 1 (the Reincorporation Proposal), the affirmative vote of holders of a majority of the shares of the Company s Common Stock outstanding as of the record date is required to approve the Agreement and Plan of Merger of the existing Company (a Nevada entity), into a newly created Delaware corporation named Staffing 360 Solutions, Inc., intended to be the surviving entity at the conclusion of the merger (Staffing (Delaware). The principal terms of the Agreement and Plan of Merger have been approved by the Board and sole stockholder of Staffing Delaware. Because the vote is based on the total number of shares outstanding rather than the votes cast at the Special Meeting, your failure to vote or marking ABSTAIN on your proxy or ballot with respect to the Agreement and Plan of Merger has the same effect as a vote against this proposal. We expect that the directors and executive officers will vote all their shares in favor of Proposal 1.

Authorize the issuance of shares of the Company s Common Stock issuable (i) upon exercise of the Warrant issued to Jackson Investment Group in connection with the purchase of a $7,400,000 Subordinated Secured Note on January 26, 2017, (ii) upon conversion of accrued interest on the Notes and (iii) upon failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, in each case as required by NASDAQ Marketplace Rule 5635(b) For Proposal 2 (the Jackson Warrant Proposal), provided that a quorum is present at the Annual Meeting, the affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against the proposal, in order for the proposal to be approved.

Abstentions and broker non-votes with respect to any matter will be counted as present and entitled to vote on that matter for purposes of establishing a quorum, but will not be counted for purposes of determining the number of votes cast. Accordingly, abstentions and broker non-votes will have no effect on the outcome of voting with respect to Proposal 2, but an abstention or failure to vote on Proposal 1 will have the same effect as a vote against the proposal.

Approve the issuance of the April Commitment Shares pursuant to the April Purchase Agreement as required by NASDAQ Marketplace Rule 5635(d). For Proposal 3 (the NASDAQ 20% Proposal), provided that a quorum is present at the Annual Meeting, the affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against the proposal, in order for the proposal to be approved.

Abstentions and broker non-votes with respect to any matter will be counted as present and entitled to vote on that matter for purposes of establishing a quorum, but will not be counted for purposes of determining the number of votes cast. Accordingly, abstentions and broker non-votes will have no effect on the outcome of voting with respect to Proposal 3, but an abstention or failure to vote on Proposal 1 will have the same effect as a vote against the proposal.

Authorize the Company to issue up to 600,000 shares of Common Stock (including preferred stock, options, warrants, convertible debt or other securities exercisable for or convertible into Common Stock), in one or more capital raising transactions, for aggregate consideration of not more than $2,000,000 in cash and at a price not less than the par value of the Company s Common Stock at the time of issuance, as required by NASDAQ Marketplace Rule 5635(d). For Proposal 4 (the Capital Raising Proposal), provided that a quorum is present at the Annual Meeting, the affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against the proposal, in order for the proposal to be approved.

Abstentions and broker non-votes with respect to any matter will be counted as present and entitled to vote on that matter for purposes of establishing a quorum, but will not be counted for purposes of determining the number of votes cast. Accordingly, abstentions and broker non-votes will have no effect on the outcome of voting with respect to Proposal 4, but an abstention or failure to vote on Proposal 1 will have the same effect as a vote against the proposal.

Who is soliciting proxies, how are they being solicited, and who pays the cost?

We, on behalf of our Board, through our directors, officers, and employees, are soliciting proxies primarily by mail. In addition, we have engaged Morrow Sodali, at an approximate cost of $7,500, to solicit proxies on behalf of our Board. Proxies may also be solicited in person, by telephone, or facsimile. We will pay the cost of soliciting proxies. We will also reimburse stockbrokers and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the owners of our Common Stock.

How many shares of Common Stock and Preferred Stock are outstanding?

As of [ ], 2017, [ ] shares of Common Stock are outstanding, [ ] shares of Series A Preferred Stock are outstanding and [ ] shares of Series D Preferred Stock are outstanding.

Why is the Company electing to reincorporate from the state of Nevada to the state of Delaware?

The Board believes that the Reincorporation in Delaware will give the Company a greater measure of flexibility in corporate governance than is currently available under Nevada law, and will help the Company attract and retain its directors and officers. The Company s Board also believes Delaware s corporate laws are generally more modern, flexible, highly developed and more predictable than Nevada s corporate laws. Delaware corporate laws are also periodically revised to be responsive to the changing legal and business needs of corporations. For this reason, many public corporations have initially incorporated in Delaware or have changed their corporate domiciles to Delaware in a manner similar to that proposed by the Company. The principal reasons for the Reincorporation are described in greater detail in Proposal 1 under the heading *Principal Reasons for the Reincorporation.*

Will the Company change its name as a result of the Reincorporation?

No. The Company will retain the name Staffing 360 Solutions, Inc. but will be incorporated under the laws of the state of Delaware.

Will the Reincorporation change the business of Staffing?

No. The Reincorporation will not change the current business of the Company. Following the Reincorporation, Staffing will continue to operate in the staffing sector. Only the Company s state of incorporation will change.

Will Staffing have the same directors and executive officers that the Company currently has following the Reincorporation?

Yes. The executive officers and members of the Board will not change as a result of the Reincorporation.

Who Are the Parties to the Reincorporation?

Staffing 360 Solutions, Inc., a Nevada Corporation

Staffing was incorporated in the State of Nevada on December 22, 2009, as Golden Fork Corporation (Golden Fork), which changed its name to Staffing 360 Solutions, Inc., trading symbol STAF , on March 16, 2012. On July 31, 2012, the Company commenced operations in the staffing sector.

Staffing 360 Solutions, Inc., a Delaware Corporation

Staffing (Delaware) presently has no operating history and has nominal assets, liabilities and capitalization. The principal place of business of each of Staffing and Staffing (Delaware) is located at 641 Lexington Avenue, 27th Floor, New York, NY 10022. The telephone number for each of Staffing and Staffing (Delaware) is 646-507-5710.

What are the Principal Terms of the Reincorporation?

Pursuant to the Reincorporation Agreement:

Staffing will merge with and into Staffing (Delaware), with Staffing (Delaware) as the surviving corporation;

The obligations of Staffing will become the obligations of Staffing (Delaware);

The separate corporate existence of Staffing in Nevada will cease upon the effectiveness of the merger;

The business of Staffing will continue unaffected and unimpaired by the Reincorporation;

Each outstanding share of Staffing Common Stock will automatically be converted into one share of Staffing (Delaware) Common Stock;

Each outstanding share of Staffing preferred stock will automatically become one share of Staffing (Delaware) preferred stock at the same conversion price;

Each Staffing warrant will become a right to purchase the same number of shares of Staffing (Delaware);

Staffing (Delaware) will assume Staffing s stock option plans as well as its other employee incentive plans;

The existing holders of Staffing Common Stock will own all of the outstanding shares of Staffing (Delaware) Common Stock and no change in ownership will result from the Reincorporation;

Staffing (Delaware) Common Stock will continue to be traded on the Nasdaq Capital Market under the symbol STAF, the current symbol of the Company;

The directors of Staffing will be placed into three separate classes in Staffing (Delaware); and

The directors and executive officers of Staffing will be the directors and executive officers of Staffing (Delaware).

When is the Reincorporation Expected to be completed?

Staffing expects that the Reincorporation will close promptly after the approval at the Special Meeting.

What if the principal terms of the merger agreement are not approved by Staffing s stockholders?

If the principal terms of the merger agreement are not approved by Staffing s stockholders, the merger and Reincorporation transaction will not occur, you will continue to hold shares of Staffing s Common Stock and Staffing will continue to be incorporated in the State of Nevada.

Does the Reincorporation affect my ownership or percent of ownership in the Company?

No. Upon consummation of the merger effecting the Reincorporation, each outstanding share of Staffing Common Stock will automatically be converted into one share of Common Stock of the surviving corporation in the merger, Staffing (Delaware), the shares of Staffing (Delaware) Common Stock held by Staffing will be cancelled, and no additional shares will be issued in the merger. Therefore, the number of shares and the percentage of ownership you hold in the Company will not be changed by virtue of the Reincorporation.

Why is the Company seeking stockholder approval of the issuance of shares of Common Stock issuable pursuant to the Warrant and the Notes?

Because our common stock is listed on the NASDAQ Global Market, we are subject to the NASDAQ Marketplace Rules. NASDAQ Marketplace Rule 5635(b) requires us to obtain stockholder approval prior to certain issuances with respect to common stock or securities convertible into common stock which will result in a change of control of the Company. NASDAQ guidance suggests that a change of control would occur, subject to certain limited exceptions, if after a transaction a person or an entity will hold 20% or more of the Company s then outstanding capital stock and such ownership would be the largest ownership position of the issuer.

Following a potential exercise of the Warrant and conversion of accrued interest on the Notes into shares of the Company s Common Stock, Jackson Investment Group would own approximately 37.6% of the Company s outstanding Common Stock, which would be the Company s largest ownership position. Accordingly, we are seeking stockholder approval to make such issuances of our Common Stock in accordance with Rule 5635 in the event that the issuance of Common Stock in connection with the exercise of the Warrant and conversion of accrued interest on the Notes would be deemed to be a change in control for purposes of NASDAQ Marketplace Rule 5635(b).

What are the effects if the Company s stockholders do not approve the Jackson Warrant Proposal?

If stockholders do not approve the proposal, we may not be able to issue the Common Stock to Jackson Investment Group upon exercise of the Warrant, conversion of accrued interest on the Notes or the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, or would have to potentially raise additional capital to redeem the Warrant in cash.

What will be the impact on the Company s stockholders if the Jackson Warrant Proposal is approved?

If our stockholders approve this proposal, the issuance of shares of Common Stock upon exercise of the Warrant, conversion of accrued interest on the Notes and the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date would not be subject to the issuance of beneficial ownership limitation cap set forth in NASDAQ Marketplace Rule 5635(b).

In addition, the issuance of shares of our Common Stock issuable upon exercise of the Warrant, conversion of accrued interest on the Notes and the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date would have a dilutive effect on current stockholders. This means that our current stockholders would own a smaller interest in the Company and therefore have less ability to influence significant corporate decisions requiring stockholder approval. Assuming Jackson Investment Group acquires additional shares of Common Stock

through exercise of the Warrant or conversion of the accrued interest on the Notes, Jackson Investment Group may have considerable influence in determining the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including, but not limited to, the election of directors and the approval of corporate transactions.

Why is the Company seeking stockholder approval of the issuance of the April Commitment Shares pursuant to the April Purchase Agreement?

Because our common stock is listed on the NASDAQ Global Market and we are subject to the NASDAQ Marketplace Rules. NASDAQ Marketplace Rule 5635(d) requires us to obtain stockholder approval in connection with a transaction other than a public offering involving the sale or issuance by the issuer of common stock (or securities convertible into or exchangeable for common

stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for a price that is less than the greater of book or market value of the stock on the date the issuer enters into a binding agreement for the issuance of such securities.

Following the issuance of the April Commitment Shares pursuant to the April Purchase Agreement, assuming our issuance of the January Commitment Shares to Jackson Investment Group pursuant to the January Purchase Agreement is deemed aggregated with our issuance of the April Commitment Shares to Jackson Investment Group pursuant to the April Purchase Agreement, we will have issued to Jackson Investment Group 23.8% of the total Common Stock outstanding as of January 26, 2017. Accordingly, we are seeking stockholder approval to make such issuances of our Common Stock in accordance with Rule 5635(d) in the event that the issuances of the January Commitment Shares and the April Commitment Shares are deemed aggregated and for a price that is less than the greater of book or market value of the stock on the date the issuer enters into a binding agreement for the issuance of such securities.

What are the effects if the Company s stockholders do not approve the NASDAQ 20% Proposal?

If stockholders do not approve the proposal, we may not be able to issue the Common Stock to Jackson Investment Group in excess of 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017. This would mean that we may not be able to access more than approximately $915,000 of the $1,650,000 in potential proceeds under the April Purchase Agreement.

What will be the impact on the Company s stockholders if the NASDAQ 20% Proposal is approved?

If our stockholders approve the proposal, the issuance of the April Commitment Shares pursuant to the April Purchase Agreement would not be subject to the issuance of beneficial ownership limitation cap set forth in NASDAQ Marketplace Rule 5635(d).

In addition, the issuance of shares of our Common Stock in excess of 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017 pursuant to the April Purchase Agreement would have a dilutive effect on current stockholders. This means that our current stockholders would own a smaller interest in the Company and therefore have less ability to influence significant corporate decisions requiring stockholder approval. Jackson Investment Group may have considerable influence in determining the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including, but not limited to, the election of directors and the approval of corporate transactions.

Why is the Company seeking stockholder approval of the issuance of up to 600,000 shares of Common Stock (including preferred stock, options, warrants, convertible debt or other securities exercisable for or convertible into Common Stock) for aggregate consideration of not more than $2,000,000 in cash and at a price not less than the par value of the Company s Common Stock at the time of issuance?

Because our common stock is listed on the NASDAQ Global Market and we are subject to the NASDAQ Marketplace Rules. NASDAQ Marketplace Rule 5635(d) requires us to obtain stockholder approval in connection with a transaction other than a public offering involving the sale or issuance by the issuer of common stock (or securities convertible into or exchangeable for common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for a price that is less than the greater of book or market value of the stock on the date the issuer enters into a binding agreement for the issuance of such securities.

Assuming the issuances of the January Commitment Shares and the April Commitment Shares are deemed to be aggregated and offered at a discount (as defined under NASDAQ rules), subject to stockholder approval of Proposal 3, we will have issued slightly more than 20% of our outstanding common stock on a pre-transaction basis, which is the

maximum number of shares that we may issue at a discount under NASDAQ rules without stockholder approval

Since we will have already issued shares equal to slightly more than 20% of our outstanding Common Stock following the issuance of the April Commitment Shares, we are seeking stockholder approval for the potential issuance and sale of shares of Common Stock in one or more capital raising transactions so that the Board will have flexibility to enter into and close such capital raising transactions on a timely and current basis.

What are the effects if the Company s stockholders do not approve the Capital Raising Proposal?

If stockholders do not approve the proposal, we may not be able to issue Common Stock or securities convertible into Common Stock in one or more capital raising transactions or we may not be able to enter into and close on such capital raising transactions on a timely and current basis.

What will be the impact on the Company s stockholders if the Capital Raising Proposal is approved?

If our stockholders approve this proposal, future issuances of shares of Common Stock or securities convertible into Common Stock at a discount would not be subject to the 20% cap set forth in NASDAQ Marketplace Rule 5635(d).

In addition, any transaction requiring stockholder approval under this proposal would likely have a dilutive effect on current stockholders. This means that our current stockholders would own a smaller interest in the Company and therefore have less ability to influence significant corporate decisions requiring stockholder approval. The issuance of these securities could cause a significant reduction in the percentage interests of current stockholders and their ownership of, and influence over, the Company could decrease.

How does the Board recommend that I vote?

Staffing s Board has unanimously approved the principal terms of the Agreement and Plan of Merger and Reincorporation, as well as the terms of the Jackson Warrant Agreement, and recommends that you vote your shares **FOR** approval of the Reincorporation Proposal, **FOR** approval of the Jackson Warrant Proposal, **FOR** approval of the NASDAQ 20% Proposal and **FOR** approval of the Capital Raising Proposal.

What are the recommendations of our Board?

The recommendations of our Board are set forth together with the description of each proposal in this Proxy Statement. In summary, the Board recommends a vote:

FOR the change in our corporate domicile from the state of Nevada to the state of Delaware (see Proposal 1);

FOR the potential issuance of shares of the Company s Common Stock issuable (i) upon exercise of the Warrant, (ii) upon conversion of accrued interest on the Notes and (iii) upon the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, in each case, in accordance with NASDAQ Marketplace Rule 5635(b) (see Proposal 2);

FOR the issuance of the April Commitment Shares pursuant to the April Purchase Agreement in accordance with NASDAQ Marketplace Rule 5635(d) (see Proposal 3); and

FOR the potential issuance of up to 600,000 shares of Common Stock (including preferred stock, options, warrants, convertible debt or other securities exercisable for or convertible into Common Stock), in one or more capital raising transactions, for aggregate consideration of not more than $2,000,000 in cash and at a price not less than the par value of the Company s Common Stock at the time of issuance (see Proposal 4).

With respect to any other matter that properly comes before the meeting, the proxy holders will vote as recommended by the Board or, if no recommendation is given, in their own discretion.

If you sign and return your proxy card but do not specify how you want to vote your shares, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements and assumptions in this Proxy Statement contain or are based upon forward-looking information and are being made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties. When we use the words may, should, expect, believe, intend, or similar expressions, we intend to identify forward-looking statements. Such statements are subject to numerous assumptions and uncertainties, many of which are outside of our control. These forward-looking statements are subject to known and unknown risks and uncertainties, which could cause actual results to differ materially from those anticipated, including, without limitation:

general volatility of the capital markets and the market price of our Common Stock;

changes in our industry and the market in which we operate, applicable law, interest rates or the general economy;

the parties ability to consummate the reincorporation;

the conditions to the completion of the reincorporation, including the receipt of approval of our stockholders;

the parties ability to meet expectations regarding the timing, completion and tax treatment of the reincorporation;

the possibility that the parties may not realize any or all of the anticipated benefits from the reincorporation;

disruptions from the reincorporation may harm relationships with customers, employees and regulators;

unexpected costs may be incurred; and

changes in our stock price prior to the closing of the reincorporation and following the reincorporation.

These and other risk factors are more fully discussed in the section titled Risk Factors in our Annual Report on Form 10-K, and from time to time, in the Company s other filings with the Securities and Exchange Commission (the SEC). The forward-looking statements included in this Proxy Statement are only made as of the date of this Proxy Statement. Investors should not place undue reliance on these forward-looking statements. We are not obligated to publicly update or revise any forward-looking statements, whether as a result of new information, future events or circumstances, changes in expectations or otherwise.

PROPOSAL 1 APPROVAL OF THE CHANGE IN CORPORATE DOMICILE

FROM THE STATE OF NEVADA TO THE STATE OF DELAWARE

Overview

On October 25, 2016, our Board approved the reincorporation of the Company from the state of Nevada to the state of Delaware by means of a merger of the Company with and into a wholly-owned subsidiary of the Company, Staffing 360 Solutions, Inc., a Delaware corporation (Staffing (Delaware)), recently established to effect the reincorporation. Staffing (Delaware) will survive the merger and issue one share of its Common Stock for each outstanding share of the Company s Common Stock in connection with the merger (the Reincorporation). The name of the Delaware corporation, which will be the successor to the Company, will be Staffing 360 Solutions, Inc.

The Board believes that the Reincorporation in Delaware will give Staffing a greater measure of flexibility in corporate governance than the Board believes is currently available under Nevada law, and will help Staffing attract and retain its directors and officers. Our Board also believes Delaware s corporate laws are generally more modern, flexible, highly developed and more predictable than Nevada s corporate laws. Our Board believes that many investors are familiar with Delaware law. For this reason, many public corporations have initially incorporated in Delaware or have changed their corporate domiciles to Delaware in a manner similar to that proposed by Staffing.

Stockholders are urged to read the Proxy Statement carefully, including the related Appendices referenced below and attached to this Proxy Statement, before voting on the Reincorporation. The following discussion summarizes material provisions of the Reincorporation. This summary is subject to and qualified in its entirety by the Agreement and Plan of Merger (the Reincorporation Agreement) that will be entered into by the Company and Staffing (Delaware) in substantially the form attached hereto as Appendix A and the Certificate of Incorporation of Staffing (Delaware) to be effective after the Reincorporation, in substantially the form attached hereto as Appendix B (the Delaware Certificate) and the bylaws of Staffing (Delaware) to be effective after the Reincorporation (the Delaware Bylaws), in substantially the form attached hereto as Appendix C. Copies of the articles of incorporation of the Company filed in Nevada, as amended to date (the Nevada Articles), and the bylaws of the Company, as amended to date (the Nevada Bylaws), were filed publicly as exhibits to our periodic reports and are also available for inspection at the principal office of the Company. Copies will be sent to stockholders free of charge upon written request to Corporate Secretary, Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York, NY 10022.

Mechanics of the Reincorporation

The Reincorporation will be effected by the merger of the Company with and into Staffing (Delaware), a wholly-owned subsidiary of the Company that has been incorporated under the Delaware General Corporation Law (the DGCL) for purposes of the Reincorporation. The Company will cease to exist as a result of the merger and Staffing (Delaware) will be the surviving corporation and will continue to operate the business of the Company as it existed prior to the Reincorporation. Assuming approval by the stockholders of the Company, the Company currently intends to cause the Reincorporation to become effective promptly following the Special Meeting.

At the effective time of the Reincorporation (the Effective Time), the Company will be governed by the Delaware Certificate, the Delaware Bylaws and the DGCL. Although the Delaware Certificate and the Delaware Bylaws of the surviving company are patterned after the Nevada Articles and the Nevada Bylaws of the current Staffing company, they nevertheless include provisions that are somewhat different from the provisions contained in the current Nevada Articles, Nevada Bylaws or under the Nevada General Corporation Law. See *Significant Differences Between the Corporation Laws of Nevada and Delaware* below.

In the event the Reincorporation is approved, upon the Effective Time, each outstanding share of Staffing Common Stock and each share of any series of preferred stock will automatically be converted into one share of Common Stock or preferred stock, respectively, of Staffing (Delaware). In addition, each outstanding option to purchase shares of Staffing Common Stock will be converted into an option to purchase the same number of shares of Staffing (Delaware) Common Stock with no other changes in the terms and conditions of such options. In addition, each outstanding warrant to purchase shares of Staffing Common Stock will become a right to purchase the same number of shares of Staffing (Delaware) Common Stock at the same exercise price. The Company s other employee benefit arrangements including, but not limited to, equity incentive plans with respect to issued awards will be continued by Staffing (Delaware) upon the terms and subject to the conditions specified in such plans. Each outstanding share of Staffing (Delaware) Common Stock prior to the Effective Time will be cancelled upon the Effective Time and will thereafter be authorized and unissued Common Stock of Staffing (Delaware).

CERTIFICATES CURRENTLY ISSUED FOR SHARES IN THE COMPANY WILL AUTOMATICALLY REPRESENT SHARES IN STAFFING (DELAWARE) UPON COMPLETION OF THE MERGER, AND STOCKHOLDERS WILL NOT BE REQUIRED TO EXCHANGE STOCK CERTIFICATES AS A RESULT OF THE REINCORPORATION.

Other than the change in corporate domicile, the Reincorporation will not result in any change in the business, physical location, management, assets, liabilities or net worth of the Company, nor will it result in any change in location of Staffing s current employees, including management. Upon consummation of the Reincorporation, the daily business operations of the Company will continue as they are presently conducted at the Company s principal executive office located at 641 Lexington Avenue, 27th Floor, New York, NY 10022. The consolidated financial condition and results of operations of Staffing (Delaware) immediately after consummation of the Reincorporation will be the same as those of the Company immediately prior to the consummation of the Reincorporation. In addition, upon the effectiveness of the merger, the Board of Staffing (Delaware) will consist of those persons elected to the current Board of the Company and the individuals serving as executive officers of the Company immediately prior to the Reincorporation will continue to serve as executive officers of Staffing (Delaware), without a change in title or responsibilities. Upon effectiveness of the Reincorporation, Staffing (Delaware) will be the successor in interest to the Company and the stockholders will become stockholders of Staffing (Delaware).

The Board of Staffing may abandon the Reincorporation at any time prior to the Effective Time if the Board determines that the Reincorporation is inadvisable for any reason. For example, the DGCL or the Nevada Revised Statutes (the NRS) may be changed to reduce the benefits that the Company hopes to achieve through the Reincorporation, or the costs of operating as a Delaware corporation may be increased, although the Company does not know of any such changes as of the date of this proxy statement. The Reincorporation Agreement may be amended at any time prior to the Effective Time, either before or after the stockholders have voted to adopt the proposal, subject to applicable law. The Company will re-solicit stockholder approval of the Reincorporation if the terms of the Reincorporation Agreement are changed in any material respect.

Principal Reasons for the Reincorporation

The Board believes that any direct benefit that the DGCL provides to a corporation indirectly benefits the stockholders, who are the owners of the Company. The Board believes that there are several reasons why a reincorporation to Delaware is in the best interests of the Company and its stockholders. As explained in more detail below, these reasons can be summarized as follows:

- greater flexibility and responsiveness of the DGCL to corporate needs through a more highly developed body of corporate law;
- access to specialized courts;
- enhanced ability of Delaware corporations to attract and retain qualified directors and executive officers; and
- greater access to capital.

Highly Developed Corporate Law. Our Board believes Delaware has one of the most modern statutory corporation laws, which is revised regularly to meet changing legal and business needs of corporations. The Delaware legislature is responsive to developments in modern corporate law and Delaware has proven sensitive to changing needs of

corporations and their stockholders. The Delaware Secretary of State is particularly flexible and responsive in its administration of the filings required for mergers, acquisitions and other corporate transactions. Delaware has become a preferred domicile for most major American corporations and the DGCL and administrative practices have become comparatively well-known and widely understood.

Access to Specialized Courts. Delaware has a specialized Court of Chancery that hears corporate law cases. As the leading state of incorporation for both private and public companies, Delaware has developed a vast body of corporate law over a variety of corporate matters. In addition, Chancery Court actions and appeals from Chancery Court rulings proceed expeditiously. In contrast, while Nevada has specialized business court judges, it does not have a similar dedicated court established to hear only corporate law cases. Rather, disputes involving questions of Nevada corporate law are either heard by the Nevada district court, the general trial court in Nevada that hears all manner of cases, or, if federal jurisdiction exists, a federal district court.

Recruiting and Retention Benefits. We are in a highly competitive industry and compete for talented individuals to serve on our management team and on our Board. The Board believes that the widely understood and stable corporate environment afforded by Delaware will better enable the Company to recruit talented and experienced directors and officers. In seeking to attract outside directors from across the country, the Board believes that being governed by a more voluminous body of statutory and case law offered by Delaware could serve as an advantage in this area. The Company believes that the widely understood corporate environment afforded by Delaware will enable it to compete more effectively with other public companies, most of which are incorporated in Delaware, in the recruitment, from time to time, of talented and experienced directors and officers.

Additionally, the parameters of director and officer liability are extensively addressed in Delaware court decisions and many believe are therefore widely understood. Staffing s Board believes that reincorporation in Delaware will enhance the Company s ability to recruit and retain directors and officers in the future, while providing appropriate protection for stockholders from possible abuses by directors and officers. In this regard, it should be noted that directors personal liability is not, and cannot be, eliminated under the DGCL for intentional misconduct, bad faith conduct or any transaction from which the director derives an improper personal benefit.

Greater Access to Capital. Underwriters and other members of the financial services industry may be more willing and better able to assist in capital-raising programs for Staffing following the Reincorporation because Delaware law is widely understood among potential investors.

Possible Negative Considerations

Notwithstanding the belief of the Board as to the benefits to the stockholders of the Reincorporation, it should be noted that Delaware law has been criticized by some commentators and institutional stockholders on the grounds that it does not afford minority stockholders the same substantive rights and protections as are available in a number of other states. The Reincorporation of Staffing in Delaware may make it more difficult for minority stockholders to elect directors and influence Staffing s policies. It should also be noted that the interests of the Board, management and affiliated stockholders in voting on the Reincorporation proposal may not be the same as those of unaffiliated stockholders. Delaware franchise tax may be higher than that in Nevada. Delaware law has also been criticized as too rapidly changing in some instances. For a comparison of stockholders rights and the power of management under Delaware and Nevada law, see *The Charters and Bylaws of the Company and Staffing (Delaware) Compared and Contrasted* below and *Significant Differences Between the Corporation Laws of Nevada and Delaware* below.

The Board has considered the potential disadvantages of the Reincorporation and has concluded that the potential benefits outweigh the possible disadvantages.

The Charters and Bylaws of the Company and Staffing (Delaware) Compared and Contrasted

With certain exceptions, the provisions of the Delaware Certificate and Delaware Bylaws are the same as, or as consistent as possible with, those of the Nevada Articles and Nevada Bylaws. However, the Reincorporation includes the implementation of certain provisions in the Delaware Certificate and Delaware Bylaws which are required by the DGCL and which may alter the rights of stockholders and the powers of management and reduce stockholder participation in certain important corporate decisions.

Certain of the provisions in the Delaware Certificate and the Delaware Bylaws, similar to those contained the Nevada Articles and Nevada Bylaws, may, however, facilitate future efforts to deter, delay or prevent changes in control of Staffing (Delaware). Such provisions include the following:

Exclusive Forum. The Delaware Certificate has an exclusive forum provision whereby certain matters related to the Board and internal affairs of Staffing (Delaware) will be litigated exclusively in the Delaware Court of Chancery. Any stockholder who owns shares in the Company or acquires shares will be bound by this exclusive forum provision. The Nevada Articles do not provide for an exclusive forum provision.

Classified Board. The Delaware Certificate will divide the Board into three classes of directors. Class I directors will be elected at the annual meeting of stockholders occurring in 2019 and the term of the directors will be two years thereafter. Class II directors will be elected at the annual meeting of stockholders occurring in 2018 and the term of the Class II directors will be two years thereafter. Non-Classified directors will be elected annually. With certain exceptions, any vacancy in the Board will be filled by a majority of the directors then in office or any sole remaining director, with the director elected to fill such vacancy to serve for a term expiring at the annual meeting at which the

term to which such director has been elected expires or until such director s successor shall have been duly elected and qualified. The Nevada Articles provide for a Board without differing classes, and for directors to be elected annually.

Delaware Certificate. The Delaware Certificate (similar to the Nevada Articles) authorizes 40,000,000 shares of Common Stock and 20,000,000 shares of preferred stock and gives the Board the authority, within the limitations in the Delaware Certificate, to determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any unissued series of preferred stock. Shares of preferred stock could be issued in connection with a stockholder rights plan, or poison pill or rights plan, which would allow stockholders (other than hostile parties) to purchase Staffing (Delaware) Common Stock at a discount to the then current market price, which would have a dilutive effect on the hostile parties. Currently, the Company has outstanding shares of Series A Preferred Stock and Series D Preferred Stock.

Section 203. Staffing (Delaware) has not opted out of Section 203 of the DGCL and will be subject to it. As discussed in more detail below, Section 203 prohibits, subject to certain exceptions, a Delaware corporation from engaging in a business combination with an interested stockholder (*i.e.*, a stockholder acquiring 15% or more of the outstanding voting stock) for three years following the date that such stockholder becomes an interested stockholder. Stockholders holding 15% or more of Staffing (Nevada) stock on the effective date of the Reincorporation (if approved), including our Chairman of the Board, will not be subject to the restrictions contained in Section 203. Section 203 makes certain types of unfriendly or hostile corporate takeovers, or other non-board approved transactions involving a corporation and one or more of its significant stockholders, more difficult.

Bylaw Amendments. The Delaware Bylaws, similar to the Nevada Bylaws, permit both the stockholders of Staffing (Delaware) and a majority of the directors to amend the Delaware Bylaws. This power to amend the Delaware Bylaws may be used to deter, delay or prevent a change in control of Staffing (Delaware). In particular, as described below, the Delaware Bylaws impose time frames by which director nominations and stockholder proposals may be made by stockholders of Staffing (Delaware).

Approval by stockholders of the Reincorporation proposal will constitute an approval of the inclusion in the Delaware Certificate and Delaware Bylaws of each of the provisions described herein. In addition, certain other changes altering the rights of stockholders and powers of management could be implemented in the future by amendment of the Delaware Certificate following stockholder approval and certain such changes could be implemented by amendment of the Delaware Bylaws without stockholder approval. For a discussion of such changes, see *Significant Differences Between the Corporation Laws of Nevada and Delaware*. This discussion of the Delaware Certificate and Delaware Bylaws is qualified by reference to Appendices B and C attached hereto, respectively.

Stockholder Proposal Notice Provisions

There is no specific statutory requirement under Nevada or Delaware law with regard to advance notice of director nominations and stockholder proposals. Absent a bylaw restriction, director nominations and stockholder proposals are subject to federal securities laws, which generally provide that stockholder proposals that the proponent wishes to include in the Company s proxy materials must be received not less than 120 days in advance of the anniversary of the date on which the proxy statement was released in connection with the previous year s annual meeting.

The Nevada Bylaws provide that the exclusive means by which a stockholder may nominate a director shall be by delivery of a notice to the Secretary, not less than sixty (60) days prior to the date of an election meeting, setting forth: (a) the name, age, business address and the primary legal residence address of each nominee proposed in such notice, (b) the principal occupation or employment of such nominee, (c) the number of shares of capital stock of the Company which are owned directly or indirectly of record and directly or indirectly beneficially owned by the nominee and each of its affiliates (within the meaning of Rule 144), including any shares of the Company owned or controlled via derivatives, hedged positions and other economic and voting mechanisms, (d) any material agreements, understandings or relationships, including financial transactions and compensation, between the nominating stockholder and the proposed nominees and (d) such other information concerning each such nominee as would be required, under the rules of the SEC, in a proxy statement soliciting proxies in a contested election of such nominees. Such notice shall include a signed consent of each such nominee to serve as a director of the Company, if elected. In addition, any stockholder nominee, to be validly nominated, shall submit to the Secretary the questionnaire required pursuant to Section 2.6.3 of the Nevada Bylaws. A stockholder intending to nominate one or more candidates for election as directors must comply with the advance notice bylaw provisions specifically applicable to the nomination of candidates for election as directors for such nomination to be properly brought before the meeting.

The Delaware Bylaws provide that notice must be received by the Secretary at Staffing s principal executive offices not later than the close of business on the ninetieth (90th) day nor earlier than the close of business on the one hundred twentieth (120th) day prior to the first anniversary of the preceding year s annual meeting; provided, however, that, in

the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than seventy (70) days after the anniversary of the preceding year s annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such annual meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made.

Significant Differences between Delaware and Nevada Law

The rights of the Company s stockholders and the Company s articles of incorporation and bylaws are currently governed by Nevada law. The merger agreement provides that, at the effective time of the merger, the separate corporate existence of the Company will cease and the former stockholders of the Company will become stockholders of Staffing (Delaware). Accordingly, after the effective time of the merger, your rights as a stockholder will be governed by Delaware law and the articles of incorporation and bylaws of Staffing (Delaware). The statutory corporate laws of the State of Nevada, as governed by the Nevada Revised Statutes, are similar in many respects to those of Delaware, as governed by the Delaware General Corporation Law. However, there are certain differences that may affect your rights as a stockholder, as well as the corporate governance of the corporation, if the Reincorporation is consummated. The following are summaries of material differences between the current rights of stockholders of the Company and the rights of stockholders of Staffing (Delaware) following the merger.

The following discussion is a summary. It does not give you a complete description of the differences that may affect you. You should also refer to the DGCL, as well as the forms of the articles of incorporation and the bylaws of Staffing (Delaware), which are attached as Appendices B and C, respectively, to this Proxy Statement, and which will come into effect concurrently with the effectiveness of the Reincorporation as provided in the Reincorporation Agreement. In this section, we use the term charter to describe either the certificate of incorporation under Delaware law or the articles of incorporation under Nevada law.

General

As discussed above under Potential Disadvantages of the Reincorporation, Delaware for many years has followed a policy of encouraging incorporation in that state and, in furtherance of that policy, has adopted comprehensive, modern and flexible corporate laws that Delaware periodically updates and revises to meet changing business needs. Because of Delaware s prominence as a state of incorporation for many large corporations, the Delaware courts have developed considerable expertise in dealing with corporate issues and a substantial body of case law has developed construing Delaware law and establishing public policies with respect to Delaware corporations.

Removal of Directors

Under Delaware law, directors of a corporation without a classified board may be removed with or without cause by the holders of a majority of shares then entitled to vote in an election of directors. For classified boards, the directors may only be removed for cause. Under Nevada law, any one or all of the directors of a corporation may be removed by the holders of not less than two-thirds of the voting power of a corporation s issued and outstanding stock. Nevada does not distinguish between removal of directors with or without cause.

Limitation on Personal Liability of Directors

A Delaware corporation is permitted to adopt provisions in its certificate of incorporation limiting or eliminating the liability of a director to a company and its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such liability does not arise from certain proscribed conduct, including breach of the duty of loyalty, acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law or liability to the corporation based on unlawful dividends or distributions or improper personal benefit.

Nevada law includes statutory exculpation of directors and officers that does not require the adoption of particular provisions in the articles of incorporation. In particular, NRS 78.138(7) provides that except under certain limited circumstances provided by other provisions of the NRS, or unless the articles of incorporation provide for greater liability, a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that:

(1) the director s or officer s act or failure to act constituted a breach of his or her fiduciary duties as a director or officer; and (2) the breach of those duties involved intentional misconduct, fraud or a knowing violation of law. These statutory limitations on liability exceed what is permissible under the DGCL, but a Nevada corporation can provide in its articles of incorporation for greater potential liability for directors and officers.

Indemnification of Officers and Directors and Advancement of Expenses

Although Delaware and Nevada law have substantially similar provisions regarding indemnification by a corporation of its officers, directors, employees and agents, Delaware and Nevada law differ in their provisions for advancement of expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding. Delaware law provides that expenses incurred by an

officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined that he is not entitled to be indemnified by the corporation. A Delaware corporation has the discretion to decide whether or not to advance expenses, unless its certificate of incorporation or bylaws provide for mandatory advancement. Under Nevada law, the articles of incorporation, bylaws or an agreement made by the corporation may provide that the corporation must pay advancements of expenses in advance of the final disposition of the action, suit or proceedings upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined that he is not entitled to be indemnified by the corporation.

Action by Written Consent of Directors

Both Delaware and Nevada law provide that, unless the articles or certificate of incorporation or the bylaws provide otherwise, any action required or permitted to be taken at a meeting of the directors or a committee thereof may be taken without a meeting if ALL members of the Board or committee, as the case may be, consent to the action in writing.

Actions by Written Consent of Stockholders

Both Delaware and Nevada law provide that, unless the certificate of incorporation (or in the case of a Nevada corporation, the articles of incorporation or the bylaws) provides otherwise, any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting if the holders of outstanding stock having at least the minimum number of votes that would be necessary to authorize or take the action at a meeting at which all shares entitled to vote consent to the action in writing. Delaware law requires a corporation to give prompt notice of the taking of corporate action without a meeting by less than unanimous written consent to those stockholders who did not consent in writing. Nevada law does not require notice to the stockholders of action taken by written consent of the stockholders.

Dividends

Delaware law is more restrictive than Nevada law with respect to when dividends may be paid. Under Delaware law, unless further restricted in the certificate of incorporation, a corporation may declare and pay dividends out of surplus, or if no surplus exists out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year (provided that the amount of capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets). In addition, Delaware law provides that a corporation may redeem or repurchase its shares only if the capital of the corporation is not impaired and such redemption or repurchase would not impair the capital of the corporation.

Nevada law provides that no distribution (including dividends on, or redemption or repurchases of, shares of capital stock) may be made if, after giving effect to such distribution, the corporation would not be able to pay its debts as they become due in the usual course of business, or, except as specifically permitted by the articles of incorporation, the corporation s total assets would be less than the sum of its total liabilities plus the amount that would be needed at the time of a dissolution to satisfy the preferential rights of preferred stockholders.

Restrictions on Business Combinations with Interested Stockholders

Both Delaware and Nevada law contain provisions restricting the ability of a corporation to engage in business combinations with an interested stockholder. Under Delaware law, a corporation that is listed on a national securities exchange or held of record by more than 2,000 stockholders, is not permitted to engage in a business combination with any interested stockholder for a three-year period following the time the stockholder became an interested

stockholder, unless: (i) the transaction resulting in a person becoming an interested stockholder, or the business combination, is approved by the Board of the corporation before the person becomes an interested stockholder; (ii) the interested stockholder acquires 85% or more of the outstanding voting stock of the corporation in the same transaction that makes it an interested stockholder (excluding shares owned by persons who are both officers and directors of the corporation, and shares held by certain employee stock ownership plans); or (iii) on or after the date the person becomes an interested stockholder, the business combination is approved by the corporation s Board and by the holders of at least two-thirds of the corporation s outstanding voting stock at an annual or special meeting, excluding shares owned by the interested stockholder. Delaware law defines interested stockholder generally as a person who owns 15% or more of the outstanding shares of a corporation s voting stock.

Similarly, Nevada s combinations with interested stockholders statutes (NRS Sections 78.411 through 78.444, inclusive) prohibit specified types of business combinations between certain Nevada corporations and any person deemed to be an interested stockholder but for only for two years after such person first becomes an interested stockholder unless the corporation s board of directors approves the combination (or the transaction by which such person becomes an interested stockholder) in advance, or unless the combination is approved by the board of directors and sixty percent of the corporation s voting power not beneficially owned by the interested stockholder, its affiliates and associates. Furthermore, in the absence of prior approval certain restrictions may apply even after such two-year period. An amendment to the NRS, effective October 1, 2015, however, provides that these statutes do not apply to any combination of a corporation and an interested stockholder after the expiration of four years after the person first became an interested stockholder. NRS Section 78.439 has also been amended, effective October 1, 2015, to eliminate the prohibition on stockholder approval by written consent with respect to combinations undertaken after the two-year period prescribed under the statutes. For purposes of these statutes, an interested stockholder is any person who is (1) the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the outstanding voting shares of the corporation, or (2) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of ten percent or more of the voting power of the then-outstanding shares of the corporation. The definition of the term combination is sufficiently broad to cover most significant transactions between a corporation and an interested stockholder. As in Delaware, a Nevada corporation may opt-out of the statute with appropriate provisions in its articles of incorporation

Special Meetings of the Stockholders

Delaware law permits special meetings of stockholders to be called by the Board or by any other person authorized in the certificate of incorporation or bylaws to call a special stockholder meeting. Nevada law permits special meetings of stockholders to be called by the entire Board, any two directors, or the President, unless the articles of incorporation or bylaws provide otherwise.

Special Meetings Pursuant to Petition of Stockholders

Delaware law provides that a director or a stockholder of a corporation may apply to the Court of Chancery of the State of Delaware if the corporation fails to hold an annual meeting for the election of directors or there is no written consent to elect directors instead of an annual meeting for a period of 30 days after the date designated for the annual meeting or, if there is no date designated, within 13 months after the last annual meeting. Under Nevada law, stockholders having not less than 15% of the voting interest may petition the district court to order a meeting for the election of directors if a corporation fails to call a meeting for that purpose within 18 months after the last meeting at which directors were elected.

Adjournment of Stockholder Meetings

Under Delaware law, if a meeting of stockholders is adjourned due to lack of a quorum and the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting must be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. Under Nevada law, a corporation is not required to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the Board fixes a new record date for the adjourned meeting or the meeting date is adjourned to a date more than 60 days later than the date set for the original meeting, in which case a new record date must be fixed and notice given.

Duration of Proxy

Under Delaware law, a proxy executed by a stockholder will remain valid for a period of three years, unless the proxy provides for a longer period. Under Nevada law, a proxy is effective only for a period of six months, unless it is coupled with an interest or unless otherwise provided in the proxy, which duration may not exceed seven years. Both Delaware and Nevada law also provide for irrevocable proxies, without limitation on duration, in limited circumstances.

Stockholder Vote for Mergers and Other Corporate Reorganization

Delaware law requires authorization by an absolute majority of outstanding shares entitled to vote, as well as approval by the Board, with respect to the terms of a merger or a sale of substantially all of the assets of the corporation. Unless otherwise provided in the articles of incorporation, a Nevada corporation may, by action taken at any meeting of its board of directors, sell, lease or exchange all of its property and assets, including its goodwill and its corporate franchises, upon the terms and conditions as its board of directors may approve, when and as authorized by the affirmative vote of a majority of the voting power of the stockholders. Delaware law does not require a stockholder vote of the surviving corporation in a merger (unless the corporation provides otherwise in its certificate of

incorporation) if: (a) the plan of merger does not amend the existing certificate of incorporation; (b) each share of stock of the surviving corporation outstanding immediately before the effective date of the merger is an identical outstanding share after the merger; and (c) either no shares of Common Stock of the surviving corporation and no shares, securities or obligations convertible into such stock are to be issued or delivered under the plan of merger, or the authorized unissued shares or shares of Common Stock of the surviving corporation to be issued or delivered under the plan of merger plus those initially issuable upon conversion of any other shares, securities or obligations to be issued or delivered under such plan do not exceed 20% of the shares of Common Stock of such constituent corporation outstanding immediately prior to the effective date of the merger. Nevada law does not require a stockholder vote of the surviving corporation in a merger under substantially similar circumstances.

Increasing or Decreasing Authorized Shares

Subject to certain limitations and in certain circumstances dissenter s rights, Nevada law allows the Board of a corporation, by resolution and without a stockholder vote, to effectuate a reverse or forward split of a class or series of the corporation s capital stock if the number of authorized shares of such class or series is simultaneously and correspondingly increased or decreased. Delaware law contains no such similar provision.

Absence of Dissenter s or Appraisal Rights for Holders of Company Common Stock

The reincorporation will be conducted as a merger of the Company into Staffing Delaware, our wholly-owned subsidiary, pursuant to DGCL Section 253 and NRS 92A.180. Under Section 253, no right of appraisal or redemption is available to our stockholders in connection with the merger. Pursuant to NRS 92A.390, holders of our Common Stock are not entitled to assert dissenter s rights under Nevada law in connection with the merger (although dissenter s rights may be available to holders of our outstanding preferred stock who do not consent to or approve the merger or otherwise waive such rights). Therefore, holders of our Common Stock are not entitled to receive consideration instead of shares of Staffing Delaware.

Interests of the Company s Directors and Executive Officers in the Reincorporation

In considering the recommendations of the Board, the Company s stockholders should be aware that certain of the Company s directors and executive officers have interests in the transaction that are different from, or in addition to, the interests of the Company s stockholders generally. For instance, the reincorporation in Delaware may be of benefit to the Company s directors and officers by limiting the forums in which the directors and officers can be sued through the exclusive forum provision, and in other respects. The Board was aware of these interests and considered them, among other matters, in reaching its decision to approve the Reincorporation and to recommend that our stockholders vote in favor of the Proposal.

Regulatory Approvals

The reincorporation will not be consummated until after approval of the Company s stockholders is obtained. The Company is not obligated to obtain any governmental approvals or comply with any state or federal regulations prior to consummating the reincorporation other than the filing of the Articles of Merger with the Secretary of State of the State of Nevada and the filing of the Delaware Certificate with the Secretary of State of the State of Delaware.

Certain Material United States Federal Income Tax Considerations

The Company intends that the Reincorporation will be treated as a reorganization pursuant to Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the Code). Subject to the limitations, qualifications and exceptions described herein, and assuming the Reincorporation qualifies as a reorganization within the meaning of Section 368(a)(1)(F) of the Code, the U.S. federal income tax consequences of the Reincorporation will be as follows:

No gain or loss will be recognized by holders of the Common Stock of the Company upon receipt of Common Stock of Staffing Delaware pursuant to the Reincorporation;

The aggregate tax basis of the Common Stock of Staffing Delaware received by each stockholder of the Company in the Reincorporation will be equal to the aggregate tax basis of the Common Stock of the Company surrendered in exchange therefor;

The holding period of the Common Stock of Staffing Delaware received by each stockholder of the Company will include the period for which such stockholder held the Common Stock of the Company surrendered in exchange therefor, provided that such Common Stock of the Company was held by such stockholder as a capital asset at the time of the Reincorporation; and

No gain or loss will be recognized by the Company or Staffing Delaware as a result of the Reincorporation.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE REINCORPORATION AND DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OR DISCUSSION OF ALL OF THE REINCORPORATION S POTENTIAL TAX EFFECTS.

Accounting Consequences

We believe that there will be no material accounting consequences for us resulting from the Reincorporation.

Required Vote

The approval of the proposal to change our corporate domicile from Nevada to Delaware will require the affirmative vote of the holders of a majority of the shares of the Company s outstanding Common Stock. Because the vote is based on the total number of shares outstanding rather than the votes cast at the Special Meeting, your failure to vote on Proposal 1 has the same effect as a vote against the Reincorporation.

Recommendation

THE BOARD UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR APPROVAL OF THE CHANGE IN CORPORATE DOMICILE FROM THE STATE OF NEVADA TO THE STATE OF DELAWARE.

PROPOSAL 2 APPROVAL TO POTENTIALLY ISSUE COMMON STOCK PURSUANT TO THE JACKSON

WARRANT AGREEMENT, THE NOTES AND THE APRIL PURCHASE AGREEMENT IN ACCORDANCE WITH NASDAQ RULE 5635(b).

Transactions Summary

On January 26, 2017, we entered into a Note and Warrant Purchase Agreement, referred to herein as the January Purchase Agreement, with Jackson Investment Group. Pursuant to the January Purchase Agreement, on January 26, 2017, we issued and sold to Jackson Investment Group (i) a 6% Subordinated Secured Note, referred to herein as the Note, in the aggregate principal amount of $7,400,000 (ii) a Warrant to purchase up to 3,150,000 shares of our Common Stock, at a price to be determined in accordance with the January Purchase Agreement and (iii) 1,650,000 shares of Common Stock, in return for total gross proceeds to the Company of $7,400,000.

On April 5, 2017, we entered into the Omnibus Amendment and Reaffirmation Agreement, referred to herein as the April Purchase Agreement with Jackson Investment Group. Pursuant to the April Purchase Agreement, on April 5, 2017 we issued and sold to Jackson Investment Group (i) a 6% Subordinated Secured Note, referred to herein as the April Note, in the aggregate principal amount of $1,650,000 and (ii) 667,905 shares of Common Stock, in return for total gross proceeds to the Company of $1,650,000.

Pursuant to the April Purchase Agreement, we agreed to fully and irrevocably discharge our obligations under the April Note on or prior to June 8, 2019, referred to herein as the Trigger Date, provided that if our existing debt with MidCap Funding is paid in full prior to its stated maturity date of April 8, 2019, then the Trigger Date will be July 25, 2018. This means we must repay all principal and accrued interest due under the April Note on or before that date. If we are unable to do so, we are obligated to issue 200,000 shares of our Common Stock to Jackson Investment Group.

Why We Need Stockholder Approval

Our common stock is listed on the NASDAQ Global Market and we are subject to the NASDAQ Marketplace Rules. NASDAQ Marketplace Rule 5635(b) requires us to obtain stockholder approval prior to certain issuances with respect to common stock or securities convertible into common stock which will result in a change of control of the Company. NASDAQ rules, however, do not specifically define when a change in control of a company may be deemed to occur. NASDAQ guidance suggests that a change of control would occur, subject to certain limited exceptions, if after a transaction a person or an entity will hold 20% or more of the Company s then outstanding capital stock and such ownership would be the largest ownership position of the issuer. For the purpose of calculating the holdings of such person or entity, the NASDAQ Global Market would take into account, in addition to the securities received by such person or entity in the transaction, all of the shares owned by such person or entity unrelated to the transaction and would assume the conversion of any convertible securities held by such person or entity.

As of March 29, 2017, we have 13,901,995 outstanding shares of Common Stock. Jackson Investment Group owns 12.99% of our outstanding Common Stock as of such date. The Warrant may be exercised to purchase 4,527,537 shares of our Common Stock. Under the Notes, the holder of each Note may convert 50% of the accrued interest on such Note at a conversion price of $1.50 per share. Therefore the holder of the Note may convert accrued interest on the Note into a maximum of 222,000 shares of our Common Stock and the holder of the April Note may convert accrued interest on the April Note into a maximum of 68,017 shares of our Common Stock. Assuming the maximum exercise of the Warrant and conversion of accrued interest on the Notes, Jackson Investment Group would own approximately 37.6% of the Company s outstanding Common Stock. Assuming Jackson Investment Group acquires additional Common Stock through exercise of the Warrant, conversion of accrued interest on the Notes and the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, the issuance of

Common Stock upon the exercise of the Warrant, conversion of the accrued interest on the Notes and the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date may cause Jackson Investment Group to acquire more than 20% of the Company s outstanding Common Stock, which would be the Company s largest ownership position.

Accordingly, we are seeking stockholder approval to make such issuances of our Common Stock in accordance with Rule 5635 in the event that the issuance of Common Stock in connection with the exercise of the Warrant and conversion of accrued interest on the Notes would be deemed to be a change in control for purposes of NASDAQ Marketplace Rule 5635(b). Stockholders should note that a change of control as described under NASDAQ Marketplace Rule 5635(b) applies only with respect to the application of such rule, and does not constitute a change of control for purposes of Delaware law, our organizational documents, or any other purpose.

Impact on Current Stockholders if Proposal 2 is Approved

If our stockholders approve this proposal, the issuance of shares of Common Stock upon exercise of the Warrant, conversion of accrued interest on the Notes and the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date would not be subject to the issuance of beneficial ownership limitation cap set forth in NASDAQ Marketplace Rule 5635(b).

In addition, the issuance of shares of our Common Stock issuable upon exercise of the Warrant, conversion of accrued interest on the Note and the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date would have a dilutive effect on current stockholders. This means that our current stockholders would own a smaller interest in the Company and therefore have less ability to influence significant corporate decisions requiring stockholder approval. Assuming Jackson Investment Group acquires additional shares of Common Stock through exercise of the Warrant, conversion of the accrued interest on the Notes or the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, Jackson Investment Group may have considerable influence in determining the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including, but not limited to, the election of directors and the approval of corporate transactions. If Jackson Investment Group exercises the Warrant or converts the accrued interest on the Notes for shares of Common Stock, its ownership of, and influence over, the Company will increase and the Company s stockholders will be diluted.

Effect of Proposal 2 on Current Stockholders if Not Approved

If stockholders do not approve Proposal 2, we may not be able to issue the Common Stock to Jackson Investment Group upon exercise of the Warrant, conversion of accrued interest on the Notes or the failure of the Company to discharge its obligations under the April Note on or prior to the Trigger Date, or would have to potentially raise additional capital. In addition, if we are unable to fulfill our obligations to Jackson Investment Group it is likely that Jackson Investment Group would be unwilling to participate in any capital raising efforts in the future, which would have a detrimental impact on our capital raising efforts.

Summary of the Terms of the Jackson Warrant Agreement

A summary of the material terms of the Jackson Warrant Agreement is set forth below.

Designation and Ranking: the Warrant calls for issuance of Shares of our Common Stock.

Exercise Period: Five years after the issuance date.

Voting: Prior to exercise of the Warrant, the Warrant holder has no voting rights. Upon issuance, the Warrant holder will have the rights of a holder of the Company s Common Stock.

Liquidation Rights: Upon any liquidation, dissolution or winding up, the Warrant holder will be entitled to be paid out of our assets available for distribution to our stockholders, *pari passu* with holders of Common Stock as if the Warrant was issued immediately prior to the liquidating event.

Reorganization, Reclassification, Consolidation, Merger or Sale; In connection with any reorganization, reclassification, consolidation, merger or sale of substantially all of the Company s assets, the Warrant holder s right to receive Common Stock upon exercise of the Warrant will convert into the right to receive such consideration as would have been payable to holders of Common Stock in such reorganization, reclassification, consolidation, merger or sale of substantially all of the Company s assets.

Antidilution Protection: The holder of the Warrant is protected from dilution through a formula contained in the Jackson Warrant Agreement.

Issuance Limitation: The holder of the Warrant will be prohibited from exercising the Warrant in whole or in part until more than six months from the issuance date. The holder of the Warrant will additionally be prevented from (a) beneficially owning in excess of 19.9% of the number of shares of Common Stock outstanding immediately after giving effect to such issuance or (b) controlling in excess of 19.9% of the total voting power of the Company s

securities outstanding immediately after giving effect to such issuance that are entitled to vote on a matter being voted on by holders of the Common Stock, unless and until the Company obtains stockholder approval permitting such issuances in accordance with applicable NASDAQ rules.

We will not issue any shares of Common Stock pursuant to the Warrant or the Notes if the issuance of such shares would exceed the aggregate number of shares of Common Stock we may issue upon exercise of the Warrant or conversion of accrued interest on the Notes without breaching our obligations under NASDAQ Marketplace Rule 5635(b), except that such limitation will not apply (i) following stockholders approval in accordance with the requirements of NASDAQ Marketplace Rule 5635(b) or a waiver from NASDAQ of Marketplace Rule 5635(b) (collectively, the Approval), or (ii) if the holder of the Warrant and the Notes or we obtain a written opinion from counsel that such Approval is not required.

Vote Required for Approval

The affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against this proposal for the proposal to be approved.

The Board recommends that stockholders vote FOR approval of the potential issuance of our Common Stock pursuant to the exercise of the Warrant and conversion of accrued interest on the Notes under NASDAQ listing rules as described in this Proposal 2.

PROPOSAL 3 APPROVAL TO POTENTIALLY ISSUE COMMON STOCK PURSUANT TO THE APRIL PURCHASE AGREEMENT IN ACCORDANCE WITH NASDAQ RULE 5635(d).

Overview

As noted above, pursuant to the January Purchase Agreement, the Company issued to Jackson Investment Group 1,650,000 shares of Common Stock which are referred to herein as the January Commitment Shares. As also noted above, on April 5, 2017, we entered the April Purchase Agreement pursuant to which we agreed to, among other things, issue to Jackson Investment Group an additional 667,905 shares of Common Stock, which are referred to herein as the April Commitment Shares (together with the January Commitment Shares, the Commitment Shares). Under NASDAQ rules we may issue up to 296,984 shares of Common Stock to Jackson Investment Group pursuant to the April Purchase Agreement without stockholder approval, which is equal to 19.9% of our Common Stock outstanding as of January 26, 2017. We may not issue additional shares of Common Stock under the April Purchase Agreement unless we have obtained either (i) stockholder approval of the issuance of more than such number of shares pursuant to NASDAQ Marketplace Rule 5635(d) or (ii) a waiver from the NASDAQ Stock Market of the Company s compliance with Rule 5635(d). In compliance with NASDAQ Marketplace Rule 5635(d) we have capped the issuance of our Common Stock to Jackson Investment Group at 1,946,985 shares of Common Stock, which represents 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017.

We are seeking stockholder approval for the issuance of shares in excess of 1,946,985 shares of Common Stock.

Why We Need Stockholder Approval

Our common stock is listed on the NASDAQ Global Market and we are subject to the NASDAQ Marketplace Rules. NASDAQ Marketplace Rule 5635(d) requires us to obtain stockholder approval in connection with a transaction other than a public offering involving the sale or issuance by the issuer of common stock (or securities convertible into or exchangeable for common stock) equal to 20% or more of the common stock or 20% or more of the voting power outstanding before the issuance for a price that is less than the greater of book or market value of the stock on the date the issuer enters into a binding agreement for the issuance of such securities.

In light of our issuance of the January Commitment Shares, the issuance of the April Commitment Shares to Jackson Investment Group pursuant to the April Purchase Agreement could be deemed to be aggregated with the issuance of the January Commitment Shares for the purposes of NASDAQ Marketplace Rule 5635(d), resulting in an aggregate amount of 2,317,906 shares of Common Stock issuable to Jackson Investment Group pursuant to the transactions. As of January 26, 2017, we had 9,739,795 outstanding shares of Common Stock. If we were to issue to Jackson Investment Group all 2,317,906 of the Commitment Shares, such shares would represent 23.8% of the total Common Stock outstanding as of January 26, 2017. If the Commitment Shares were issued at a price that is less than the greater of the book or market value of the shares and the issuance of such shares to Jackson Investment Group are deemed to be aggregated with one another, then stockholder approval would be required under NASDAQ Marketplace Rule 5635(d) for issuances of Common Stock to Jackson Investment Group in excess of 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017.

Accordingly, we are seeking stockholder approval to make such issuances of the April Commitment Shares in excess of 1,946,985 (which represents 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017).

Impact on Current Stockholders if Proposal 3 is Approved

If our stockholders approve this proposal, the issuance of the April Commitment Shares pursuant to the April Purchase Agreement would not be subject to the issuance of beneficial ownership limitation cap set forth in NASDAQ Marketplace Rule 5635(d).

In addition, the issuance of shares of our Common Stock in excess of 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017 pursuant to the April Purchase Agreement would have a dilutive effect on current stockholders. This means that our current stockholders would own a smaller interest in the Company and therefore have less ability to influence significant corporate decisions requiring stockholder approval. Jackson Investment Group may have considerable influence in determining the outcome of any corporate transaction or other matter submitted to our stockholders for approval, including, but not limited to, the election of directors and the approval of corporate transactions. If the Company issues Common Stock to Jackson Investment Group in excess of 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017, Jackson Investment Group s ownership of, and influence over, the Company will increase and the Company s stockholders will be diluted.

Effect of Proposal 3 on Current Stockholders if Not Approved

If stockholders do not approve Proposal 3, we will not be able to issue the Common Stock to Jackson Investment Group in excess of 19.9% of the Company s outstanding shares of Common Stock on January 26, 2017. This would mean that we cannot access more than approximately $915,000 of the $1,650,000 in potential proceeds under the April Purchase Agreement without obtaining shareholder approval. If we are unable to fulfill our obligations to Jackson Investment Group it is likely that Jackson Investment Group would be unwilling to participate in any capital raising efforts in the future, which would have a detrimental impact on our capital raising efforts.

In addition, we will be required to seek stockholder approval of this proposal on or prior to July 15, 2017 and as often as every six months thereafter until we receive stockholder approval of this proposal. We are not seeking the approval of our stockholders to authorize our entry into the April Purchase Agreement and related transaction documents, as we have already entered into the April Purchase Agreement and related transaction documents, which are binding obligations on us. The failure of our stockholders to approve the proposal will not negate the existing terms of the documents. The April Purchase Agreement will remain a binding obligation of the Company.

Summary of the Terms of the April Purchase Agreement

Under the April Purchase Agreement, the Company agreed to issue and sell the April Commitment Shares and the April Note to Jackson Investment Group in return for total gross proceeds to the Company of $1,650,000. In the event that the Company has not fully and irrevocably discharged all of its obligations under the April Note on or prior to the Trigger Date, the Company is obligated to issue to the Fee Extension Shares to Jackson Investment Group. Under the April Purchase Agreement, the Company is obligated to register the April Commitment Shares, the shares issuable upon conversion of the April Note and the Fee Extension Shares pursuant to a registration statement with the SEC no later than 45 days after April 5, 2017. In addition, the April Purchase Agreement modified the conversion rate applicable upon the conversion of accrued interest on the Note from $2.00 per share to $1.50 per share.

We will not issue any shares of Common Stock pursuant to the April Purchase Agreement if the issuance of such shares would exceed the aggregate number of shares of Common Stock we may issue without breaching our obligations under NASDAQ Marketplace Rule 5635(d), except that such limitation will not apply (i) following stockholders approval in accordance with the requirements of NASDAQ Marketplace Rule 5635(d) or a waiver from NASDAQ of Marketplace Rule 5635(d).

Vote Required for Approval

The affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against this proposal for the proposal to be approved.

The Board recommends that stockholders vote FOR approval of the issuance of our Common Stock pursuant to the April Purchase Agreement under NASDAQ listing rules as described in this Proposal 3.

PROPOSAL 4 AUTHORIZATION OF THE COMPANY TO ISSUE COMMON STOCK OR SECURITIES CONVERTIBLE INTO COMMON STOCK IN CONNECTION WITH ONE OR MORE CAPITAL RAISING TRANSACTIONS IN ACCORDANCE WITH NASDAQ MARKETPLACE RULE 5635(d).

Overview

We are seeking stockholder approval to issue shares of Common Stock or securities convertible into Common Stock in one or more capital raising transactions in order to comply with the NASDAQ Marketplace Rules and to provide the Board with the flexibility to enter into and close such capital raising transactions on a timely basis.

Specifically, we are seeking stockholder approval, for the purpose of compliance with NASDAQ Marketplace Rule 5635(d), for the potential issuance of shares in one or more capital raising transactions subject to the following limitations approved by our Board of Directors:

- potential issuance not to exceed 600,000 shares of our common stock (including pursuant to preferred stock, options, warrants, convertible debt or other securities exercisable for or convertible into common stock);
- total aggregate consideration of not more than $2,000,000 in cash;
- at a price or prices not less than the par value of our common stock at the time of issuance;
- per the NASDAQ rule, such issuances must occur, if at all, within the three month period commencing on the date of the approval by the stockholders; and
- upon such other terms as the Board shall deem to be in our best interests.

Why We Need Stockholder Approval

Assuming the issuance of the Commitment Shares to Jackson Investment Group pursuant to the January Purchase Agreement and the April Purchase Agreement are deemed to be aggregated and offered at a discount (as defined under NASDAQ rules), subject to stockholder approval of Proposal 3, we will have issued slightly more than 20% of our outstanding common stock on a pre-transaction basis, which is the maximum number of shares that we may issue at a discount under NASDAQ rules without stockholder approval. We are seeking stockholder approval of this Proposal 4 to give us flexibility in structuring the terms of future financings without creating risks that these financings would not be in compliance with the NASDAQ stockholder approval rule or potentially subjecting these financings to future stockholder approvals.

NASDAQ Marketplace Rule 5635(d) requires stockholder approval prior to the sale or issuance or potential issuance of shares, in a transaction other than a public offering, equal to 20% or more of the company s outstanding common stock or 20% or more of the voting power of the company outstanding before the issuance, if the sale price of the common stock is less than the greater of the book or market value of the common stock. Shares of a company s common stock issuable upon the exercise or conversion of warrants, options, debt instruments, preferred stock or other equity securities issued or granted in such a capital raising transaction are considered shares issued in such a transaction in determining whether the 20% limit has been reached, except in certain circumstances such as issuing warrants that are not exercisable for six months and have an exercise price that exceeds the market value. Since we

may seek additional capital in the short term, we are seeking stockholder approval at this stage to provide additional flexibility in raising financing if an appropriate opportunity arises.

Since we will have already issued shares equal to slightly more than 20% of our outstanding Common Stock following the issuance of the April Commitment Shares, we are seeking stockholder approval for the potential issuance and sale of shares of Common Stock in one or more capital raising transactions so that the Board will have flexibility to enter into and close such capital raising transactions on a timely and current basis. If we arranged for an equity issuance but then had to hold a stockholders meeting to approve the transaction, we could delay and possibly jeopardize the closing of such a transaction. The stockholder approval being sought does not apply to issuances with respect to prior transactions as to which there are outstanding rights to receive additional shares.

Generally, under published NASDAQ interpretative guidance, general authorizations by the stockholders for purposes of NASDAQ Marketplace Rule 5635(d) will be effective only if limited to transactions which are completed within three months of the approval. The three month requirement only applies to the initial issuance of the shares of Common Stock or other securities exercisable for or convertible into Common Stock and not the subsequent exercise or conversion of any such securities. NASDAQ interpretative guidance also requires us to include a maximum potential discount in stockholder proposals such as this one. The actual discount, if any, subject to the maximum discount, will be determined by the Board and will depend upon market conditions at the time of the financing or financings. Therefore, we are seeking approval to issue additional shares for a discount of as much as the par value of our Common Stock.

As of the date of this proxy statement, other than as described in Proposal 3, we do not have any specific plans, arrangements or contracts with any third party, which alone or when aggregated with subsequent transactions, would contemplate or require us to issue shares of our common stock or other securities exercisable for or convertible into common stock in excess of 20% of our outstanding Common Stock or voting power and at a price that would be less than the book or market value of our Common Stock as of such date. If any material plans, arrangements or contracts regarding securities issuances subject to this proposal arise after the date of this proxy statement and prior to the actual vote on this proposal, we will notify our stockholders and distribute revised proxy solicitation materials. These materials will include a new proxy card, if necessary.

We are asking stockholders only to approve the sale, issuance or potential issuance of Common Stock or other securities exercisable for or convertible into Common Stock for purposes of compliance with NASDAQ Marketplace Rule 5635(d). If securities exercisable for or convertible into Common Stock are issued and such securities, at the time of issuance, constitute 20% or more of our securities or 20% or more of our voting power outstanding prior to such issuance, then stockholder approval of this proposal also will constitute approval of the issuance of shares of Common Stock upon conversion or exercise of such securities, and no additional approval will be solicited. Under NASDAQ rules, we also are not permitted (without risk of de-listing) to undertake a transaction that could result in a change in control of us as defined by NASDAQ Marketplace Rule 5635(b) without obtaining separate stockholder approval of that transaction.

The foregoing description of various forms of financings and the reasons for the financing are included for informational purposes to stockholders in connection with this proxy solicitation and do not constitute an offer to sell or a solicitation of an offer to buy any of our securities. We cannot guarantee that any financing will be completed (or, if so, what the terms or timing may be) and, accordingly, cannot be certain that we will receive any amount of proceeds from the financings. No financing will go forward unless the Board approves the proposed terms and conditions at the time. The types of securities to be sold and price at which they would be sold would be subject to market conditions and negotiations with investors.

Impact on Current Stockholders if Proposal 4 is Approved

If our stockholders approve this proposal, future issuances of shares of Common Stock or securities convertible into Common Stock at a discount would not be subject to the 20% cap set forth in NASDAQ Marketplace Rule 5635(d).

In addition, any transaction requiring stockholder approval under this Proposal 4 would likely have a dilutive effect on current stockholders. This means that our current stockholders would own a smaller interest in the Company and therefore have less ability to influence significant corporate decisions requiring stockholder approval. The issuance of these securities could cause a significant reduction in the percentage interests of current stockholders and their ownership of, and influence over, the Company could decrease.

Effect of Proposal 4 on Current Stockholders if Not Approved

If stockholders do not approve Proposal 4, we may not be able to issue Common Stock or securities convertible into Common Stock in one or more capital raising transactions or we may not be able to enter into and close on such capital raising transactions on a timely and current basis.

Vote Required for Approval

The affirmative vote of the holders of shares of Common Stock entitled to vote must exceed the votes cast against this proposal for the proposal to be approved.

The Board recommends that stockholders vote FOR the authorization of the Company to issue Common Stock or securities convertible into Common Stock under NASDAQ listing rules as described in this Proposal 4.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our Common Stock as of February 21, 2017 for: (i) each of our directors; (ii) each of our executive officers; (iii) all of our directors and executive officers as a group; and (iv) all persons, to our knowledge, that are the beneficial owners of more than five percent (5%) of the outstanding shares of Common Stock. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting or investment power with respect to the securities.

Except as indicated in footnotes to this table, we believe each person named in this table has sole voting and investment power with respect to the shares of Common Stock set forth opposite such person s name. Percentage ownership is based on 12,701,295 shares of Common Stock outstanding on February 21, 2017. Percentage ownership of Series A Preferred Stock is based on 1,663,008 shares of Series A Preferred Stock outstanding as of February 21, 2017.

Name of Beneficial Owner (1), (2)	Common Stock Beneficially Owned (2)	Percent of Common Stock	Series A Preferred Stock Beneficially Owned (2)	Percent of Series A Preferred Stock
Brendan Flood (3)	751,089	5.91	1,039,380	62.50
Matthew Briand	459,161	3.62	623,628	37.50
David Faiman	185,000	1.46		
Dimitri Villard (4)	84,250	*		
Jeff Grout (3)	87,167	*		
Nicholas Florio (5)	89,971	*		
Jeff Mitchell	8,500	*		
Jackson Investment Group, LLC (6)				
2655 Northwinds Parkway	1,805,677	12.99		
Directors and officers as a group (6 persons)	1,656,638	13.04	1,663,008	100

* Indicates less than 1%.

(1) With the exception of Brendan Flood, Executive Chairman, and Jeff Grout, Director, the address of each person is 641 Lexington Avenue, 27th Floor, New York, New York 10022.

(2) Unless otherwise indicated, all ownership is direct beneficial ownership.

(3) Mr. Flood and Mr. Grout s address is 3A London Wall Buildings, London Wall, London, EC2M 5SY, United Kingdom.

(4) 6,750 shares are held personally by Mr. Villard and 77,500 shares are held through Byzantine Productions, Inc.

(5) Shares are held by Citrin Cooperman & Company LLP. Mr. Florio is a partner at Citrin Cooperman & Company LLP.

(6) Jackson Investment Group, LLC is a Georgia-based limited liability company that invested in the Company through a $7.4 million transaction consisting of a note and warrant that closed January 26, 2017, and was more fully described in the Company s Form 8-K dated January 30, 2017. This amount also includes shares that were purchased on the open market.

REQUIREMENTS FOR ADVANCE NOTIFICATION OF NOMINATIONS

AND STOCKHOLDER PROPOSALS

Any stockholder proposal submitted to us pursuant to Rule 14a-8 promulgated under the Exchange Act for inclusion in our Proxy Statement and form of proxy for our 2017 Annual Meeting of stockholders must be received by us no earlier than 120 calendar days before the one-year anniversary of the date on which the Company first mailed our proxy materials for the preceding year s annual meeting of stockholders, and must comply with the requirements of the proxy rules promulgated by the SEC. Accordingly, proposals under Rule 14a-8 are due by August 23, 2017. Stockholder proposals should be addressed to our corporate Secretary at 641 Lexington Avenue, 27th Floor, New York, NY 10022.

Proposals submitted outside Rule 14a-8 of the Exchange Act must comply with our bylaws, which require that notice of a proposal to be included at an annual meeting must be delivered to or mailed and received at the principal executive offices of the Company not

less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the date on which the Corporation first mailed its proxy materials for the previous year s annual meeting of stockholders (or the date on which the Company mails its proxy materials for the current year if during the prior year the Company did not hold an annual meeting or if the date of the annual meeting was changed more than thirty (30) days from the prior year).

Recommendations from stockholders which are received after the applicable deadline likely will not be considered timely for consideration by our Nominating and Corporate Governance Committee for next year s annual meeting.

The exclusive means by which a stockholder may nominate a director shall be by delivery of a notice to the Secretary, not less than sixty (60) days prior to the date of a meeting, setting forth: (a) the name, age, business address and the primary legal residence address of each nominee proposed in such notice, (b) the principal occupation or employment of such nominee, (c) the number of shares of capital stock of the Company which are owned directly or indirectly of record and directly or indirectly beneficially owned by the nominee and each of its affiliates (within the meaning of Rule 144), including any shares of the Company owned or controlled via derivatives, hedged positions and other economic and voting mechanisms, (d) any material agreements, understandings or relationships, including financial transactions and compensation, between the nominating stockholder and the proposed nominees and (d) such other information concerning each such nominee as would be required, under the rules of the SEC, in a proxy statement soliciting proxies in a contested election of such nominees. Such notice shall include a signed consent of each such nominee to serve as a director of the company, if elected. In addition, any stockholder nominee, to be validly nominated, shall submit to the Secretary the questionnaire described below. A stockholder intending to nominate one or more candidates for election as directors must comply with the advance notice bylaw provisions specifically applicable to the nomination of candidates for election as directors for such nomination to be properly brought before the meeting.

To be eligible to be a director nominee nominated by a stockholder or stockholders for election or reelection as a director of the Corporation, such nominee must deliver (in accordance with the time periods prescribed for above) to the Secretary at the principal executive offices of the Company a written questionnaire (the Questionnaire) with respect to the background, qualification and experience of such person and the background of any other person or entity on whose behalf the nomination is being made (which questionnaire shall be in the form approved by the Company and provided by the Secretary or such Secretary s designee) and a written representation and agreement that such person: (a) will abide by the requirements of these bylaws and the articles of incorporation as in effect at the time of their nomination and as validly amended, (b) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the Company, will act or vote on any issue or question (a Voting Commitment) that has not been disclosed to the Company or (2) any Voting Commitment that could limit or interfere with such person s ability to comply, if elected as a director of the Company, with such person s fiduciary duties under applicable law, (c) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (d) in such person s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Company, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Company. If, prior to the meeting, there is a change in any information set forth on the Questionnaire, then such director candidate shall promptly notify the Secretary by submitting a revised Questionnaire. No stockholder (other than members of the Governance Committee) has recommended a candidate to date.

OTHER MATTERS

The Board does not intend to bring any other matters before the Special Meeting and has no reason to believe any other matters will be presented.

If you and other residents at your mailing address own shares in street name, your broker or bank may have sent you a notice that your household will receive only one copy of proxy materials for each company in which you hold shares through that broker or bank. This practice of sending only one copy of proxy materials is known as householding. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of our Proxy Statement to your address. If you want to receive separate copies of the proxy materials in the future, or you are receiving multiple copies and would like to receive only one copy per household, you should contact your stockbroker, bank or other nominee record holder, or you may contact us at the address or telephone number below. In any event, if you did not receive an individual copy of this Proxy Statement, we will send a copy to you if you address your written request to, or call, the corporate Secretary of Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York NY 10022, telephone number 646-507-5710.

Copies of the documents referred to above that appear on our website are also available upon request by any stockholder addressed to our corporate Secretary, Staffing 360 Solutions, Inc., 641 Lexington Avenue, 27th Floor, New York NY 10022.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We are subject to the informational requirements of the Exchange Act and, therefore, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public on the SEC s website at www.sec.gov. The SEC s website contains reports, proxy and information statements and other information regarding issuers, such as us, that file electronically with the SEC. You may also read and copy any document we file with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of its Public Reference Room.

Appendices

(see following pages for each Appendix referenced in the Proxy Statement)

APPENDIX A

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of [ ], 2017 (this **Agreement**), is by and between Staffing 360 Solutions, Inc., a Delaware corporation (**Staffing**), and Staffing 360 Solutions, Inc., a Nevada corporation (the **Merging Entity**).

RECITALS

A. The Merging Entity is a corporation duly incorporated and existing under the laws of the State of Nevada.

B. Staffing is a corporation duly organized and existing under the laws of the State of Delaware.

C. The board of directors of the Merging Entity and the board of directors of Staffing have determined that it is advisable and in the best interests of each entity that the Merging Entity merge with and into Staffing (the **Merger**) on the terms, and subject to the conditions, of this Agreement, the Delaware General Corporation Law (the **Delaware Act**) and Chapter 92A of the Nevada Revised Statutes (the **Nevada Act**). As a result of the Merger, the separate existence of the Merging Entity will cease.

D. The board of directors of the Merging Entity and the board of directors of Staffing have been duly advised of the terms and conditions of this Agreement and the Merger and, by resolutions duly adopted, have authorized, approved and adopted this Agreement and the Merger, and have submitted this Agreement for approval by their respective stockholders.

E. The stockholders of the Merging Entity who are entitled to vote on this Agreement and the sole stockholder of Staffing have been duly advised of the terms and conditions of this Agreement and the Merger and, by resolutions duly adopted, have approved this Agreement and the Merger.

NOW, THEREFORE, on the terms, and subject to the conditions, of this Agreement, the Merging Entity and Staffing hereby agree as follows.

ARTICLE 1

THE MERGER; RELATED TRANSACTIONS

1.1 EFFECTIVE DATE. The Merger will be consummated by (a) Staffing filing a certificate of merger in the form of Exhibit A attached hereto (the **Delaware Merger Certificate**) with the Secretary of State of the State of Delaware in accordance with Section 252 of the Delaware Act and (b) the Merging Entity and Staffing filing articles of merger in the form of Exhibit B attached hereto (the **Nevada Merger Articles**) with the Nevada Secretary of State in accordance with Section 92A.200 of the Nevada Act. The Merger will become effective on [, 2017, at] (the **Effective Time**).

1.2 MERGER. (a) At the Effective Time:

(i) the Merging Entity will merge with and into Staffing, and Staffing will be the surviving entity in the Merger (the **Surviving Entity**);

(ii) the separate existence of the Merging Entity will cease, and the Surviving Entity will succeed, without other transfer, to all of the rights and property of the Merging Entity, and will be subject to all of the debts and liabilities of the Merging Entity, as provided for in Section 265 of the Delaware Act and Section 92A.250 of the Nevada Act; and

(iii) the members of the board of directors and the officers of Staffing shall continue to be the members of the board of directors and the officers of the Surviving Entity.

(b) at and after the Effective Time, the Surviving Entity will carry on its business with the assets of the Merging Entity, as well as with the assets of Staffing.

1.3 CONVERSION OF SHARES. At the Effective Time, (a) each share of common stock issued by the Merging Entity shall be converted into one share of common stock of the Surviving Corporation, (b) each share of Series A Preferred Stock issued by the Merging Entity shall be converted into one share of Series A Preferred Stock of the Surviving Corporation, (c) each share of Series D Redeemable Convertible Preferred Stock issued by the Merging Entity shall be converted into one share of Series D Redeemable Convertible Preferred Stock of the Surviving Corporation and (d) each option or other right to purchase or receive stock in the Merging Entity shall be converted into an option or other right to purchase or receive stock of the Surviving Corporation on the same terms as set forth in the documentation evidencing the option or right to purchase or receive stock. Upon surrender to the Surviving Corporation of certificates or other evidence of stock, options or other rights to purchase or receive stock in the Merging Entity, the Surviving Corporation shall issue to the holder of such certificates or other evidence (the **Holder**), certificates or other evidence that the Surviving Corporation has issued to such Holder certificates or other evidence of ownership of the same number of shares of stock or options or other right to purchase or receive stock in the Surviving Corporation.

1.4 CERTIFICATE OF INCORPORATION; BYLAWS. The certificate of incorporation of Staffing in effect at the Effective Time will be the certificate of incorporation of the Surviving Entity until changed or amended as provided therein or by applicable law. The bylaws of Staffing in effect at the Effective Time will be the bylaws of the Surviving Entity until changed or amended as provided therein, by Staffing s certificate of incorporation or by applicable law.

ARTICLE 2

MISCELLANEOUS

2.1 AMENDMENT; WAIVER. At any time before the Effective Time, the Merging Entity and Staffing, to the extent permitted by and in accordance with the Delaware Act and the Nevada Act, may by written agreement amend, modify or supplement any provision of this Agreement.

2.2 ENTIRE AGREEMENT; ASSIGNMENT. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. Neither this Agreement nor any right, interest or obligation under this Agreement may be assigned, in whole or in part, by operation of law or otherwise, without the prior written consent of the other party.

2.3 GOVERNING LAW. This Agreement will be governed by and construed in accordance with the substantive laws of the State of Delaware, regardless of the laws that might otherwise govern under principles of conflicts of laws applicable thereto; provided, that the effects of the Merger with respect to the Merging Entity shall be governed by Section 92A of the Nevada Act and [Section 252 of the Delaware Act].

2.4 REORGANIZATION. The merger of the Merging Entity with and into Staffing shall be treated as a tax free reorganization pursuant to Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended, and this Agreement and any other documents effectuating such transaction shall be treated as a plan of reorganization, as contemplated by Treasury Regulations Section 1.368-1(c). The stock of Staffing will be deemed distributed in exchange for the stock of the Merging Entity as provided for by Treasury Regulations Section 1.368-2(m)(i).

2.5 PARTIES IN INTEREST. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto, any rights or remedies of any nature whatsoever under or by reason of this Agreement.

2.6 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original, but all of which will constitute one and the same agreement, and will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties. The exchange of copies of this Agreement and of signature pages by facsimile or other electronic transmission shall constitute effective

execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or other electronic means shall be deemed to be their original signatures for all purposes.

[signature page follows]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed on its behalf by an officer of such party duly authorized, all as of the date set forth above.

STAFFING 360 SOLUTIONS, INC.,
a Delaware corporation

By:
Name:
Title:

STAFFING 360 SOLUTIONS, INC.,
a Nevada corporation

By:
Name:
Title:

APPENDIX B

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF

STAFFING 360 SOLUTIONS, INC.

STAFFING 360 SOLUTIONS, INC., a corporation organized and existing under the laws of the State of Delaware (the Corporation), hereby certifies as follows:

1. The name of the Corporation is Staffing 360 Solutions, Inc. and the original Certificate of Incorporation of the Corporation was filed on October 12, 2016.

2. This Amended and Restated Certificate of Incorporation, (the Certificate) was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware and by the vote of its stockholders in accordance with Section 212 of the General Corporation Law of the State of Delaware, and is to become effective as of 5:00 p.m. Eastern Time on , 2017.

FIRST. *Name*. The name of the Corporation is Staffing 360 Solutions, Inc.

SECOND. *Registered Office; Registered Agent*. The Corporation s registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street in the City of Wilmington, County of New Castle 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. *Purpose*. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH. *Capital Stock*. The total number of shares of stock which the Corporation shall have authority to issue is 60,000,000 shares, consisting of: (x) 40,000,000 shares of common stock, par value $0.00001 per share (the Common Stock), and (y) 20,000,000 shares of preferred stock, par value $0.00001 per share (the Preferred Stock), issuable in one or more series as hereinafter provided.

(a) Common Stock. Except as may otherwise be provided in this Certificate of Incorporation, in a Preferred Stock Designation (as hereinafter defined), or as required by law, the holders of outstanding shares of Common Stock shall have the right to vote on all questions to the exclusion of all other stockholders, each holder of record of Common Stock being entitled to one vote for each share of Common Stock standing in the name of the stockholder on the books of the Corporation.

(b) Preferred Stock. Shares of Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the Board of Directors) (or any committee to which it may duly delegate the authority granted in this FOURTH) is hereby empowered to authorize the issuance from time to time of shares of Preferred Stock in one or more series, for such consideration and for such corporate purposes as the Board of Directors (or such committee thereof) may from time to time determine, and by filing a certificate (hereinafter referred to as a Preferred Stock Designation) pursuant to applicable law of the State of Delaware as it presently exists or may hereafter be amended to establish from time to time for each such series the number of shares to be included in each such series and to fix the designations, powers, rights and preferences of the shares of each such series, and the qualifications, limitations and restrictions thereof to the fullest extent now or hereafter permitted by this Certificate of Incorporation and the laws of the State of Delaware, including, without limitation, voting rights (if any), dividend rights, dissolution rights, conversion rights, exchange rights and redemption rights thereof, as shall be stated and expressed in a resolution or resolutions adopted by the Board of Directors (or such committee thereof) providing for the issuance of such series of Preferred Stock. The authority of the Board of Directors (or such committee thereof) with respect to

each series of Preferred Stock shall include, but not be limited to, determination of the following:

(i) the designation of the series, which may be by distinguishing number, letter or title;

(ii) the number of shares of the series, which number the Board of Directors (or such committee thereof) may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);

(iii) the amounts payable on and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;

(iv) the dates on which dividends, if any, shall be payable;

(v) the redemption rights and price or prices, if any, for shares of the series;

(vi) the terms and amount of any sinking fund provided for the purchase or redemption of shares of the series;

(vii) the amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(viii) whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;

(ix) restrictions on the issuance of shares of the same series or of any other class or series; and

(x) the voting rights, if any, of the holders of shares of the series.

(c) Series A Preferred Stock

(i) Designation and Amount. The shares of such series shall have a par value of $0.00001 per share and shall be designated as "Series A Preferred Stock" and the number of shares constituting the Series A Preferred Stock shall be 1,663,008 shares. The Series A Preferred Stock shall have a stated value of $1.00 per share (the "Stated Value").

(ii) Dividends.

(A) Payment of Dividends. The holders of the Series A Preferred Stock (each a "Series A Holder" and collectively, the "Series A Holders") will be entitled to receive cash dividends (the "Dividend") at the rate of twelve percent (12%) of the Stated Value per annum, payable monthly in cash, prior to and in preference to any declaration or payment of any dividend on the Common Stock of the Company.

(B) So long as any shares of Series A Preferred Stock are outstanding; the Corporation shall not declare, pay or set apart for payment any dividend on any shares of Common Stock or classes and series of preferred securities of the Corporation which by their terms do not rank senior to the Series A Preferred Stock ("Junior Stock") (other than dividends payable in additional shares of Junior Stock), unless at the time of such dividend the Corporation shall have paid all accrued and unpaid dividends on the outstanding shares of Series A Preferred Stock.

(iii) Redemption: Mandatory and Optional Conversion.

(A) Redemption. Commencing on December 31st, 2018 (the "Redemption Date"), the Corporation shall redeem all of the shares of Series A Preferred Stock (a "Redemption") of each Series A Holder, for cash or for shares of Common Stock in the Corporation's sole discretion. The redemption price paid to each Series A Holder shall be equal to the Stated Value for each share of Series A Preferred Stock, multiplied by the number of shares of Series A Preferred Stock held by such Series A Holder, less the aggregate amount of Dividends paid to such Series A Holder through the Redemption Date (the "Redemption Purchase Price"). On the Redemption Date, the Corporation shall confirm the number of shares of Series A Preferred Stock held by each Series A Holder in accordance with the following:

Name of Series A Holder	Number of Shares of Series A Preferred Stock Held
Matthew Briand	623,628
Brendan Flood	1,039,380

(B) Payment in Common Stock.

(1) If the Redemption Purchase Price is paid in shares of Common Stock, Holders shall initially receive thirteen one-hundredths (0.13) shares of Common Stock for each $1.00 of the Redemption Purchase Price.

(2) Upon the date the Redemption Purchase Price is paid, the Series A Preferred Stock shall be deemed cancelled.

(C) Transfer of Preferred Stock. The Series A Holder shall not, directly or indirectly, sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of (whether by operation of law or otherwise) (each a Transfer) the Series A Preferred Stock, in whole or in part, or any right, title or interest herein or hereto, except to the estate of the Series A Holder upon death or to the administrator of the Series A Holder upon complete disability arid in accordance with the provisions of this Certificate. Any attempt to Transfer the Series A Preferred Stock or any rights hereunder in violation of the preceding sentence shall be null and void ab initio and the Corporation shall not register any such Transfer. Upon the Transfer of the Series A Preferred Stock, in whole or in part, through the use of an assignment form in a form reasonably satisfactory to the Corporation, and in accordance with applicable law or regulation, and the payment by the Series A Holder of funds sufficient to pay any transfer tax, the Corporation shall issue and register the Series A Preferred Stock in the name of the estate or administrator of the Series A Holder. Notwithstanding any other provision of this Certificate, no Transfer may be made pursuant to this Article FOURTH (c)(iii)(C) unless (a) the Transfer complies in all respects with the applicable provisions of this Certificate and (b) the Transfer complies in all respects with applicable federal and state securities laws, including, without limitation, the Securities Act of 1933, as amended (the Securities Act).

(D) Covenants. Restrictive Legend. Each certificate evidencing shares of Common Stock issued to the Series A Holder following the redemption of the Series A Preferred Stock shall bear the following restrictive legend or a similar legend until such time as the transfer of such security is not restricted under the federal securities laws:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR UNDER APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY.

(E) Adjustment of Redemption Price if Paid in Shares of Common Stock. The number of shares of Common Stock issuable upon the redemption of the Series A Preferred Stock shall be subject to adjustment from time to time as follows:

(1) . If the Corporation shall at any time after the effective date of this Certificate (a) subdivide the outstanding Common Stock, (b) combine the outstanding Common Stock into a smaller number of shares, or (c) declare a dividend or otherwise distribute to all holders of Common Stock (including any such distribution made to the stockholders of the Corporation in